Photon Energy N.V.

ANNUAL REPORT 2019

ALMÁSFÜZITŐ, HUNGARY
5,495 kWp

PHOTON ENERGY

Photon Energy N.V.
Annual Report 2019

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For questions contact our Investor Relations Department at ir@photonenergy.com

As of 15 April 2020

PHOTON ENERGY EXPERTS FOR THE SOLAR AGE

Photon Energy offers worldwide solar power solutions and services for all who want to fully harvest free energy from the sun. Our solutions and services cover the entire lifecycle of photovoltaic power systems. We are active across the globe and have a proven track record of developing PV projects, building and commissioning solar power plants. Our O&M division provides operations and maintenance services to hundreds of MWp of solar power plants worldwide. Our subsidiary, Photon Water Technology, focuses on providing water purification, remediation and treatment systems worldwide.

Founded
2008

Headquartered in
Amsterdam

Employees
120+

Shares traded
in Poland and Czechia

Active in
10+ countries

43.8 GWh
produced in 2019

PV plants installed
80+ MWp

Own portfolio
57.1 MWp

O&M services
300+ MWp

FINANCIAL INFORMATION

In thousands	EUR		PLN		CZK	
	2019	2018	2019	2018	2019	2018
Total revenues	**30,154**	**20,256**	**129,605**	**86,297**	**774,118**	**519,421**
Gross profit	15,439	13,840	66,358	58,964	396,348	354,901
EBITDA	7,942	8,145	34,137	34,702	203,896	208,871
EBIT	1,147	2,544	4,932	10,837	29,458	65,226
Profit / loss before taxation	988	1,840	4,245	7,840	25,353	47,187
Net profit / loss	-726	510	-3,122	2,171	-18,645	13,066
Other comprehensive income	8,790	2,022	37,780	8,613	225,658	51,839
Total comprehensive income	**8,064**	**2,531**	**34,659**	**10,783**	**207,013**	**64,905**
Fixed assets	106,477	82,492	453,197	354,869	2,705,584	2,122,115
Current assets	31,786	23,856	135,288	102,624	807,671	613,693
of which Cash and cash equivalents	15,104	12,340	64,286	53,084	383,786	317,441
Total assets	138,263	106,348	588,485	457,493	3,513,255	2,735,808
Total equity	**37,843**	**29,779**	**161,071**	**128,106**	**961,592**	**766,073**
Short-term liabilities	12,348	8,459	52,557	36,389	313,763	217,607
Long-term liabilities	88,073	68,110	374,863	292,997	2,237,931	1,752,123
Operating cash flow	6,536	7,654	28,091	32,608	167,784	196,267
Investment cash flow	-14,410	-9,415	-61,936	-40,111	-369,940	-241,429
Financial cash flow	10,641	6,767	45,738	28,832	273,187	173,538
Net change in cash	**2,767**	**5,006**	**11,892**	**21,329**	**71,030**	**128,377**
EUR exchange rate – low	–	–	4.242	4.142	25.41	25.19
EUR exchange rate – average	–	–	4.298	4.260	25.67	25.64
EUR exchange rate – end of period	–	–	4.256	4.302	25.41	25.73
EUR exchange rate – high	–	–	4.390	4.391	25.92	26.08

Note:

All financial figures throughout this report are provided in Euro (EUR). Figures stated in other currency such as Polish Złoty (PLN) and Czech Koruna (CZK) are provided for information purposes only.

Figures provided in PLN and CZK were translated in accordance with IAS 21 as follows: Statement of Comprehensive Income – at the average exchange rate for given period; Statement of Financial Position – at the closing exchange rate for given period.

For simplicity, the following separators were used throughout this report: point "." for decimals, comma "," for thousand and million.

FACTS & FIGURES

Photon Energy achieves record consolidated revenues and total comprehensive income

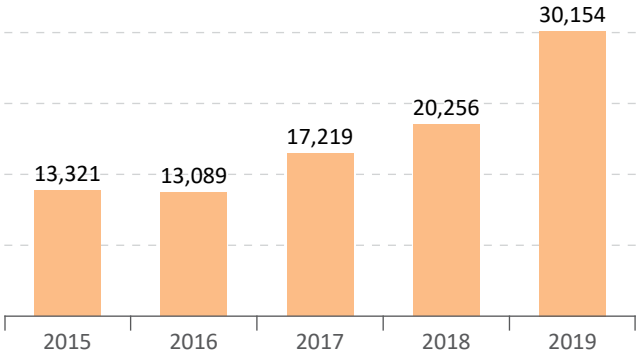
The Company's consolidated revenues reached a record EUR 30.154 million, up by 48.9% as a result of a 54.4% increase in electricity generation, linked to new PV power plants commissioned in Hungary as well as to a sound power output from the Company's PV power plants in the Czech Republic and Slovakia. Revenue growth was further supported by the engineering business (EPC), technology trading and operations and maintenance services.

EBITDA dropped by 2.5% to EUR 7.942 million in 2019, reflecting investments made in our team and projects. These investments will lead to a rise in our income-generating asset base in the medium- and long-term, driving future growth in:

- electricity generation revenues,
- other comprehensive income (OCI) generated upon plant commissioning according to IAS 16,
- and capital gains (related to project development for resale).

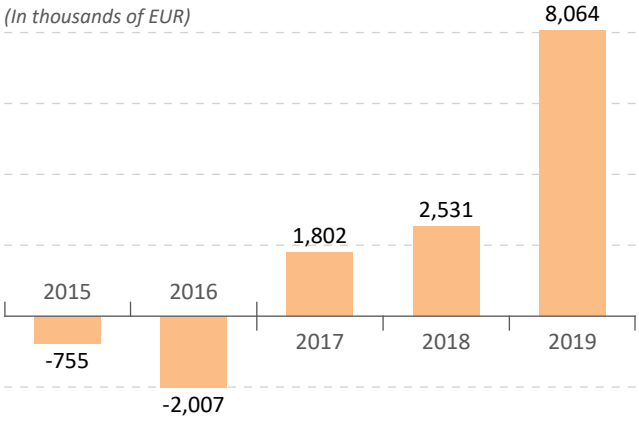
Considering our business mix, our value creation must be viewed in its entirety as the sum of EBITDA, capital gains and OCI and is best expressed by our true bottom line, total comprehensive income, which we managed to lift by 219% to EUR 8.064 million in 2019.

Total revenues *(In thousands of EUR)*

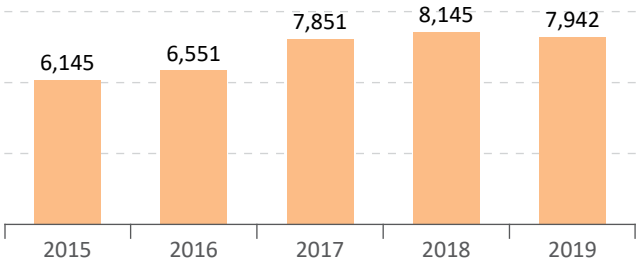


Total comprehensive income

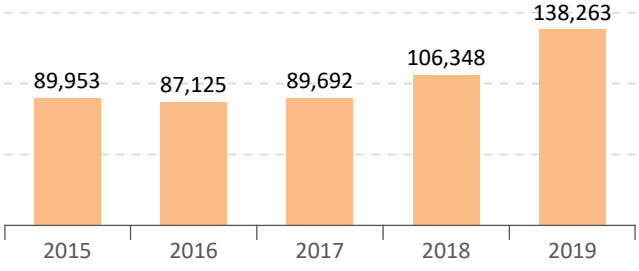
(In thousands of EUR)



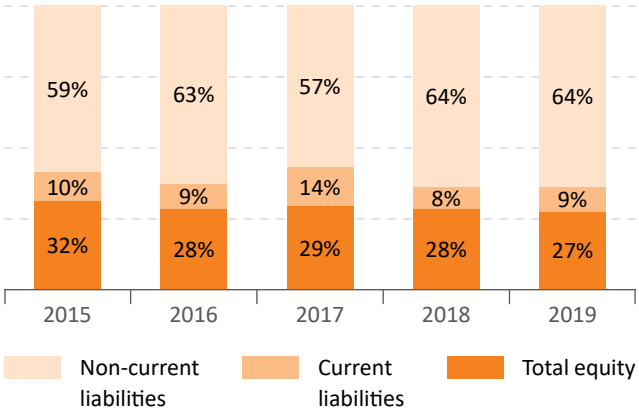
EBITDA *(In thousands of EUR)*



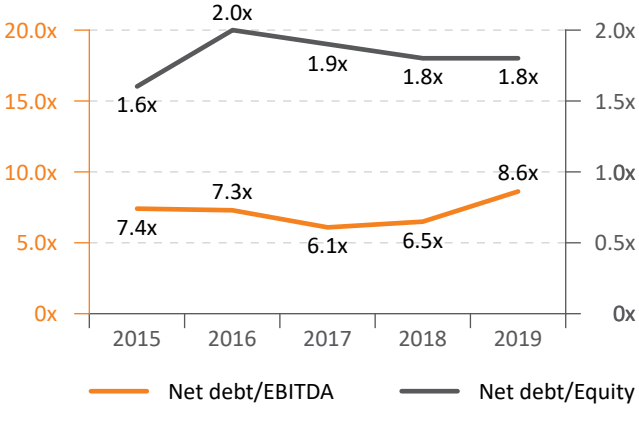
Total assets *(In thousands of EUR)*



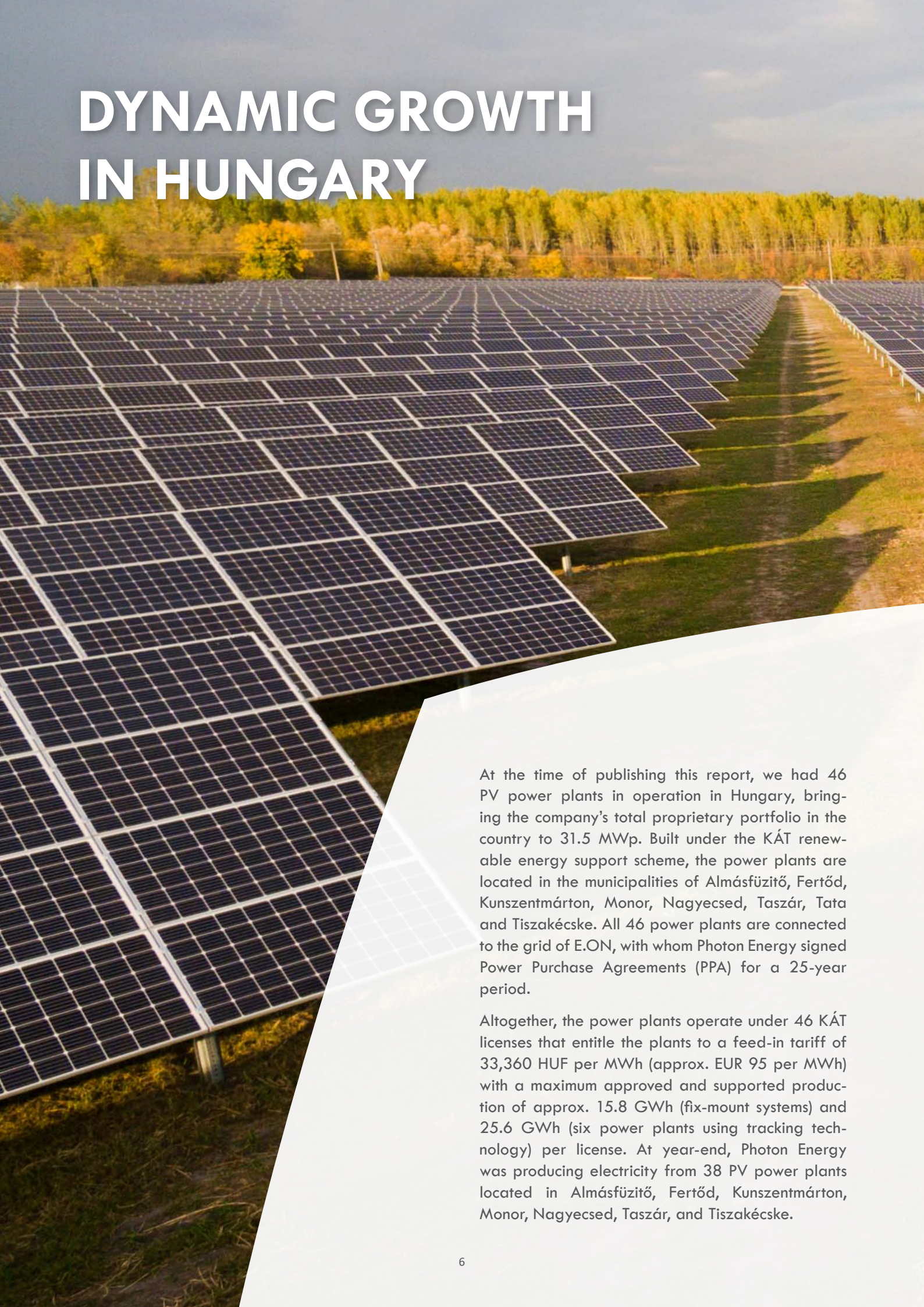
Breakdown of liabilities & Equity



Debt ratios



DYNAMIC GROWTH IN HUNGARY



At the time of publishing this report, we had 46 PV power plants in operation in Hungary, bringing the company's total proprietary portfolio in the country to 31.5 MWp. Built under the KÁT renewable energy support scheme, the power plants are located in the municipalities of Almásfüzitő, Fertőd, Kunszentmárton, Monor, Nagyecsed, Taszár, Tata and Tiszakécske. All 46 power plants are connected to the grid of E.ON, with whom Photon Energy signed Power Purchase Agreements (PPA) for a 25-year period.

Altogether, the power plants operate under 46 KÁT licenses that entitle the plants to a feed-in tariff of 33,360 HUF per MWh (approx. EUR 95 per MWh) with a maximum approved and supported production of approx. 15.8 GWh (fix-mount systems) and 25.6 GWh (six power plants using tracking technology) per license. At year-end, Photon Energy was producing electricity from 38 PV power plants located in Almásfüzitő, Fertőd, Kunszentmárton, Monor, Nagyecsed, Taszár, and Tiszakécske.

All aforementioned power plants are part of the company's 31.5 MWp proprietary PV power plant portfolio in Hungary, for which in 2019 Photon Energy secured long-term non-recourse project financing with K&H Bank, the Hungarian subsidiary of the Belgian KBC Group and one of Hungary's leading banking and financial services firms. As a result of our proven business model and the favourable photovoltaic investment environment in Hungary, Photon Energy continues to grow dynamically in the country, getting closer to achieving our year-end 2021 goal of 75 MWp of PV power plants in our proprietary portfolio.

"Thanks to the successfully completed permitting process of many self-owned projects for our Hungarian market, our EPC subsidiary was able to build and connect new PV capacity to the grid. Thanks to the references earned on the Hungarian market, Photon Energy Solutions HU also won a tender for a Polish wastewater treatment facility in Koszalin, where we will procure modules, structure and inverters in Q1 and Q2 2020."

Jan Marešovský

Managing Director, Photon Energy Solutions

"We are very pleased to have successfully finalized all development activities and we are proud that all projects we worked on have been commissioned and have an outstanding performance. Due to our experience, strong track record and very good reputation within the Hungarian PV market, we continue with our acquisition activities and focus on our goal of at least 75 MWp to be owned by Photon Energy in Hungary.

However, as the Hungarian PV market is not fully developed yet, the biggest challenge we are facing during the project acquisition is dealing with the project owners, mainly in regards to the setting up of an acquisition structure. On the other hand, based on our experience, we are able to fix many issues and make the projects not only ready to build but also ready to bank. We wouldn't be able to do this without the investors, the friendly legal environment and the helpful approach of all concerned authorities and municipalities. Of course, from a timewise perspective, scheduling is sometimes unpredictable."

Lukáš Jelínek

Business Development Manager, Photon Energy

LETTER FROM THE MANAGEMENT

Co-founder and CEO Georg Hotar (C) with co-founder, CTO and MD for Australia Michael Gartner (R) and CFO Clemens Wohlmuth (L)

Dear shareholders, dear bondholders, dear readers,

We are living and working in an unprecedented environment as we confront the evolving global spread of the Covid-19 pandemic. At Photon Energy, we have implemented continuity plans as well as health and safety procedures to ensure all our staff and contractors are safe and compliant with government directives. On the basis of currently adopted measures, we are fortunately able to continue all our major service activities without significant disruptions for the foreseeable future. In addition to this, we believe that our strong core of diversified and recurring revenues represents a solid foundation to weather the difficult times ahead.

In particular, our electricity generation segment of 69 PV power plants with a total installed capacity of 57.1 MWp is producing electricity as usual. For all five Hungarian PV power plants under construction with a total installed capacity of 3.5 MWp, all components, including photovoltaic modules, have been secured and we expect these projects to be grid-connected without significant delays. Our Operations & Maintenance business is capable of providing its services from home-offices and – if necessary – on-site as much as possible. Our other business lines such as EPC services, PV component trading and project development are more vulnerable to these exceptional circumstances but have not come to a standstill. In all our main markets we can rely on highly skilled local teams remaining focused on minimizing the impact on our ongoing business as well as our various growth initiatives. The extent of the negative impact will depend on the nature and length of measures taken by the respective governments in the countries where we operate.

Looking back at 2019, we are proud of our teams and the results they delivered. Outstanding electricity production by our proprietary power plant portfolio contributed strongly to our 48.9% revenue growth to a record EUR 30.15 million, while our gross profit improved by 11.6% to EUR 15.44 million. Even though EBITDA slightly contracted (-2.5%) due to higher expansion-driven overheads to EUR 7.94 million, the success of our efforts can be seen at the bottom line with a total comprehensive income for the year 2019 amounting to EUR 8.06 million compared to EUR 2.53 million a year earlier, boosting consolidated equity to EUR 37.84 million compared to EUR 29.78 million in 2018.

Throughout last year, we have been rigorously focusing on putting our strategy into action, starting with a further roll-out of our proprietary portfolio in Hungary. We completed the construction of 20.1 MWp of PV power plants across six locations in Hungary and secured the long-term project financing of these plants with one of the leading local banks. After the commissioning of eight additional PV power plants totaling 5.4 MWp in Q1 2020, Photon Energy's proprietary portfolio now adds up to 57.1 MWp, out of which 31.5 MWp is in the country. With a further 17.7 MWp of PV power plants at the advanced stage of construction (3.5 MWp) and under development (14.2 MWp), we remain on track to deliver our year-end 2021 goal of 75 MWp of Hungarian PV power plants in our proprietary portfolio. The Hungarian market also provides us with ample opportunities to grow our O&M business and for Photon Energy to become the leading O&M provider in the CEE region.

In Australia, we successfully exited from two out of five utility-scale PV projects jointly developed with Canadian Solar (with a planned installed capacity of 1.1 GWp in total for the five projects) in New South Wales, validating our strategy to develop and sell large-scale projects Down Under. During the reporting period, we also sold our 51% stake in a third co-developed utility-scale project which was still in a relatively early stage of development. The delivery of EPC services for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI Stores across 32 locations in Australia and the signing of an EPC contract for the installation of a hybrid 1.2 MWp solar and 3.2 MWh battery storage off-grid solution for Lord Howe Island underscores our capabilities and market position in our core market Australia.

Towards the end of the year we also successfully set foot in the upcoming Polish solar market by winning a public tender to design and build a 950 kWp PV power plant next to a sewage treatment plant in the location of Jamno, Northern Poland, in consortium with a local Polish partner.

Our Photon Water business is equally contributing exciting new opportunities. Besides further developing our ultra-sound-based solutions to fight blue-green algae formation and several pilot projects to treat drinking water contaminated by arsenic and boron in Peru, we are deploying a technology to clean cancer-causing PFAS contaminated soil and ground water. These so called "forever chemicals" have become a serious problem all over the globe.

Last but not least, in 2019 Photon Energy successfully increased its 5-year EUR bond with a 7.75% coupon to EUR 37.5 million. This is a testament to the transparency of the company, our proactive communication with investors and our flawless track record in servicing our quarterly bond coupons since 2013. We believe in the importance of access to capital through public markets and therefore we remain strongly committed to open and pro-active investor relations.

While we are unable to predict what will happen in the macro-economy at this point in time, there are key facets of our business that we believe are important for stakeholders to bear in mind. First, our business is integrated, covering the entire life cycle / value chain of solar power plants, providing us with better control over margins and allowing us to reap economies of scale in our prudent and long-term oriented international expansion. Second, the culture of innovation is embedded within our teams, not only from our services offer perspective, but also in the way we monitor our business expansion into water technologies and projects.

We also know that in times like these, our strong track record is an essential asset. Over the past 12 years operating in the PV market – a long time in this industry – we have shown that we can navigate its many pitfalls and volatility. Our responsibility as Photon Energy's management team is to keep steady amid the turbulence, while not losing sight of the many long-term opportunities ahead of us.

Thank you for your continued confidence and support.

Amsterdam, 15 April 2020

Board of Directors

Michael Gartner

Georg Hotar

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PHOTON ENERGY

TISZAKÉCSKE, HUNGARY
5,509 kWp

1.
Company Profile

WHO WE ARE

Shaping the future of renewable energy

Photon Energy N.V. is a solar power solutions and services company with a wide range of expertise covering the entire lifecycle of solar power systems.

Our track record includes over 80 MWp of solar power plants built and commissioned and more than 300 MWp in our O&M portfolio. Photon Energy also manages a portfolio of 57.1 MWp of self-owned power plants in four countries across two continents.

Our team has a proven track record and in-depth knowledge of project development, investment management, project finance, insurance, technology solutions, EPC and O&M.

Photon Energy is headquartered in Amsterdam, the Netherlands, and listed on the Warsaw Stock Exchange under the ticket symbol 'PEN'. The Company operates in Australia, the Czech Republic, Hungary, Peru, Poland, Romania, Slovakia and Switzerland.

We are an innovative company dedicated to providing best-in-class solar power solutions that are robust, reliable, cost effective and applicable anywhere there is sunshine. Our power solutions provide solar and solar-hybrid power for a wide range of customers and applications.

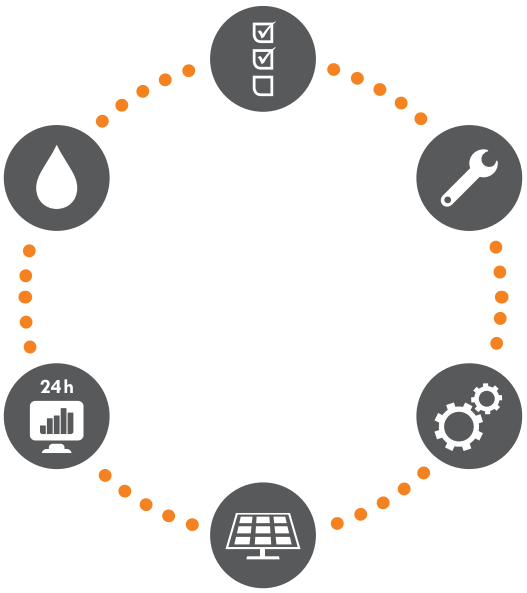
Our O&M division Photon Energy Operations provides a wide range of first-in-class services for owners of PV power plants.

PROJECTS

Project development for rooftop and green-field installations from 100 kWp to 300 MWp.

WATER

Comprehensive services in the fields of contaminated land and ground water remediation and water purification.



SOLUTIONS

Design and construction of on-grid and off-grid installations, including battery storage solutions.

OPERATIONS

Operations and maintenance of PV power plants, including own control room and monitoring platform.

TECHNOLOGY

Trading and distribution of PV components (panels and inverters).

INVESTMENTS

Investments in PV power plants for the sustainable production and sale of solar energy.

CONTACT DETAILS

Name:	**Photon Energy N.V.**	Company No.:	51447126
Legal form:	Joint-stock company (Naamloze Vennootschap)	Tax No:	NL850020827B01
Address:	Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands	Web address:	www.photonenergy.com
Registration:	Dutch Chamber of Commerce (Kamer van Koophandel)	E-mail:	info@photonenergy.com

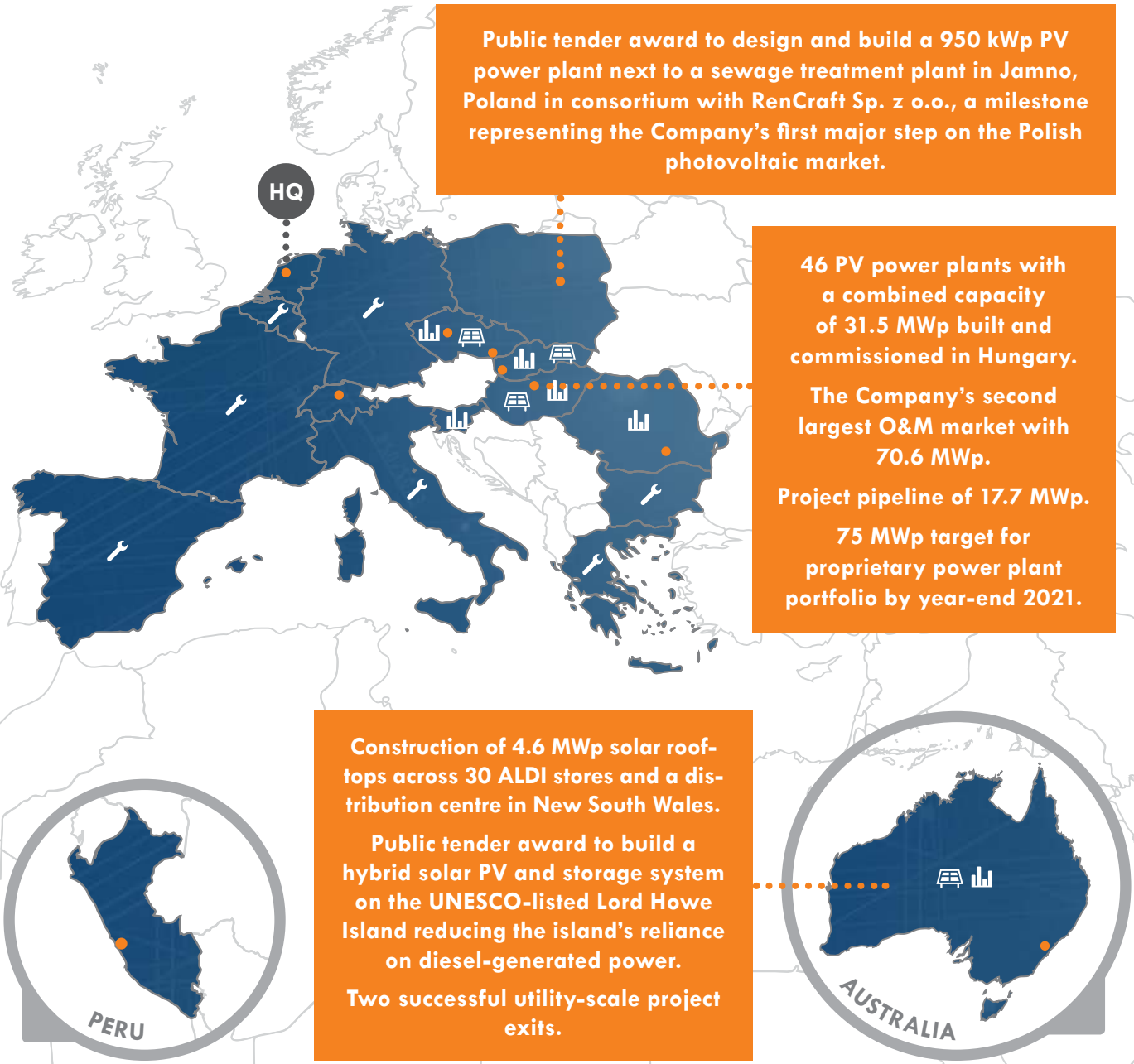
GLOBAL PRESENCE

Power plants owned by Photon Energy

Power plants under O&M

Other O&M services

Offices



Public tender award to design and build a 950 kWp PV power plant next to a sewage treatment plant in Jamno, Poland in consortium with RenCraft Sp. z o.o., a milestone representing the Company's first major step on the Polish photovoltaic market.

46 PV power plants with a combined capacity of 31.5 MWp built and commissioned in Hungary.

The Company's second largest O&M market with 70.6 MWp.

Project pipeline of 17.7 MWp.

75 MWp target for proprietary power plant portfolio by year-end 2021.

Construction of 4.6 MWp solar roof-tops across 30 ALDI stores and a distribution centre in New South Wales.

Public tender award to build a hybrid solar PV and storage system on the UNESCO-listed Lord Howe Island reducing the island's reliance on diesel-generated power.

Two successful utility-scale project exits.

A RECORD YEAR IN AUSTRALIA

"Photon Energy's Australian activities moved forward in leaps and bounds in 2019, which was a record year in Australia. Perhaps our most important milestones so far were the successful completion of the development process and sale of the 230 MW Suntop 1 and 115 MW Gunnedah Solar Farm projects as well as the sale of 100 MW Brewongle solar farm project. In addition, our EPC business doubled with revenues growing to AUD 11.2 million with 6.5 MWp of solar installed. The highlights were the roll-out of 31 roof top installations for ALDI Supermarkets totalling 3.1 MWp as well as the completion and commissioning of the 1.7 MWp Stapylton Distribution Centre, our largest rooftop installation to date.

We also successfully tendered installations for the Brisbane City Council, Byron Bay Council, Catholic Schools and repeat business for BAI and Buildcorp. Last, but not least, we are very proud that we succeeded in the tender for the design and construction of the Lord Howe Island hybrid energy system combining 1.2 MWp of solar PV and 3.4 MWh of Li-Ion Tesla batteries which is currently under construction.

All in all, 2020 is shaping up to be an exciting year for solar with a consistently strong commercial solar segment, a robust project pipeline and EPC revenues likely to significantly grow again. With an already well-filled order book and, as power generation is an essential service, we are well positioned to meet this target despite the restrictions imposed to battle COVID-19. We have implemented continuity plans and health and safety procedures to ensure all our staff and contractors are safe and compliant with government directives.

We also plan to construct our first build - own- operate project in Australia with two 5 MWp in Leeton NSW. We are likely to experience a short-term softening of electricity prices but we are seeing a floor in these, driven by a combination of slower than expected roll-out of utility scale projects due to increased grid congestion, lower loss factors and curtailment especially of large-scale solar plants, putting the brakes on utility scale investment.

The future is in energy storage. We are major proponents of the integration of batteries, hybrid systems and other storage technologies as the next step in the development of solar energy as an energy resource. Battery storage costs continue to decline and we are also looking at more innovative new solar and storage technologies, which can quickly lead to deployable energy solutions at highly competitive costs. Continue to watch this space."

Michael Gartner

CTO, Managing Director, Photon Energy Australia

"The renewable energy market is now mature with most customers knowledgeable about renewables and the options available. We are finding ourselves providing less education in the market and more emphasis on working with clients to demonstrate improved returns on investment and articulate our competitive advantages. Our push to stay ahead of the competitors with more innovative solutions and value for our customers has been the key to our success.

Our proprietary PECOM system is a great solution for our customers who have a portfolio of facilities and shows how Photon Energy can add value. We are proving our ability to provide quality cost-competitive solutions in the hybrid and off-grid applications. Our engineering capabilities allow for designs and solutions for challenging applications. Lord Howe Island is a prime example of Photon Energy's innovative approach to our clients' needs resulting in positive results for the Lord Howe Island Board and residents."

Robert Ibrahim

Business Development Manager,
Photon Energy Australia

LEADERSHIP

Georg Hotar

Chief Executive Officer
and co-founder

Georg co-founded Photon Energy in 2008 and was the company's CFO until 2011. Since then he has spearheaded the group's expansion in Europe and overseas as CEO. Georg has extensive knowledge of the solar energy industry as well as in international finance. Before Photon Energy, Georg established a finance and strategy advisory boutique focused on the CEE region and previously held various positions in financial services in London, Zurich and Prague.

Michael Gartner

Chief Technical Officer, Managing Director
of Photon Energy Australia and co-founder

Michael developed one of the first large PV installations in the Czech Republic before co-founding Photon Energy in 2008. Michael was CEO of Photon Energy until rolling out the company's business in Australia. Michael is instrumental in driving Photon Energy's off-grid and solar-hybrid power solutions. Before Photon Energy, Michael ran an investment boutique and was an analyst and head of fixed income sales at ING and Commerzbank Securities in Prague.

Clemens Wohlmuth

Chief Financial Officer

Clemens joined Photon Energy in 2012 and is responsible for the group's financial activities and strategies. He contributes many years of experience in financial management, having run his own consulting practice focused on financial services and interim management. Prior to this, he was CFO and later CEO at Telekom Austria's subsidiary, Czech On Line. From 1994 to 2000 he was Senior Manager for Ernst & Young Consulting in Austria and worked on several reorganisation projects in Central Europe.

Ondřej Sedloň

Chief Operating Officer

Ondřej is managing the Company's sales and marketing communications as well as operating divisions and back office functions. Prior to joining Photon Energy in 2019, Ondrej was CEO at Bohemia Energy Finance. He also served as the Global Expansion Manager at Air Bank, developing expansion strategy and joint venture proposals across markets in Asia including India, China, Indonesia, Kazakhstan. He has a M.A. in International Relations and Business Law from University of Economics in Prague and an Executive MBA from University of Pittsburgh.

HISTORY

2008

- Photon Energy a.s., the predecessor company was founded in the Czech Republic.
- EUR 0.6m raised in a private placement (as the only external equity financing to date) and listing on the NewConnect segment of the Warsaw Stock Exchange.

2009

- Commissioning of four plants with an installed capacity of 3.5 MWp, including the 795 KWp plant in Mostkovice, the first plant in its proprietary portfolio.

2010

- Construction of 32.5 MWp of PV plants in the Czech Republic and Slovakia and expansion of our proprietary portfolio to 20 MWp.
- Photon Energy N.V. incorporated by two founding shareholders: Georg Hotar and Michael Gartner under the laws of the Netherlands.

2011

- Construction of an additional 8.8 MWp of PV plants in Slovakia, as well as of several power plants in Germany and in Italy (1.6 MWp).
- Presence established in Australia.

2012

- Corporate restructuring, with legally separated business lines and all activities and assets transferred under the Dutch holding structure.
- Photon Energy connected a 1 MWp rooftop PV plant in Italy.

2013

- Placement of a 5-year corporate bond with an 8% coupon, trading in Frankfurt, Berlin, Hamburg, Hannover and Vienna.
- Relisting on the NewConnect segment of the Warsaw Stock Exchange, followed by a capital increase by EUR 24 million.

2014

- Commissioning of one of Australia's largest rooftop power plants and installation of a revolutionary solar storage battery system that powers a large-scale radio antenna.
- The O&M division added five new countries to our map.

2015

- O&M customer base grew by 35 MWp and activities expanded to Romania.
- Financing facility amendment signed with Raiffeisen Leasing s.r.o. to increase the existing credit facilities on nine power plants on attractive terms
- Geographical focus implemented by selling our two Italian power plants, as well as our small-scale rooftop power plants in Germany.

2016

- More power plants were built in Australia, including two rooftop projects totalling 347 kWp in Canberra, a smaller rooftop power plant for Sydney's Macquarie University, as well as a 99 kWp power plant in Leeton.
- Dual-listing of our shares on the Prague Stock Exchange and issuance of a 6% corporate bond in the Czech Republic.

2017

- Pipeline of seven utility scale projects originated and developed with a potential total installed capacity of over 1.4 GWp.
- Office opened in Budapest.
- The Company expanded its strategic focus to Water, intending to cover the entire life cycle of water purification and remediation systems.
- Launch of a public offer for our second EUR-denominated 5-year corporate bond (with a 7.75% coupon and quarterly payments) together with an exchange offer for the holders of its first 8% EUR-bond due in March 2018.

2018

- Agreement signed for the joint development of five utility-scale PV projects with a planned installed capacity exceeding 1.1 GWp in New South Wales with Canadian Solar.
- EPC contract for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI across 31 locations in Australia.
- Construction of 11.5 MWp of PV power plants across three locations in Hungary and longterm project financing of these plants with one of the leading local banks.
- Our Photon Water business brought ultra-sound-based solutions to fight blue-green algae formation in several locations in the Czech Republic.
- Repayment of our first EUR bond and placement of our EUR 30 million 5-year bond with a 7.75% coupon on the German capital market.

HIGHLIGHTS OF 2019

PROJECT EXPANSION IN HUNGARY

We continued implementing our growth strategy in 2019 by expanding our proprietary portfolio and by preparing the ground for new opportunities in 2020. During the reporting period, we completed and grid-connected 20.1 MWp of PV power plants across six locations in Hungary, which proves the dedication of our team to successfully take projects from inception to completion in a timely manner. With the grid connection of another 5.4 MWp in March 2020, we now have 46 PV power plants in operation, bringing the company's total proprietary portfolio in the country to 31.5 MWp.

Our pipeline of additional projects, consisting of 17.7 MWp at the time of publishing this report, puts us well on the way to achieving our increased goal of expanding our proprietary portfolio to 75 MWp until year-end 2021, across the support schemes of KÁT, KÁT-METÁR and METÁR licenses.

LONG-TERM FINANCING SECURED FOR 46 PROJECTS IN HUNGARY

The Company secured long-term non-recourse financing for 46 projects with a combined capacity of 31.5 MWp in its strategic Hungarian market. The financing, totalling 28.3 million EUR, was provided by K&H Bank for a period of 15 years. K&H Bank is the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms as well as a leading local player in project finance.

49 MWP OF NEW O&M CONTRACTS ADDED

We remained focused on further expanding our Operations & Maintenance business in Europe. In the reporting period, we expanded our O&M services portfolio with a total of 41.6 MWp of PV power plants in Hungary (out of which, 20.1 MWp is in our proprietary portfolio of PV power plants), leading the country to become our second largest O&M market.

In addition to Hungary, we concluded contracts in the Czech Republic and Australia, with a capacity of 2.4 MWp and 3.1 MWp, respectively, and reached another milestone by entering into the Slovenian market, with a 2.0 MWp PV power plant being the first Photon Energy solar asset operated and maintained in the country.

With additional O&M contracts inked after the reporting period, our total O&M services portfolio under contract amounts to over 300 MWp worldwide.

4.6 MWP OF SOLAR PROJECTS COMPLETED FOR ALDI AUSTRALIA

31 rooftop installations have been constructed across 30 stores and a distribution centre of the distribution chain in New South Wales and Queensland and are designed to generate more than 6.3 GWh of clean energy every year. Winning the trust of ALDI in Australia underscores our capabilities and market position in our core market Down Under.

We are very proud to have been given the opportunity to transform its stores into solar power generators capable of providing a large proportion of their daytime electricity consumption. All projects have now been grid-connected, except one for which the final commissioning was delayed due to repair works carried out by the investor.

LORD HOWE ISLAND IS GOING HYBRID

In Q4 2019, we won a tender to design and build an integrated solar (1.2 MWp) and battery storage (with over 3.2 MWh capacity) system on the pristine Lord Howe Island, New South Wales, Australia and is in the final stage of preparation works before commencing the construction works on the site. The proposed solar battery solution will reduce the local community's reliance on diesel-generated power on the island and, more importantly, will lessen the carbon footprint globally.

The Lord Howe Island project, purposely designed for a small and remote location, will be a challenging but exciting opportunity for us to demonstrate our expertise and capability in executing complex solar systems addressing the specific needs of our end-users. The construction of the system will commence shortly and is expected to be completed in Q3 2020.

SUCCESSFUL PROJECT EXITS DOWN UNDER

In Q3 2019, we sold our 25% stakes in two utility-scale projects "Suntop 1" and "Gunnedah" with a total capacity of 335 MWp and realized a capital gain of EUR 4.1 million on top of the book value of EUR 1.1 million.

These successful exits are proof of the good cooperation with Canadian Solar, less than two years after the start of our joint development of five utility-scale PV projects in New South Wales in January 2018.

Later in Q4 2019, we sold our 51% stake in another utility-scale project in Brewongle, which was still in a relatively early stage of development. The financial impact of this exit has so far not materialized, but has enabled us to de-risk our Australian project portfolio, while maintaining reasonable upside potential in case of the successful completion of the development phase.

TRUSTED MEDIA PARTNER

Over the past year at Photon Energy, we have continued to refine our media relations strategy. We actively expanded upon our long-term partnership with journalists covering energy, finance and sustainability-related topics with Poland being the new addition to our target media markets.

Our news stories were covered by a wide range of European and Australian media outlets, from specialised energy news websites to popular daily newspapers. Additionally, we worked closely with industry associations and NGOs to help promote solar energy as a future-proof energy source and to share our industry know-how with our customers and partners.

At Photon Energy, we see it as our duty to be a trusted media partner always operating with honesty and in full transparency. As such our CEO, Georg Hotar, gave several interviews about our ongoing projects and future plans, while our expert staff commented on solar energy related media inquiries throughout 2019.

For more articles on Photon Energy, please visit the Media Centre on our website: www.photonenergy.com

18 January 2019

Renewables Now

Photon Energy closes finance for 11.5-MWp PV portfolio in Hungary

11 March 2019

Portfolio

Dutch solar power company connects new units to Hungarian grid

30 January 2019

FINANCIAL REVIEW

Aldi joins the solar roll-out with Photon Energy Engineering Australia

3 August 2019

pv magazine

Photon Energy sells 25% stake in NSW solar project to Canadian Solar

8 November 2019

Investiční web

Photon Energy v třetím čtvrtletí vyskočily tržby o více než 66 % na 10,27 milionu eur

8 August 2019

BONDGUIDE
Die Plattform für Unternehmensanleihen

KFM Mittelstandsanleihen Barometer – die „7,75%-Photon Energy-Anleihe“ (Update)

20 November 2019

pv magazine

Lord Howe Island selects Photon Energy for its long-awaited solar installation

21 October 2019

pv magazine

Photon Energy nimmt acht PV-Kraftwerke mit 5,6 MWp in Ungarn in Betrieb

5 December 2019

Bloomberg

Photon Energy Commissions 2.1 MWp in Hungary and Grows Its Global Portfolio to 51.8 MWp

28 October 2019

GRAMWZIELONE.PL

Rencraft i Photon zbudują farmę PV w Koszalinie

10 December 2019

BUDAPEST BUSINESS JOURNAL

Photon secures financing for additional 20.1 MWp in Hungary

EMPLOYEES

As of 31 December 2019

117
Employees

38
Average age

31%
Female employees

17
Languages spoken

Jiří Ruttner — Technical Manager of Central Inverters

1. How long have you been working for Photon Energy?
I have been working for Photon Energy for 7 years, starting in 2013. During this time, I have held several positions from which I have collected priceless working experiences that helped to further my professional growth as a Division Manager in the Inverter Cardio department.

2. What do you like most about your job?
What I like most about my job are the every day unexpected events and challenges. Every day is different and I never know in which country our help will be needed. For me, the feeling of usefulness is very important as well as being able to do work that makes sense. Thanks to my job, the clean energy technology that makes our society better keeps functioning.

3. What are the challenges you face in your job?
The biggest challenge is the global nature of the work, ensuring inverters are functional from Australia to the Caribbean. We often have to make the most of working with a minimal amount of tools and spare parts in order to quickly and efficiently repair inverters. At the same time, it is important to be ready and to prevent possible damages via our smart preventive maintenance. Our aim is to keep our customers satisfied and help them save money.

Jana Gomoľová — Finance Department Manager

1. How long have you been working for Photon Energy?
I joined Photon Energy in November 2012 as an Accounting and Tax Coordinator.

2. What do you like most about your job?
I am pleased to be working in a modern and dynamic company that deals not only with renewable energy sources, but also with water treatment and purification. In our professional, yet friendly working environment, I can use my acquired knowledge and experience and it is important for me to pass on these skills to not only new team members but others, as well.

3. What are the challenges you face in your job?
Working in the finance department is mainly about responsibility, accuracy and strict adherence to deadlines. With the current development of the company, challenges arise in our department as well. Apart from meeting deadlines we also care about good communication with our clients and suppliers with whom we are in daily contact.

Nationalities represented among our employees:

Australia, Austria, Czech Republic, Egypt, France, Hungary, Peru, Romania, Slovakia, South Africa, Sweden, United States

WE PROCURE TIER 1, WORLD-CLASS TECHNOLOGY

Photon Energy Technology oversees technology procurement and logistics for our own power plants as well as for a range of external international clients. For our clients we find the most appropriate technology solution to match their project's location, design and budget. Professional handling of all logistics allows us to minimize the risks and direct involvement for the power plant owner. Our warehouses are located in Rotterdam, the Netherlands and in Prague, the Czech Republic, and we also maintain certain stocks with our partners in Germany, Poland, Slovakia and Romania on a consignment stock basis. Such geographical distribution of our products allows us to bring the technology closer to all our customers in a shorter period of time without having to sacrifice quality and price competitiveness. As an official supplier and distribution partner of Jinko Solar, Longi Solar, JA Solar and Huawei we are proud to offer this technology to our clients under highly competitive conditions in the entire CEE region and particularly in Hungary, Ukraine and Poland, as these markets offer great potential over the coming years.

"We select our suppliers very carefully, while our long-term experience in this volatile market has taught us that it is crucial to maintain close relationships with reputable manufacturers that have passed rigorous due diligence, have stable corporate backgrounds, provide industry leading warranties and are price-competitive. Thanks to the strong ties established with tier 1 PV module and inverter manufacturers, we are seen as a stable partner by EPC customers, leading installers and a wide network of distributors and resellers. In 2019, we managed to significantly increase our market share in the Czech Republic and signed long-term partnerships in Sweden and the Ukraine, contributing to delivering a spectacular volume of 45 MWp of solar panels during the year."

Marek Farský

Managing Director, Photon Energy Technology

Jinko Solar — Building Your Trust in Solar

LONGi Solar

JA SOLAR

HUAWEI

Proprietary PV plants

The table below represents power plants owned directly or indirectly by Photon Energy N.V. in 2019.

Production results in 2019

Project name	Legal entity	Capacity	Feed-in-Tariff	Prod. 2019	Proj. 2019	*Perf.*	*% of change 2019 vs. 2018*
Unit		kWp	per MWh, in 2019	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 14,530	2,577,174	2,238,667	*15.1%*	*-0.1%*
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 14,530	2,334,151	1,962,084	*19.0%*	*0.9%*
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 14,530	1,729,494	1,632,292	*6.0%*	*2.6%*
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 14,530	1,214,685	1,212,304	*0.2%*	*-4.6%*
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 14,530	1,363,360	1,154,453	*18.1%*	*-1.3%*
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 14,530	227,319	187,315	*21.4%*	*-0.4%*
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 15,610	1,004,863	870,974	*15.4%*	*-0.5%*
Zdice 1	Onyx Energy I s.r.o.	1,499	CZK 14,530	1,709,773	1,427,722	*19.8%*	*-2.9%*
Zdice 2	Onyx Energy projekt II s.r.o.	1,499	CZK 14,530	1,750,959	1,427,722	*22.6%*	*-1.9%*
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 14,530	2,612,024	2,215,892	*17.9%*	*1.2%*
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 14,530	129,226	129,533	*-0.2%*	*-19.3%*
Total Czech power plants		**14,996**		**16,653,028**	**14,458,957**	***15.2%***	***-0.6%***
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	939,069	956,246	*-1.8%*	*-3.7%*
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	972,484	956,246	*1.7%*	*-1.5%*
Prša I.	Fotonika s.r.o.	999	EUR 425.12	1,048,222	951,220	*10.2%*	*-0.6%*
Blatna	ATS Energy s.r.o.	700	EUR 425.12	711,888	699,583	*1.8%*	*-1.7%*
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	1,170,061	996,646	*17.4%*	*16.0%*
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	1,183,354	996,646	*18.7%*	*2.4%*
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	918,266	918,446	*0.0%*	*3.0%*
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	913,982	918,446	*-0.5%*	*2.5%*
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	1,016,184	836,376	*21.5%*	*-2.0%*
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	967,644	940,098	*2.9%*	*-3.0%*
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	1,103,139	997,441	*10.6%*	*-2.6%*
Total Slovak power plants		**10,429**		**10,944,293**	**10,167,395**	***7.6%***	***0.8%***
Tiszakécske 1	Ekopanel Befektetési Kft.	689	HUF 32,590	859,499	858,861	*0.1%*	*na*
Tiszakécske 2	Onyx-sun Kft.	689	HUF 32,590	862,490	864,395	*-0.2%*	*na*
Tiszakécske 3	Solarkit Befektetesi Kft.	689	HUF 32,590	858,660	858,231	*0.1%*	*na*
Tiszakécske 4	Energy499 Invest Kft.	689	HUF 32,590	866,182	864,395	*0.2%*	*na*
Tiszakécske 5	Green-symbol Invest Kft.	689	HUF 32,590	868,622	864,395	*0.5%*	*na*
Tiszakécske 6	Montagem Befektetési Kft.	689	HUF 32,590	861,903	858,861	*0.4%*	*na*
Tiszakécske 7	SunCollector Kft.	689	HUF 32,590	857,902	855,358	*0.3%*	*na*
Tiszakécske 8	Future Solar Energy Kft.	689	HUF 32,590	833,063	840,912	*-0.9%*	*na*
Almásfüzitő 1	Ráció Master Kft.	695	HUF 32,590	759,705	776,035	*-2.1%*	*na*
Almásfüzitő 2	Ráció Master Kft.	695	HUF 32,590	743,461	775,571	*-4.1%*	*na*
Almásfüzitő 3	Ráció Master Kft.	695	HUF 32,590	746,182	772,772	*-3.4%*	*na*
Almásfüzitő 4	Ráció Master Kft.	695	HUF 32,590	771,727	777,629	*-0.8%*	*na*
Almásfüzitő 5	Ráció Master Kft.	695	HUF 32,590	780,831	773,446	*1.0%*	*na*
Almásfüzitő 6	Ráció Master Kft.	660	HUF 32,590	774,867	743,885	*4.2%*	*na*
Almásfüzitő 7	Ráció Master Kft.	691	HUF 32,590	774,608	768,983	*0.7%*	*na*
Almásfüzitő 8	Ráció Master Kft.	668	HUF 32,590	782,973	752,446	*4.1%*	*na*
Nagyecsed 1	MEDIATOR Ingatlanközvetítö Kft.	689	HUF 32,590	426,156	390,586	*9.1%*	*na*
Nagyecsed 2	Aligoté Kft.	689	HUF 32,590	430,386	390,586	*10.2%*	*na*
Nagyecsed 3	PROMA Mátra Kft.	689	HUF 32,590	429,017	390,662	*9.8%*	*na*

Project name	**Legal entity**	**Capacity**	**Feed-in-Tariff**	**Prod. 2019**	**Proj. 2019**	***Perf.***	***% of change 2019 vs. 2018***
Unit		kWp	per MWh, in 2019	kWh	kWh	*%*	*%*
Fertőd I No 1	Fertod Napenergia-Termelo Kft.	528	HUF 32,590	665,114	622,081	6.9%	15.1%
Fertőd II No 2	Photon Energy HU SPV 1 Kft.	699	HUF 32,590	52,766	49,753	6.1%	na
Fertőd II No 3	Photon Energy HU SPV 1 Kft.	699	HUF 32,590	52,965	49,753	6.5%	na
Fertőd II No 4	Alfemo Alpha Kft.	699	HUF 32,590	51,120	49,753	2.7%	na
Fertőd II No 5	Ráció Master Kft.	691	HUF 32,590	52,456	53,095	-1.2%	na
Fertőd II No 6	Photon Energy HU SPV 1 Kft.	699	HUF 32,590	51,379	49,753	3.3%	na
Kunszentmárton I No 1	Ventiterra Kft.	697	HUF 32,590	55,138	56,337	-2.1%	na
Kunszentmárton I No 2	Ventiterra Kft.	697	HUF 32,590	50,745	56,393	-10.0%	na
Taszár 1	Optisolar Kft.	701	HUF 32,590	24,704	23,683	4.3%	na
Taszár 2	Optisolar Kft.	701	HUF 32,590	25,976	23,683	9.7%	na
Taszár 3	Optisolar Kft.	701	HUF 32,590	26,059	23,683	10.0%	na
Monor 1	Photon Energy HU SPV 1 Kft.	688	HUF 32,590	63,442	79,928	-20.6%	na
Monor 2	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	82,719	82,059	0.8%	na
Monor 3	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	80,413	82,059	-2.0%	na
Monor 4	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	81,789	82,059	-0.3%	na
Monor 5	Photon Energy HU SPV 1 Kft.	688	HUF 32,590	82,471	78,447	5.1%	na
Monor 6	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	77,428	82,059	-5.6%	na
Monor 7	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	80,139	82,059	-2.3%	na
Monor 8	Photon Energy HU SPV 1 Kft.	696	HUF 32,590	73,986	82,059	-9.8%	na
Total Hungarian power plants		**26,136**		**16,019,041**	**15,886,706**	**0.8%**	**na**
Symonston		144	AUD 301.60	159,584	181,061	-11.9%	-5.7%
Total Australian power plant		**144**		**159,585**	**181,061**	**-11.9%**	**-5.7%**
Total		**51,705**		**43,775,946**	**40,694,119**	**7.6%**	**54.4%**

Notes:

Capacity: installed capacity of the power plant
Prod.: production in the reporting period.
Proj.: projection in the reporting period.
Perf.: performance of the power plant in the reporting period i.e. (production in 2019 / projection for 2019) – 1.

Group structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 December 2019.

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Full Cons.	-
2	Photon Directors B.V.	100%	NL	Full Cons.	PENV
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5	Photon Remediation Technology N.V.	100%	NL	Full Cons.	KORADOL
6	Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
7	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	PENV
8	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
12	Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
13	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
14	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
16	Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
17	Global Investment Protection AG (GIP)	100%	CH	Full Cons.	PENV
18	ALFEMO AG (ALFEMO)	100%	CH	Full Cons.	PENV
19	KORADOL AG (KORADOL)	100%	CH	Full Cons.	PENV
20	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
21	Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
22	Photon SPV 11 s.r.o.	100%	CZ	Full Cons.	KORADOL
23	Photon Energy Operations CZ s.r.o. (PEOCZ)[1]	100%	CZ	Full Cons.	PEONV
24	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
25	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
26	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
27	Photon Remediation Technology Europe s.r.o.	100%	CZ	Full Cons.	PE NV
28	Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30	Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31	The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32	Photon Energy Technology EU GmbH	100%	DE	Full Cons.	PENV
33	Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
34	Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
35	EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
36	EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
37	Fotonika s.r.o.	100%	SK	Full Cons.	PENV
38	Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
39	Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
40	Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
41	Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
42	Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
43	SUN4ENERGY ZVB s.r.o.	100%	SK	Full Cons.	PENV
44	SUN4ENERGY ZVC s.r.o.	100%	SK	Full Cons.	PENV
45	ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
46	Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
47	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	ALFEMO
48	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	ALFEMO
49	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
50	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
51	Future Solar Energy Kft	100%	HU	Full Cons.	ALFEMO
52	Montagem Befektetési Kft.	100%	HU	Full Cons.	ALFEMO
53	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	ALFEMO
54	Energy499 Invest Kft.	100%	HU	Full Cons.	ALFEMO
55	SunCollector Kft.	100%	HU	Full Cons.	ALFEMO
56	Green-symbol Invest Kft.	100%	HU	Full Cons.	ALFEMO

	Name	% of share capital held by the holding company	Country of registration	Consolid. Method	Legal Owner
57	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Full Cons.	ALFEMO
58	Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
59	Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
60	Öreghal Kft.	100%	HU	Full Cons.	ALFEMO
61	European Sport Contact Kft.	100%	HU	Full Cons.	ALFEMO
62	ALFEMO Alpha Kft.	100%	HU	Full Cons.	ALFEMO
63	ALFEMO Beta Kft.	100%	HU	Full Cons.	ALFEMO
64	ALFEMO Gamma Kft.	100%	HU	Full Cons.	ALFEMO
65	Archway Solar Kft.	100%	HU	Full Cons.	PENV
66	Barbican Solar Kft.	100%	HU	Full Cons.	ALFEMO
67	Belsize Solar Kft.	100%	HU	Full Cons.	ALFEMO
68	Blackhorse Solar Kft.	100%	HU	Full Cons.	ALFEMO
69	Caledonian Solar Kft	100%	HU	Full Cons.	ALFEMO
70	Camden Solar Kft	100%	HU	Full Cons.	ALFEMO
71	Hampstead Solar Kft.	100%	HU	Full Cons.	ALFEMO
72	Ráció Master Oktatási	100%	HU	Full Cons.	ALFEMO
73	P&P Solar Immo Kft.	33,52%	HU	Equity	ALFEMO
74	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
75	MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Full Cons.	ALFEMO
76	PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Full Cons.	ALFEMO
77	Optisolar Kft.	100%	HU	Full Cons.	ALFEMO
78	Ladány Solar Alpha Kft.	100%	HU	Full Cons.	PEP
79	Ladány Solar Beta Kft.	100%	HU	Full Cons.	PEP
80	Ladány Solar Gamma Kft.	100%	HU	Full Cons.	PEP
81	Ladány Solar Delta Kft.	100%	HU	Full Cons.	PEP
82	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
83	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Full Cons.	ALFEMO
84	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
85	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
86	VENTITERRA ALFA Kft.	100%	HU	Full Cons.	ALFEMO
87	VENTITERRA BETA Kft.	100%	HU	Full Cons.	ALFEMO
88	EKTALION INVESTMENTS S.A.	100%	PL	Full Cons.	PE NV
89	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP
90	PE SOLAR TECHNOLOGY LTD.	100%	UK	Full Cons.	PENV

Notes:

Country of registration

NL – the Netherlands *CZ – Czech Republic* *DE – Germany* *CH – Switzerland*
SK – Slovakia *AUS – Australia* *HU – Hungary* *PE – Peru*
UK – United Kingdom *PL – Poland*

Consolidation method:

Full Cons. – Full Consolidation
Not Cons. – Not Consolidated
Equity – Equity Method

Photon Energy Operations CZ s.r.o. established a branch office in Romania.

In addition to the above subsidiaries, for the purposes of **IFRS reporting,** the Company consolidates the following entities:

	Name	% of Consolidated share	% of Ownership share	Country of registration	Consolidation method	Legal Owner
1	Photon SPV 3 s.r.o. (Mostkovice SPV3)	100%	0%	CZ	Full Cons.	RL
2	Photon SPV 8 s.r.o. (Zvikov I)	100%	0%	CZ	Full Cons.	RL
3	Exit 90 SPV s.r.o. (Komorovice)	100%	0%	CZ	Full Cons.	RL
4	Photon SPV 4 s.r.o. (Svatoslav)	100%	0%	CZ	Full Cons.	RL
5	Photon SPV 6 s.r.o. (Slavkov)	100%	0%	CZ	Full Cons.	RL
6	Onyx Energy s.r.o. (Zdice I)	100%	0%	CZ	Full Cons.	RL
7	Onyx Energy projekt II s.r.o. (Zdice II)	100%	0%	CZ	Full Cons.	RL
8	Photon SPV 10 s.r.o. (Dolní Dvořiště)	100%	0%	CZ	Full Cons.	RL
9	Kaliopé Property, s.r.o.	100%	0%	CZ	Full Cons.	RL

Notes: *RL - Raiffeisen - Leasing, s.r.o.*

In the reporting period, there were the following changes to the Group structure:

List of incorporated subsidiaries

- On 26 June 2019, Photon Energy NV incorporated PE SOLAR TECHNOLOGY LTD., with its registered seat in London, United Kingdom.
- On 18 November 2019 the Group incorporated two new project companies: VENTITERRA ALFA Kft. and VENTITERRA BETA Kft., both fully owned by ALFEMO AG, a 100% subsidiary of Photon Energy NV. Both companies were created by the demerger from Ventiterra Környezetgazdálkodási és Szolgáltató Kft.

Mergers

- None in 2019.

List of liquidated subsidiaries

- None in 2019.

List of acquired subsidiaries

- On 25 February 2019, ALFEMO AG acquired 100% of the shares of Aligoté Kereskedelmi és Szolgáltató Kft., MEDIÁTOR Ingatlanközvetítő és Hirdető Kft. and PROMA Mátra Ingatlanfejlesztési Kft., the three project companies located in the municipality of Nagyecsed.
- On 13 March 2019, ALFEMO AG acquired 100% of the shares of Optisolar Kft., the project company located in the municipality of Taszár.
- On 10 April 2019, Photon Energy Projects s.r.o. acquired 100% shares in four companies: Ladány Solar Alpha Kft., Ladány Solar Beta Kft., Ladány Solar Gamma Kft., and Ladány Solar Delta Kft., all located in the municipality of Püspökladány, which own the rights to the PV projects with the total planned capacity of 14.2 MWp.
- On 12 July 2019, ALFEMO AG, fully owned by the Group, became legal owner of the three companies ÉGÉSPART Energiatermelő és Szolgáltató Kft., ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kft, ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft, located in the municipality of Malyi, Central Hungary, which own the rights to PV projects with a total planned capacity of 2.1 MWp.
- On 24 July 2019, ALFEMO AG, acquired 100% shares in Ventiterra Környezetgazdálkodási és Szolgáltató Kft., which owns the rights to four PV projects with the total planned capacity of 2.8 MWp.
- On 12 December 2019, Photon Energy NV acquired 100% of shares in the company Ektalion Investments S.A. in Poland.

List of disposed subsidiaries

During 2019, the following subsidiaries were disposed out of the Group:

- On 31 July 2019, Photon Energy NV sold its 25% stake in Suntop Solar Farm Pty Ltd., the project company which is holding all project rights for the 189 MWp PV power plant project in Suntop, New South Wales, Australia.
- On 31 August 2019, Photon Energy NV sold its 25% stake in Gunnedah Solar Farm Pty Ltd., the project company which is holding all project rights for the 146 MWp PV power plant project in Gunnedah New South Wales, Australia.
- On 27 December 2019, Photon Energy NV sold its 51% stake in the project company Photon Energy AUS SPV 9 Pty Ltd, which owned all project rights for the Brewongle Solar Farm in Australia.

Renaming

- On 25 November 2019, Biederman Holding N.V was renamed to Photon Remediation Technology N.V.
- On 10 December 2019 Photon Energy Finance EU GmbH was renamed to Photon Energy Technology EU GmbH.

Other

- On 30 June 2019, KORADOL AG repaid the bank financing for Photon SPV 11 s.r.o. and took over the shares of the company from Raiffeisen Leasing s.r.o.

After the reporting period, the following events occurred from the beginning of the year 2020

- On 1 January 2020, Charles Bridge Services s .r.o. was renamed to Photon Remediation Technology Europe s.r.o.
- On 17 January 2020, Photon Energy N.V became 100% shareholder of Holbee Investments Sp. z o.o. and Photon Energy Operations N.V became 100% shareholder of Timassile Investments Sp. z o.o., both in Poland
- On 18 February 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Stanford Solar Srl. In Romania.
- On 25 February 2020, Photon Energy AUS SPV 2 Pty Ltd. was renamed to Leeton Solar Farm Pty Ltd. and Photon Energy AUS SPV 3 Pty Ltd. was renamed to Fivebough Solar Farm Pty Ltd.
- On 27 February 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Halton Solar Srl. In Romania
- On 2 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Aldgate Solar Srl., Holloway Solar Srl., Moorgate Solar Srl., Redbridge Solar Srl., and Watford Solar Srl., all in Romania.

- On 4 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Becontree Solar Srl. in Romania.
- On 5 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Greenford Solar Srl. in Romania.
- On 6 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Chesham Solar Srl. in Romania.

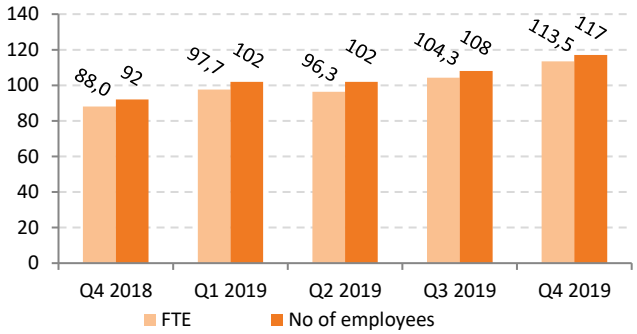
Employees

As of 31 December 2019, Photon Energy Group had 117 employees (compared to 92 employees as of 31 December 2018), which translates into 113.5 FTE[1] (compared to 88.0 FTE in 2018).

Employee Share Purchase Programme

The management of the Company recognises the significant contribution of team members to the future development of the Group. Therefore, it manages an Employee Share Purchase Programme as part of its motivation system. Under the terms of the programme, the Group periodically purchases shares for employees equal to 10% of their gross compensation. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

Total number of employees and full-time equivalent employees per quarter



[1] **Full-time equivalent (FTE)** is a unit that indicates the workload of a person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only part-time.

Statutory bodies

Board of Directors as of 31 December 2019

The Board of Directors is responsible for the day-to-day operations of the Company. The Issuer's Board of Directors has the following members:

Name	Position	Date of birth	Term of office expiry date
Georg Hotar	Director *(Bestuurder)*	21. 04. 1975	No term of expiry
Michael Gartner	Director *(Bestuurder)*	29. 06. 1968	No term of expiry

Supervisory board

Under Dutch law, a public company is required to establish a supervisory board if:

- The issued share capital of the company together with the reserves pursuant to the balance of sheet amounts to at least EUR 16 million,
- The company or a dependent company has established a work council pursuant to a statutory obligation and,
- The company together with its dependent companies employs at least one hundred employees in the Netherlands.

The company will only be under the obligation to establish a supervisory board if it meets such criteria on the balance sheet dates in three subsequent financial years. The Issuer does not meet the above described criteria and therefore is not required to create a supervisory board. No Supervisory Board was established, however, the Issuer has the intention to appoint an independent Supervisory Board in the future.

Shares and shareholder structure

Market: NewConnect, Poland
Ticker: PEN
Web address: www.newconnect.pl

Market: Free Market, Czech Republic
Ticker: PEN
Web address: https://www.pse.cz/en/

Share capital

The Company's share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each share has one vote at the General Meeting of Shareholders, with the exception of the treasury shares held by the Issuer.

Share capital as of 31 December 2019

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (EUR)	Capital covered with
A	bearer	-	-	60,000,000	600,000	cash
Total number of shares				60,000,000		
Total share capital					600,000	
Nominal value per share = EUR 0.01						

Shareholder structure

The number of issued shares by the Company amounts to 60,000,000. As of the reporting date, to the knowledge of the Management, the shareholder structure was as follows:

The shareholder structure as of 31 December 2019 can be found in the Directors' report.

Shareholders as of 15.04.2020	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Future Cooperatief U.A.	22,266,166	37.11%	22,266,166	43.50%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.72%
Photon Energy N.V.	8,813,264	14.69%	0	0.00%
Free float	8,077,195	13.46%	8,077,195	15.78%
Total	**60,000,000**	**100.00%**	**51,186,736**	**100.00%**

In 2019, shares were transferred from Photon Energy N.V. to the Employee share purchase programme. These shares were added to the free float.

- **Solar Future Cooperatief U.A.** is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr Michael Gartner as Director A and Mrs Magda Gartnerova as Director B.
- **Photon Energy N.V.** is a company established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Georg Hotar and Mr. Michael Gartner.
- **Solar Power to the People Cooperatief U.A.** is a cooperative established under the laws of the Netherlands, with its statutory seat in Amsterdam and its place of business at Barbara Strozzilaan 201, 1083 HN, Amsterdam, the Netherlands. The Board of Directors has two members: Mr. Georg Hotar as Director A and Mr. Michael Gartner as Director B.

Market Maker Details

Dom Maklerski PKO Bank Polski
Address: ul. Puławska 15, 02-515 Warszawa, Poland
Internet: www.dm.pkobp.pl

Communications with investors

Communications to investors have always been more than a mere legal requirement to Photon Energy. We believe it is a means to build trust in our business practices and an opportunity to be transparent about our financial health and business achievements. During the reporting period, the following actions have been taken:

- The Company's website continued to be developed to ensure it remains a principal source of information on the Group and its activities. An **investor relations news service** allows investors to stay up to date on Company announcements, reports and other ad hoc information.
- the IR department organised **two online chats** – on 14 May and on 8 November – jointly with the Polish retail investors association SII. SII members as well as other investors were able to submit questions to Georg Hotar, the Company's CEO and Clemens Wohlmuth, the Company's CFO. The chats were webcast live in Polish and English at www.sii.org.pl and transcripts of the chats in Polish were published in the investor relations section of our website.
- In July 2019, **roadshow meetings** were organized by Bankhaus Scheich for selected qualified investors in Düsseldorf, Munich and Zürich in connection with our bond placement increase.
- The company participated in the **Equityforum - Herbstkonferenz** held on 2 September 2019 in Frankfurt (www.equityforum.de).
- The company made a presentation in addition to one-to-one meetings with investors at the **Eigenkapitalforum** held in Frankfurt from 25 to 26 November 2019 (www.eigenkapitalforum.com).

Dividend policy

The Company's strategy is to create value for its shareholders through strong expansion in the globalising PV industry. For as long as value-creating growth and investment opportunities exist, the Board of Directors does not intend to propose to distribute dividends to shareholders.

Share performance in 2019

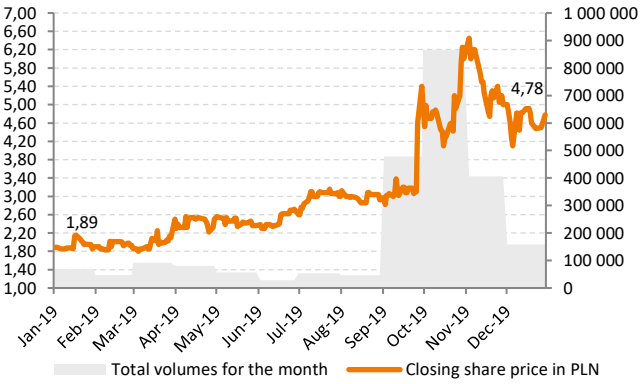
NewConnect (Warsaw Stock Exchange)

Selected share information	PLN
Opening price (2 January 2019)	1.89
52-week max (4 November 2019)	6.45
52-week min (5 March 2019)	1.80
Closing price (30 December 2019)	**4.78**

Source: http://www.newconnect.pl/

The average trading volume in the year 2019 amounted to 9,610 shares per trading session compared to 6,266 shares in 2018. The Company has been listed on NewConnect since 4 June 2013.

Performance of Photon Energy shares in 2019



Free Market (Prague Stock Exchange)

Since 17 October 2016, in addition to the listing on the NewConnect segment of the Warsaw Stock Exchange, the Company's shares have now also been traded on the PSE Free Market. No additional shares have been issued, nor capital raised through this listing.

Selected share information	CZK
Opening price (3 January 2019)	8.80
52-week max (8 November 2019)	44.00
52-week min (3 January 2019)	8.70
Closing price (30 December 2019)	**42.00**

Source: http://www.pse.cz

The Company reports a yearly trading volume of 242,470 shares compared to 305,991 shares in 2018.

Bonds performance in 2019

In December 2016, the Company issued a 7-year corporate CZK bond with a 6% annual coupon and monthly payments. The corporate bond, with a denomination of CZK 30,000 (ISIN CZ0000000815), has been traded on the Free Market of the Prague Stock Exchange since 12 December 2016.

On 27 October 2017, the Company issued a 5-year corporate EUR bond with a 7.75% annual coupon and quarterly coupon payments in Germany, Austria and Luxemburg. The original target volume of EUR 30 million has been subscribed to in full on 7 September 2018, before the end of the public placement period originally set until 20 September 2018. The corporate bond (ISIN DE000A19MFH4) with a nominal value of EUR 1,000 has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. The bond is also listed on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart.

On 5 August 2019 the Company placed an additional EUR 7.5 million, increasing the outstanding bond volume to a total of EUR 37.5 million. All other parameters remain unchanged.

CZK Bond trading performance in Prague

In the trading period from 1 January 2019 until 31 December 2019 the trading volume amounted to CZK 1,350,000 (nominal value) with a closing price of 100.00 (CZK 2,820,000 last year).

EUR Bond 2017/22 trading performance

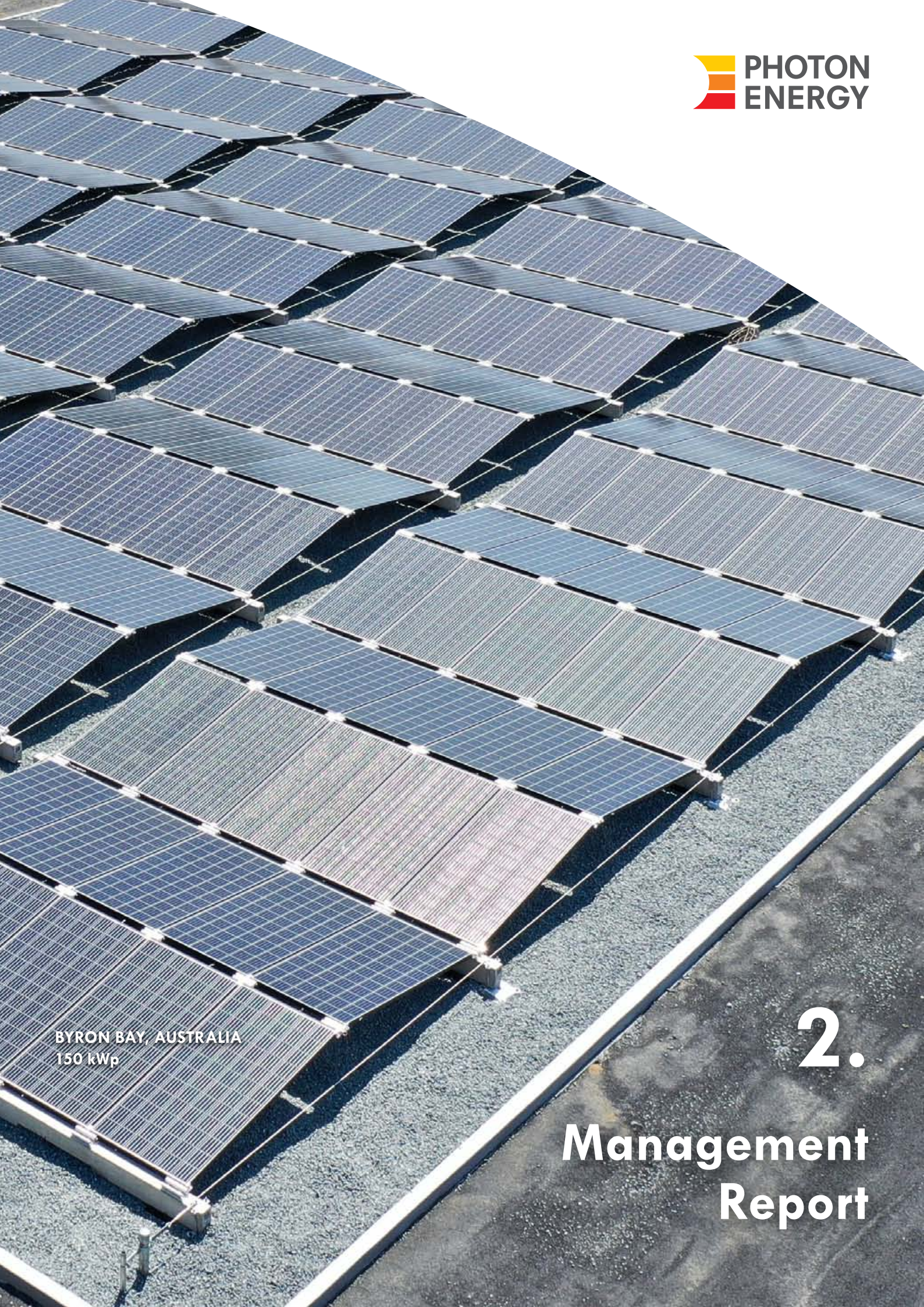
In the trading period from 1 January 2019 until 31 December 2019, the trading volume amounted to EUR 8.799 million (nominal value) with an opening price of 103.65 and a closing price of 106.75 in Frankfurt (EUR 25.080 million last year).

EUR Bond 2017/22 trading performance in Frankfurt

Selected bond information	**%**
Opening price (2 January 2019)	103.65
52-week max (30 May 2019)	107.00
52-week min (5 August 2019)	103.00
Closing price (December 2018)	**103.65**

Source: http://www.en.boerse-frankfurt.de

PHOTON ENERGY



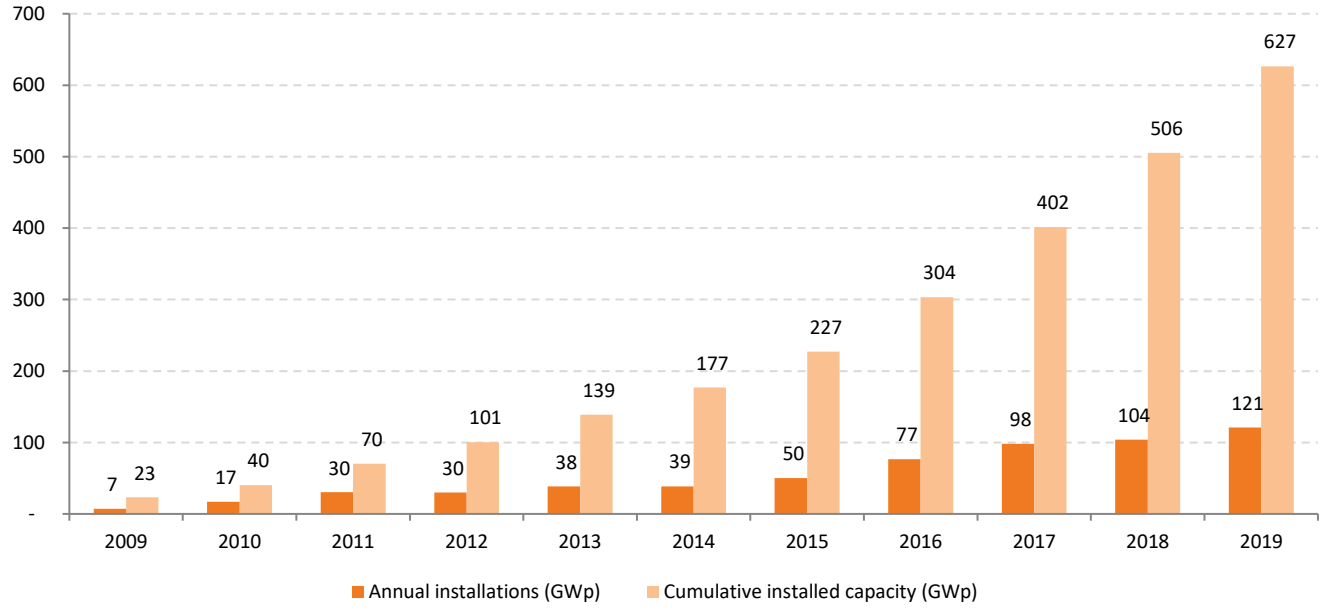
BYRON BAY, AUSTRALIA
150 kWp

2. Management Report

Market description and positioning

Global market and regional trends in 2019[1]

Evolution of global annual and cumulative installed capacity 2009–2019 (GWp)



Over the last two decades, grid-connected PV systems have increased from a niche market to one of the leading power generation capacity additions annually. 2019 saw about 121 GWp of new solar generation capacity deployed, in comparison to 104 GWp in 2018.

Asia is the part of the world with the largest share of PV capacity, with China being the largest market in the region (approx. 200 GWp of cumulative installations), followed by Japan (60 GWp) and India (35 GWp).

China saw only 30 GWp of new PV generation capacity in 2019, marking a 32% retreat from the amount added in 2018. The reasons for this significant reduction of installation volumes are the relatively late release of policies, combined with long lead times to develop new projects.

In contrast, 2019 was the strongest growth year for solar in Europe since 2010, with 17 GWp new solar capacity installed in 2019, more than 100% over the past year, and more than any other power generation technology. Europe had approx. 140 GWp of installed solar power by the end of 2019, with Germany still the continent's largest market (approx. 50 GWp), followed by Italy (20 GWp) and the UK (13 GWp).

Global forecasts for solar capacity additions in 2020 have logically been revised due to the expected recession caused by the coronavirus crisis. Many solar factories in China are starting to resume production, suggesting that concerns about supplies of PV components could soon begin to ease. Nevertheless, the temporary standstill will have an impact on the global solar market, as the implementation of some projects will likely be postponed until next year, as illustrated by the Chinese government's decision to push some PV projects into 2021.

According to BloombergNEF, who have reduced their expectations for newly installed PV capacity, developers are expected to install between 108 and 143 GWp of new solar capacity in 2020, contrasting sharply with their previous forecast for annual global PV capacity additions of 121 GWp to 152 GWp.

[1] Source BloombergNEF, 10 Predictions for 2020, dated 16 January 2020.

Photon Energy's geographical presence

All in all, Photon Energy commissioned more than **80 MWp** of PV power plants across 6 countries and has more than **300 MWp** of PV power plants under O&M management across two continents.

The Company's proprietary portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period i.e. as of 31 December 2019, consisted of 61 power plants, in the Czech Republic (15.0 MWp), Slovakia (10.4 MWp), Hungary (26.1 MWp) and Australia (0.1 MWp) with a total installed capacity of 51.7 MWp.

At the time of publishing this report, the portfolio consisted of 69 power plants with a total capacity of 57.1 MWp, including an additional capacity of 5.4 MWp grid connected in Hungary in March 2020.

Moreover, at the end of December 2019 the total O&M portfolio could be broken down geographically into 137.8 MWp operated in the Czech Republic, 47.7 MWp in Hungary, 21.4 MWp in Slovakia, 21.3 MWp in France, 15.0 MWp in Romania, 14.0 MWp in Italy, 10.2 MWp in Belgium, 1.8 MWp in Germany, 4.5 MWp in Australia and 2.0 MWp in Slovenia with a total capacity of 275.5 MWp (+21.2% compared to 2018).

At the time of publishing this report, additional contracts signed have brought Photon Energy Operations' total O&M services portfolio under contract to more than 300 MWp worldwide.

Overview of Photon Energy's markets at the end of 2019

in MWp		Proprietary portfolio	O&M Services
Czech Republic		15.0	137.8
Hungary		26.1	47.7
Slovakia		10.4	21.4
Australia		0.1	4.5
France			21.3
Romania			15.0
Italy			14.0
Belgium			10.2
Slovenia			2.0
Germany			1.8
Total		**51.7**	**275.5**

Czech Republic

The PV market in the Czech Republic reached a total of 25.1 MWp, representing a significant growth compared to the 7.0 MWp installed in 2018. The total number of new projects (3,437) more than doubled compared to 2018, with 99% of them being rooftop installations, as the Czech Republic only supports residential and commercial rooftop installations by means of investment support. The country has over 2,000 MWp of installed PV capacity with no significant additions since 2010, the year during which the country reached its national solar target of 1,695 MWp. The Czech Republic was one of two countries in the European Union to reach its "National renewable energy action Plan" ten years in advance of the target date.

The proprietary portfolio of Photon Energy in the Czech Republic comprises of 11 photovoltaic power plants. It mainly includes green-field installations, with a total installed output of approximately **15.0 MWp**. All projects (with one exception) were connected to the network/grid in November/December 2010. Photon Energy did not commission new capacities in 2019.

The total **O&M portfolio** operated in the Czech Republic included **137.8 MWp** (135.3 MWp at the end of 2018) of PV capacities managed for the proprietary portfolio and external clients.

Hungary

Hungary saw 653 MWp of PV capacity deployed in 2019, compared to 410 MWp in 2018. As of the end of December 2019, the country's cumulative installed PV capacity stood at around 1,450 MWp, exceeding the GW level for the first time. This dynamic development has been propelled by the country's National Renewable Action Plan, which aims to have Hungary cover 14.65% of its power demand with renewables by 2020.

This year's growth was mainly driven by large-scale solar projects developed under the FIT scheme (KÁT), now replaced by the new Renewable Energy Support Scheme METÁR which came into force in 2017, and by an auction mechanism for renewable energy sources, which commenced in late 2019. The new scheme allows large energy producers, with over 1 MWp of planned project capacity, to compete for a premium support if they participate and win the tender.

The Company's proprietary portfolio comprised 38 power plants with a total capacity of **26.1 MWp** at the end of 2019, and, at the time of publishing this report, 46 power plants with a total capacity of 31.5 MWp.

The total O&M portfolio operated in Hungary comprised of **47.7 MWp** (compared to 6.0 MWp at the end of 2018) of PV plants managed for the proprietary portfolio at the end of the reporting period. At the time of publishing this report, the O&M portfolio amounted to 77.1 MWp managed for the proprietary portfolio and external clients.

Slovakia

The same as in 2018, Slovakia's additional capacity was almost non-existent with 1.8 MWp installed in 2019. The country's cumulative capacity amounted to around 531 MWp at the end of December 2019.

Photon Energy currently owns shares in 11 SPVs in Slovakia with a total installed output of approximately **10.4 MWp**. Each SPV operates one photovoltaic power plant. Photon Energy did not commission new PV capacities in 2019.

The total O&M portfolio operated in Slovakia includes **21.4 MWp** (unchanged compared to December 2018) of PV capacity managed for our proprietary portfolio and external clients.

Australia

Large-scale renewable energy capacity increased by 2,200 GWp in 2019, with solar projects accounting for approximately 60%. According to SunWiz, 23 solar farms totalling 1,141 MWp were connected to the grid in 2019, a similar number as in 2018 but with a significantly lower capacity (1,500MWp in 2018). On the other hand, rooftop installations continued to thrive with 2.2 GWp of installed capacity, breaking the previous year's record of 1.6 GWp. Meanwhile, the battery storage sector started to gain momentum, with small-scale batteries installed taking Australia's household storage capacity past 1 GWh for the first time.

Our most important milestones during the year were the successful completion of the development process and sale of the 230 MW Suntop 1 and 115 MW Gunnedah Solar Farm projects as well as the sale of 100 MW Brewongle solar farm project. In addition, our EPC business doubled with 6.5 MW of solar installed. The highlights were the roll-out of 31 rooftop installations for ALDI Supermarkets totalling 3.1 MW as well as the completion and commissioning of their 1.7 MW Stapylton Distribution Centre, our largest rooftop installation to date.

The Company's proprietary portfolio comprised one rooftop photovoltaic power plant in Symonston with a total capacity of **144 KWp** connected in April 2013.

The total O&M portfolio operated in Australia comprised **4.5 MWp** of PV plants managed for the proprietary portfolio and external clients.

Italy

The total O&M portfolio operated in Italy comprises of **14.0 MWp** (compared to 15.0 MWp in December 2018) of serviced capacity.

Germany

The total O&M portfolio operated in Germany comprises of 1.75 MWp (unchanged compared to December 2018) of serviced capacity.

Belgium

Belgium reached a cumulative installed PV capacity of 4,680 MW at the end of 2019, with 605 MWp of new capacity deployed during the year vs. 367 MWp in 2018.

The total O&M portfolio operated in Belgium comprised of **10.2 MWp** of PV plants managed for third parties. The team provides preventive maintenance services, called "Inverter Cardio". After the now bankrupt manufacturer Satcon (estimated capacity of 350 MWp of inverters installed across Europe), closed its operations, Photon Energy Operations secured both key personnel and access to spare parts and is servicing all of the Satcon inverters installed in Belgium (10.2 MWp).

France

In 2019, Photon Energy Operations provided preventive maintenance in France on the base of contracts for Satcon central inverters at power plants worth **21.3 MWp**.

Romania

In 2019, Photon Energy Operations provided full monitoring, operations and maintenance for power plants with a total installed capacity of **15.0 MWp**.

Slovenia

In 2019, Photon Energy Operations provided full monitoring, operations and maintenance for power plants with a total installed capacity of **2.0 MWp**.

Competition

The market for PV downstream service solutions is becoming more competitive. Photon Energy's competitive landscape is comprised of internal PV departments of large utilities companies, as well as independent competitors or new entrants that may compete broadly with us or in limited segments of our market.

With the end or reduction of incentives in some big markets, one of the main drivers for creating value in the PV sector is the improvement of operating efficiency in existing plants through operations and maintenance, an increasingly central activity for many operators in different markets.

The competitive landscape of the PV O&M market is country specific, with different firms leading in each of the top solar markets.

The companies that offer O&M services are mostly: EPCs, Developers, electrical/inverter firms, vertically integrated solar firms, IPPs/utility companies and independent O&M providers.

The typical clients are solar system owners, ranging from private investors to large banks.

We believe that we are able to differentiate ourselves from these competitors by, among other things:

- Applying our 11-year experience to the development and delivery of products and professional services that enable our customers to overcome their challenges and achieve service differentiation by providing a personalized and intelligent customer experience, simplifying the complexity of the operating environment,
- Continuing to design and develop solutions targeted specifically to the PV industry,
- Innovating and enabling our customers to adopt new business models that will improve their ability to drive new revenues, and compete and win in a changing market,
- Providing high-quality, scalable, reliable, integrated, yet modular services.

Subsequent events in 2020, which had material impact on the Group's business

Repayment of withholding amount from SPV 11

The decision of the court to find one of the subcontractors not guilty came into force on 5 February 2020. Subsequently, the Court ruled on 27 February 2020 that the secured funds should be paid back to SPV 11, which happened in full on 24 March 2020.

Connection of 8 PV power plants in Tata, Hungary

In March, the Company's subsidiary Photon Energy Solutions HU Kft. completed and grid-connected all eight photovoltaic power plants with a total installed capacity of 5.4 MWp located in the municipality of Tata, Hungary expanding the Groups total proprietary portfolio of PV power plants to 57.1 MWp. The Company owns and operates the power plants through five wholly-owned project companies. Revaluation of the Group's proprietary portfolio according to IAS 16, will be recorded in the Group's Other Comprehensive Income in the Q1 2020 Consolidated Income Statement.

COVID-19

Starting at the beginning of March, the Company has undertaken all necessary measures to ensure the continuation of its business, including the provision of services to its customers during these challenging times. The Group closely monitors and analyses the situation and its policies reflect the measures adopted by the governments of the countries in which its business activities take place. Top priority is to make sure that the employees are safe and to mitigate any infection risk, while continuing business activities at the highest level possible given external circumstances.

Investment in RayGen

In April the Company announced that it bought a minority equity stake in the Australian technology company RayGen Resources Pty Ltd. ('RayGen') in order to develop global renewable energy projects suitable for the roll-out of RayGen's unique solar power and electricity storage technology. Photon Energy will act as a project developer and EPC contractor and – where suitable – as an equity investor in the projects, which will be supplied by RayGen. The partnership includes the development of a 100 MWp/1000 MWh solar-plus-storage project.

New EPC contract in Australia

In April, the Company's subsidiary Photon Energy Australia Pty Ltd. won a tender by water utility North East Water (serving a population of 110,000 people in north-east Victoria) to act in the capacity of Principal Contractor to design, build and commission a 3 MWp solar power plant adjacent to its Waste Water Treatment Plant (WWTP) located in West Wodonga, Victoria, Australia. Photon Energy Australia Pty Ltd. is now progressing to the contracting stage with a tendered contract value of AUD 7.284 million (EUR 4.1 million, PLN 18.7 million).

Future plans

Building and expanding upon our experience, know-how and technical capabilities we are embarking on an exciting new journey, which will take us into many new markets around the world. We will combine solar energy, energy storage and water technologies to meet the growing needs of billions of potential customers from the poorest to the richest countries in the world. See presentation of the detailed strategy in the Directors' report.

Financial ratios

Selected financial ratios for consolidated performance are presented below.

Financial Ratios – Consolidated	2017	2018	2019
Profitability			
Net Profit / Revenues	-5%	3%	-2%
Return on Equity (Net profit / Total equity)	-3%	2%	-2%
Return on Assets (Net profit / Total assets)	-1%	0%	-1%
Liquidity			
Current ratio (Current Assets / Current liabilities)	1.23	2.77	2.57
Working Capital			
Net Working Capital (Current assets - Current liabilities)	2,854	15,397	19,438
Net Working Capital / Total Assets	0.03	0.14	0.14
Indebtedness			
Debt / Equity Ratio (Total liabilities / Stockholders' Equity)	2.45	3.58	2.65

Authorised Advisors remuneration

Photon Energy N.V. has not used the services of an Authorised Advisor in 2019.

Statutory Auditor remuneration

Total remuneration of the Company's auditor Grant Thornton Accountants en Adviseurs B.V. in the year 2019 amounted to EUR 117,000 and included fees for a full-year review of 2019 financial statements.

Total Board of Directors remuneration

The remuneration of the Board of Directors is subject to confidentiality.

INNOVATIVE MONITORING SOLUTIONS

In 2019, Photon Energy continued to build upon Photon Energy ONE, an innovative solar monitoring solution, to monitor, analyse, control and plan every aspect of the solar PV portfolio for our customers. Communicating directly with PECOM, the in-house solar data monitoring platform, Photon Energy ONE, is designed to suit every solar installation through perfectly customisable packages made up of a blend of hardware and software components that combine to enable the ultimate performance of solar assets. Set for launch in 2020, PECOM 2.0 was developed with advanced functionalities and features in mind. The concept of PECOM 2.0 is not only to create software for monitoring and downloading data from PV plants, but also to be a complex tool for complete assets. Our goal is to enable set-up and management of all processes by simplifying work with single modules.

"As a frontfunner of PV technologies, Photon Energy Control follows the latest modern trends in IoT (Internet of Things) and Industry 4.0. Our in-house developed monitoring software, PECOM, helps connect our acquired experiences in monitoring PV power plant portfolios across all departments.

As Photon Energy is a company with global impact, we set up these processes based on our in-depth knowledge of the local markets in which we operate."

Lukáš Porkert

Managing Director, Photon Energy Control

LEADING O&M SERVICE PROVIDER

An O&M service provider for 130 MWp of PV capacity in the Czech Republic, Photon Energy again defended its leading position in the country in 2019, while dynamically expanding its O&M business across the CEE region. In Hungary, we expanded upon our strong presence as an O&M service provider by signing an operation and maintenance agreement for a 17.6 MWp PV power plant and adding additional new self-owned power plants to our O&M portfolio. Strongly motivated to replicate our successful business model in the entire CEE region, we reached another significant achievement of entering into the Slovenian market, with a 2 MWp PV power plant being the first Photon Energy solar asset operated and maintained in the country. In addition to the Czech Republic, Hungary, and the new Slovenian market, we remained focused on further developing our O&M business in Slovakia, Romania and Australia during 2019, while seeking new opportunities elsewhere. At the time of publishing this report, our O&M division provided operations and maintenance services, including central inverter services, for over 300 MWp worldwide.

"We are delighted to announce that in 2019 Photon Energy has become one of the leading O&M service providers in the Hungarian photovoltaic sector. Besides the rapid growth of our Group portfolio of self-owned PV power plants, we also closed long-term service contracts with new third party clients in line with our strategy to significantly grow our O&M business in the CEE region. Based on our strong track record and proven references, we expect further growth and stabilization of our O&M portfolio across the entire region over the forthcoming years."

József Mózes

Managing Director, Photon Energy Operations Hungary

"Year over year we are facing a more challenging O&M market but we continue to be successful in building long-term cooperation with key market players in the CEE region. We still see Hungary as one of our key markets, but we are planning to be just as successful in other countries thanks to our high-quality services."

Oskar Novák

Sales Manager, Photon Energy Operations

NewConnect's Best Practices applied and not applied in 2019

The Company's goal is to follow fully the corporate governance rules as formatted in the Best Practices of NewConnect Listed Companies. The Code of Best Practices accommodates opinions of market participants as well as European trends and highest communication standards applicable to companies listed in alternative trading systems in Europe.

According to the NewConnect requirements we provide the list of Best Practises applied and not applied in 2019 by our Company:

No.	Rule	Comments
1	A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and state-of the-art communication tools ensuring fast, secure, broad and interactive access to information.	Applied
	Using such methods to the broadest extent possible, a company should ensure adequate communication with investors and analysts using for this purpose also modern methods of Internet communication, enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website.	Not applied due to high costs – the Company provides investors with appropriate access to information on the organisation and conduct of the General Meeting by publishing relevant EBI and ESPI reports and information on its website.
2	A company should ensure effective access to information necessary to assess the company's situation and outlook as well as its operations.	Applied
3	A company should maintain a corporate website and publish:	Applied
3.1.	Basic information about the company and its business (home page);	Applied
3.2.	Description of the issuer's business including indication of the issuer's business segment generating the highest revenue;	Applied
3.3	Description of the issuer's market including indication of the issuer's market position;	Applied
3.4.	Professional CVs of the members of the company's governing bodies;	Applied
3.5.	Information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting;	Not applied – there is no Supervisory Board.
3.6.	Corporate documents of the company: Statute, excerpt from the registry;	Applied
3.7.	Outline of the company's strategic plans;	Applied
3.8.	Published financial targets for the current financial year including their assumptions and adjustments of such targets (if targets are published by the issuer);	Not applied – the Company does not intend to publish financial forecasts due to the dynamic phase of development of the market in which the Company operates and in view of the fact that the Company is currently building up its position in this market. For this reason, the publication of any financial forecast is subject to very high level of uncertainty.
3.9.	Shareholder structure, with indication of the main shareholders and the free float shares;	Applied
3.10.	Contact details to the person responsible for investor relations and contacts with media;	Applied
3.11.	Published current and periodic reports;	Applied
3.12.	Dates of planned publication of periodic financial reports, GA, meetings with investors and analysts and press conferences;	Applied
3.13.	Information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information	Applied

No.	Rule	Comments
	should be published within a timeframe enabling investors to make investment decisions;	
3.14.	Shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions;	Applied
3.15.	Information on the reasons for cancellation of the General Meeting, changes to the date or agenda, together with the reasons;	Applied
3.16.	Information about the break in the proceedings of the General Meeting together with the reasons;	Applied
3.17.	Information about the entity which signed an Authorised Adviser Service Agreement with the company, including the name, the website address, telephone numbers and e-mail addresses of the Adviser;	Applied
3.18.	Information about the entity acting as animator of the issuer's shares;	Applied
3.19.	Information document (issue prospectus) of the company published within the last 12 months;	Applied
4	A company should publish its corporate website in Polish or in English, at the issuer's discretion. Current and periodic reports should be published on the website in the same language in which they are published according to regulations applicable to the issuer.	Applied
5	A company should pursue an information policy with a particular emphasis on the needs of individual investors. For this purpose, in addition to its corporate website, the company should use its individual investor relations section on the website www.gpwinfostrefa.pl.	Not applied – on its website the Company provides a separate investor relations section that provides individual investors with access to sufficient information about the Company.
6	An issuer should maintain on-going contacts with representatives of the Authorised Adviser in order to enable it to properly perform its obligations towards the issuer. The company should appoint a person responsible for contacts with the Authorised Adviser.	Applied
7	If an event occurs in the company, which, in the opinion of the issuer, has material significance to the performance of obligations by the Authorised Adviser, the issuer should immediately inform the Authorised Adviser thereof.	Applied
8	An issuer should give the Authorised Adviser access to all documents and information necessary to perform the obligations of an Authorised Adviser.	Applied
9	In the annual report the issuer should publish:	
9.1	Information about the total amount of remuneration of all members of the Management Board and the Supervisory Board;	Not applied since 2014 after the publication of EBI report 11/2014.
		There is no Supervisory Board.
9.2	Information about the fee paid by the issuer to the Authorised Advisor in respect of all services provided to the issuer;	Not applied – The Company did not use the services of an authorised advisor in 2019.
10	Members of the Management Board and the Supervisory Board who can answer questions asked at the General Meeting should attend a General Meeting.	Applied
		There is no Supervisory Board.
11	An issuer in co-operation with the Authorised Adviser should organize meetings with investors, analysts and the media open to the public at least 2 times per year.	Applied. The Company has ruled out the organisation of two online chats with investors during the year – a first one was organised in May 2019, and a second one in Nov 2019 – these meetings are open to the public.

No.	Rule	Comments
12	A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision.	Applied
13	Resolutions of the General Meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of setting the rights of shareholders pursuant to such events.	Applied
13a.	If the Management Board of an issuer is notified by a shareholder who holds at least a half of the share capital or at least a half of all votes in the company that the issuer has summoned an extraordinary General Meeting pursuant to Article 399 § 3 of the Code of Commercial Partnerships and Companies, the Management Board of the issuer shall immediately perform actions it is obliged to take in organising and conducting a General Meeting. This principle shall also apply where the registration court authorises shareholders to summon an extraordinary General Meeting pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies."	Applied
14	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	Applied
15	A resolution of the General Meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment must take place before the date of setting the right to dividend.	Applied
16	An issuer should publish monthly reports within 14 days after the end of each month. Monthly reports should include at least the following:	Applied
	- information on trends and events occurring in the issuer's market environment which, in the opinion of the issuer, could in future have significant effects to the financial standing and the financial results of the issuer;	
	- list of all information published by the issuer in the form of current reports in the reporting period;	
	- information about achievement of the goals of an issue if they were achieved at least partly in the reporting period;	
	- dates important to investors including events planned in the coming month concerning the issuer and important from the perspective of investor rights, including in particular dates of publication of periodic reports, planned General Meetings, opening of subscriptions, meetings with investors or analysts and expected dates of publication of analytical reports.	
16a.	If an issuer is in breach of the reporting obligation set out in Exhibit 3 to the Alternative Trading System Rules ("Current and Periodical Information in the Alternative Trading System on the NewConnect Market"), the issuer shall immediately publish information explaining the situation pursuant to the procedure applicable to providing current reports on the NewConnect market."	Applied

Summary of information disseminated

Below is a summary of the key events which were important for the Issuer's business from 1 January 2019 until 31 December 2019 and which were reported in the EBI system:

- **EBI 1/2019** published on 17 January 2019: Monthly report for December 2018.
- **EBI 2/2019** published on 29 January 2019: Publication date of the annual report 2018.
- **EBI 3/2019** published on 11 February 2019: Quarterly report for 2018Q4.
- **EBI 4/2019** published on 14 February 2019: Monthly report for January 2019.
- **EBI 5/2019** published on 12 March 2019: Monthly report for February 2019.
- **EBI 6/2019** published on 10 April 2019: Monthly report for March 2019.
- **EBI 7/2019** published on 15 April 2019: Annual report 2018
- **EBI 8/2019** published on 15 April 2019: Convocation of the Annual General Meeting of Shareholders on 29 May 2019
- **EBI 9/2019** published on 13 May 2019: Quarterly report for 2019Q1.
- **EBI 10/2019** published on 15 May 2019: Monthly report for April 2019.
- **EBI 11/2019** published on 29 May 2019: The Minutes of the Annual General Meeting of Shareholders held on 29 May 2019
- **EBI 12/2019** published on 11 June 2019: Monthly report for May 2019.
- **EBI 13/2019** published on 10 July 2019:Monthly report for June 2019
- **EBI 14/2019** published on 7 August 2019: Quarterly report for 2019Q2
- **EBI 15/2019** published on 12 August 2019:Monthly report for July 2019
- **EBI 16/2019** published on 12 August 2019:Monthly report for July 2019 (with attachment)
- **EBI 17/2019** published on 10 September 2019:Monthly report for August 2019
- **EBI 18/2019** published on 9 October 2019: Monthly report for September 2019
- **EBI 19/2019** published on 7 November 2019: Quarterly report for Q32019
- **EBI 20/2019** published on 12 November 2019: Monthly report for October 2019
- **EBI 21/2019** published on 11 December 2019: Monthly report for November 2019
- **EBI 22/2019** published on 30 December 2019: Publication dates of periodic reports in 2020

Below is a summary of the key events which were important for the Issuer's business from 1 January 2019 until 31 December 2019 and which were reported in the ESPI system:

- **ESPI 1/2019** published on 17 January 2019: Photon Energy secures long-term financing for 11.5 MWp of PV power plants in Hungary.
- **ESPI 2/2019** published on 17 January 2019: Insider trading notification.
- **ESPI 3/2019** published on 21 January 2019: Photon Energy will install PV power plants with a combined capacity of 4.6 MWp for ALDI in Australia.
- **ESPI 4/2019** published on 25 February 2019: Photon Energy expands its Hungarian pipeline by acquiring three projects with 2.1 MWp.
- **ESPI 5/2019** published on 6 March 2019: Photon Energy connects eight power plants in Almásfüzitő, Hungary for a total capacity of 5.5MWp.
- **ESPI 6/2019** published on 12 March 2019: Development approval granted for our Gunnedah Solarfarm project in Australia.
- **ESPI 7/2019** published on 19 March 2019: Change in substantial block of shares.
- **ESPI 8/2019** published on 6 April 2019: Photon Energy acquires three projects with a total capacity of 2.1 MWp in Hungary.
- **ESPI 9/2019** published on 29 April 2019: Photon Energy acquires ten PV projects with 14.2 MWp in Hungary.
- **ESPI 10/2019** published on 10 May 2019: Q&A Chat to be held in collaboration with Polish retail investors on Tuesday, the 14th of May 2019 at 11:00 am.
- **ESPI 11/2019** published on 16 May 2019: Change in substantial block of shares.
- **ESPI 12/2019** published on 28 May 2019: "Non public" report: List of all Shareholders entitled to vote on General Meeting of shareholders to be held on 29 May 2019.
- **ESPI 13/2019** published on 30 May 2019: List of shareholders holding at least 5% of votes at the Annual General Meeting of shareholders held on 29 May 2019.
- **ESPI 14/2019** published on 2 July 2019: Photon Energy connects three PV power plants with 2.1 MWp to grid in Hungary

- **ESPI 15/2019** published on 8 July 2019: Insider Trading Notification
- **ESPI 16/2019** published on 22 July 2019: Photon Energy considers additional bond issuance
- **ESPI 17/2019** published on 24 July 2019: Photon Energy acquires four projects with a total capacity of 2.8 MWp and raises its portfolio target in Hungary to 75 MWp by year-end 2021
- **ESPI 18/2019** published on 31 July 2019: Photon Energy sells its 25% stake in the Australian Suntop 1 project to Canadian Solar
- **ESPI 19/2019** published on 1 August 2019: Photon Energy decided to increase its existing 7.75% bond 2017/2022
- **ESPI 20/2019** published on 5 August 2019: Photon Energy increased its existing 7.75% bond 2017/2022 by additional EUR 7.5 million
- **ESPI 21/2019** published on 19 August 2019: Insider Trading Notification.
- **ESPI 22/2019** published on 20 August 2019: Change in substantial blocks of shares.
- **ESPI 23/2019** published on 31 August 2019: Photon Energy sells its 25% stake in the Australian Gunnedah project to Canadian Solar.
- **ESPI 24/2019** published on 10 October 2019: Photon Energy Replaces Diesel with Hybrid Solar and Storage System on Lord Howe Island.
- **ESPI 25/2019** published on 21 October 2019: Photon Energy commissions eight PV power plants with a capacity of 5.6 MWp in Hungary.
- **ESPI 26/2019** published on 25 October 2019: Photon Energy wins tender to build 950 kWp PV power plant in Northern Poland.
- **ESPI 27/2019** published on 4 November 2019: Photon Energy commissions seven PV power plants with 4.9 MWp in Hungary.
- **ESPI 28/2019** published on 10 November 2019: Change in substantial blocks of shares.
- **ESPI 29/2019** published on 5 December 2019: Photon Energy commissions 2.1 MWp in Hungary and grows its global portfolio to 51.8 MWp.
- **ESPI 30/2019** published on 10 December 2019: Photon Energy secures long-term financing for additional 20.1 MWp in Hungary.
- **ESPI 31/2019** published on 31 December 2019: Photon Energy sells its 51% interest in the Brewongle Solar Farm.

Below is a summary of the key events which were important for the Issuer's business after 31 December 2019 until the date of this report and which were reported in the EBI and ESPI system:

EBI System

- **EBI 1/2020** published on 14 January 2020: Monthly report for December 2020.
- **EBI 2/2020** published on 12 February 2020: Quarterly report for Q4 2019.
- **EBI 3/2020** published on 14 February 2020: Monthly report for January 2020.
- **EBI 4/2020** published on 9 March 2020: Publication dates of periodic reports in 2020 – updated publication schedule.
- **EBI 5/2020** published on 12 March 2020: Monthly report for February 2020.
- **EBI 6/2020** published on 14 April 2020: Monthly report for March 2020.

ESPI system

- **ESPI 1/2020** published on 18 February 2020: Photon Energy commissions three PV power plants with a total capacity of 2.0 MWp in Hungary.
- **ESPI 2/2020** published on 19 February 2020: Change in substantial blocks of shares.
- **ESPI 3/2020** published on 3 March 2020: Photon Energy Grows its Global Portfolio to 57.1 MWp with the Commissioning of Eight PV Power Plants in Hungary.
- **ESPI 4/2020** published on 25 March 2020: COVID-19: Information for stakeholders.
- **ESPI 5/2020** published on 7 April 2020: Photon Energy invests in RayGen Resources.
- **ESPI 6/2020** published on 7 April 2020: Photon Energy wins tender to design, build and commission a 3 MWp hybrid solar power plant for a Waste Water Treatment Plant in Victoria, Australia.

Statement of relations

Statement on relations between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares

No Supervisory Board was established.

According to the knowledge of the Board of Directors following relations existed between the Issuer, its managing and supervising persons and its shareholders owning more than 5% of the Company's shares:

Shareholders as of 15.04.2020	No. of shares	% of capital	No. of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Solar Future Cooperatief U.A.	22,266,166	37.11%	22,266,166	43.50%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.72%
Photon Energy N.V.	8,813,264	14.69%	0	0.00%
Free float	8,077,195	13.46%	8,077,195	15.78%
Total	**60,000,000**	**100.00%**	**51,186,736**	**100.00%**

- Mr. Michael Gartner and Mr. Georg Hotar are the only members of the Company's Board of Directors.

  Mr. Michael Gartner indirectly owns 43.5% of votes at the Shareholders Meeting, via cooperative Solar Future Coöperatief U.A., Mr. Georg Hotar indirectly owns 40.7% of votes at the Shareholders Meeting, via cooperative Solar Power to the People Coöperatief U.A..

Implementation of innovative activities in the Company in 2019

Photon Energy ONE and PECOM 2.0

In 2019, Photon Energy continued to build upon **Photon Energy ONE**, an innovative solar monitoring solution, to monitor, analyse, control and plan every aspect of the solar PV portfolio for our customers. Communicating directly with PECOM, the in-house solar data monitoring platform, Photon Energy ONE, is designed to suit every solar installation through perfectly customisable packages made up of a blend of hardware and software components that combine to enable the ultimate performance of solar assets.

Set for launch in 2020, **PECOM 2.0** was developed with advanced functionalities and features in mind. The concept of PECOM 2.0 is not only to create software for monitoring and downloading data from PV plants, but also to be a complex tool for complete assets. Our goal is to enable set-up and management of all processes by simplifying work with single modules.

Material off-balance sheet items

The Group did not have any material off-balance sheet items in the year 2019.

Further information

For more information about:

a) characteristics of the structure of assets and liabilities of the consolidated balance sheet, also from perspective of the liquidity of the Issuer's group and

b) description of the structure of main equity deposits or main capital investments made within the Issuer's group during the financial year

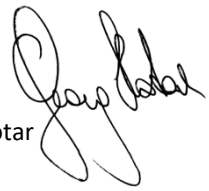
Please refer to Chapter 3 – Financial section and the Company's audit.

Board of Directors' statements

Board of Directors' statement concerning reliability of prepared financial statement for the year 2019 and report on the Company's activity

The Board of Directors declares that according to their best knowledge the audited consolidated IFRS financial statements, which were derived from local financial statements, were prepared in accordance with International Financial and Reporting Standards and further declares that they present a true and fair view of the Company's property and financial situation and its financial result as of the date of the publication of this report and that the report on the Report of the Management presents a fair view of the Issuer's situation, including a description of basic exposures and risks.

Michael Gartner
Director



Georg Hotar
Director

Board of Directors' statement concerning the entity entitled to audit the annual financial statement for the year 2019

The Board of Directors' declares that the entity authorised to audit financial statements which audited annual consolidated financial statements was selected in accordance with legal regulations and that such entity and certified auditors who audited these statements met conditions to express their impartial and independent opinion on the audit, in accordance with relevant regulations of local law.

Michael Gartner
Director

Georg Hotar
Director

"Introduced in late 2017 as a new business segment to address the world's ever-growing water quality issues, Photon Water Technology can look back on 2018 and 2019 as truly eventful years. In 2018, we successfully implemented our first pilot projects in our target markets, the Czech Republic and Peru, as well as closed new business deals, forged valuable partnerships and explored new markets.

In 2019, we created partnerships with our most valuable target clients such as important water producers, municipalities operating big lakes or chemical industries. In the reporting period, we successfully brought our innovative algae control methodology (combining The Water Trifecta© methodology and PV technology) to nine locations across the Czech Republic. In 2019, a remediation branch was developed in relation to a newly contracted international project linked to two big European lindane contaminated sites in Poland and the Czech Republic. Our Photon Energy Technology team will participate in the development and implementation of innovative, near-nature passive water treatment solutions.

Our Photon Energy team also carried out a series of business trips to Peru within the B2B program of the Czech Development Agency to improve the supply of quality drinking water in the areas affected by volcanic and mining activities. As part of these trips, the company presented and installed innovative solutions for drinking water treatment technology powered by a PV source. In total, nine water treatment plants were installed in Peru that rid the polluted water of the carcinogens arsenic and boron in public spaces and informed the public about the importance of quality drinking water.

Thanks to its wide-ranging applications, this new strategic focus of Photon Energy is proving successful. We are looking forward to what promises to be an even more exciting 2020."

Petr Kvapil

Managing Director, Photon Water Technology

CLEAN WATER FROM CLEAN ENERGY

ZDICE, CZECH REPUBLIC
1,499 kWp

3.
Financials

PHOTON ENERGY

Financial Statements

for the year ended 31 December 2019

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Directors' report

Directors' report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the "Company") for the year ended 31 December 2019.

Photon Energy N.V. (the "Company") is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The company is controlled by the following shareholders:

In shares	**No. of shares**	**% of capital**
Solar Future Cooperatief U.A.	22,266,166	*37.11%*
Solar Power to the People Cooperatief U.A.	20,843,375	*34.74%*
Photon Energy N.V.	8,834,409	*14.72%*
Free float	8,056,050	*13.43%*
Total	**60,000,000**	***100.00%***

The Board of Directors consists of the Directors Mr. Georg Hotar and Mr. Michael Gartner.

Developments in 2019

Result

The total equity attributable to the owners of the Company as at 31 December 2019 amounts to EUR 37,926 thousand (2018: EUR 29,819 thousand). The total result for the year 2019 amounts to a loss of EUR 726 thousand (2018: profit EUR 510 thousand).

Revenues and cost of sales

Revenues in 2019 increased to EUR 30,154 thousand compared to 2018, when the revenues amounted to EUR 20,256 thousand. In 2019, cost of sales increased to 13,823 thousand from EUR 5,539 thousand in the financial year 2018.

The increase in revenues is a result of higher revenues in all the segments except of others and PV investments.

The gross profit margin equalled to 51% in 2019 compared to 68% in 2018. The lower margin in 2019 is mainly a consequence of higher cost of sales coming from the revenue growth of less profitable technology and engineering sales compared to electricity production.

Financial income and expenses

Financial income and expenses consist mainly of interest expense. The other part of financial income and expenses represents the result from revaluation of swaps, interest income, Fx losses/gains and bank fees.

Other comprehensive income

Other comprehensive income includes mainly positive impact of revaluation of PPE (positive effect of EUR 8,549 thousand coming from the newly connected power plants in Hungary), positive change in currency translation reserve of EUR 231 thousand and change in the derivatives reserve (positive impact of EUR 10 thousand).

Non-current assets

The increase in fixed assets compared to 2018, is mainly influenced by the put in use and the revaluation of the powerplants in Hungary compensated by the annual depreciation.

Current assets

Current assets increased in 2019 compared to 2018, from EUR 23,856 thousand to EUR 31,786 thousand. This increase was influenced mainly by higher cash, higher trade and other receivables, and higher work in progress.

Total liabilities

The total liabilities include primarily:

1) Loans and borrowings
2) Trade payables
3) Bond related liability

Long-term liabilities increased by EUR 19,963 thousand. The main driver of this increase was the increase in the bank loans coming from the new borrowings in Hungary and the increase of the EUR Bond. Total bank loans increased from EUR 32,936 thousand to EUR 41,238 thousand. Bond liability increased by EUR 7,584 thousand. The Group's current payables increased mainly due higher trade and other payables (from EUR 8,459 thousand to EUR 12,348 thousand).

Financial instruments and risk management

In 2019, financial instruments were only used to mitigate risks and were not used for trading purposes. We refer to the notes in the financial statements for more details about the company's financial instruments.

Principle risks

The Group has exposure to the following risks:

- Credit risk,
- Sovereign
- Liquidity risk,
- Operational risk,
- Currency risk,
- Interest risk,
- Market risk.

In the notes to the consolidated financial statements, information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Sovereign risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years solar levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the solar levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

After opting for its Czech power plants for the green bonus scheme in the years 2016 and 2017, the Group reconsidered this approach and applied again for the feed-in-tariff scheme in 2018 and further in 2019.

Since 2013 several investigations relating to the issuance of the energy production license of the PV power plant of Photon Energy SPV 11 s.r.o. (SPV 11) have been conducted, always coming to the conclusion that the license had been issued legitimately. At the beginning of 2018 criminal charges were filed against two former subcontractors of the EPC provider of SPV 11 and as of August 2018 the difference of the feed in tariff 2010 and 2011 is withheld by ČEZ Prodej a.s. In total this amounts to EUR 1,016 thousand (CZK 25.820 thousand) of revenues, which is shown as trade receivables in the financial statements as of 31.12.2019. In December 2019 one of the two accused subcontractors was already acquitted and after the reporting period the court ruled to pay back the withheld amount, which happened on 24 March 2020. A ruling for the second subcontractor is expected in the upcoming months. Management is not aware of any fact that neither the issuance of the license had been not lawful nor that such reassessment would not come to the same result of the lawfulness of the feed in tariff 2010. Therefore, neither in 2018 nor 2019 provisions have been made in the financial statements.

On 30 June 2019, KORADOL AG took over the bank financing for Photon SPV 11 s.r.o. and the company shares from Raiffeisen

Leasing s.r.o. The original bank loan debt is now owed to the new owner Koradol AG.

Currency risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are denominated in CZK, EUR, AUD, CHF, and HUF mainly. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 15,104 thousand at 31 December 2019 (2018: EUR 12,340 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of Raiffeisen Leasing s.r.o. (RL) is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 2,737 thousand as at 31 December 2019 (2018: EUR 4,634 thousand).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in value of these derivatives is recognized via Profit and loss as they do not meet criteria for the hedging derivatives.

The refinanced Hungarian SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract.

COVID-19 risk

COVID-19 risk is the risk the pandemic of the Corona virus may have on the business activity of the Group. With the outbreak of the Corona virus the Group has implemented continuity plans as well as health and safety procedures to ensure that all employees and contractors are safe and compliant with government directives. In particular, the electricity generation segment of 69 PV power plants with a total installed capacity of 57.1 MWp is producing electricity as usual. For all five Hungarian PV power plants under construction with a total installed capacity of 3.5 MWp, all components, including photovoltaic modules, have been secured and these projects are expected to be grid-connected without significant delays. The Operations & Maintenance business, is capable of providing its services either from home-offices, and if necessary, on-site as far as possible. The other business lines such as EPC services, PV component trading and project development are more vulnerable to these exceptional circumstances but did not come to a stall. In all main markets of the Group highly skilled local teams remaining focused on minimizing the impact on the ongoing business as well as various growth initiatives. The extent of the negative impact

will depend on the further nature and length of measures taken by the respective governments in the countries where the Group is active.

Management believes the risk management procedures are sufficient within the Group and the risk management approach does not have to be improved or changed.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

In thousand of EUR	**2019**	**2018**
Total liabilities	100,421	76,569
Less: cash and cash equivalents	15,104	12,340
Net debt	85,317	64,229
Total equity	37,843	29,779
Net debt to adjusted equity ratio at 31 December	**2.25**	**2.16**

There were no changes in the Group's approach to capital management during the year.

Selected indicators

Debt to assets ratio (total liabilities/total assets)

- 2019: 0.73
- 2018: 0.72

Debt to equity ratio (total liabilities/shareholders'equity)

- 2019: 265
- 2018: 2.58

Current ratio (current assets/current liabilities)

- 2019: 2.57
- 2018: 2.77

Debt to equity slightly worsened in 2019 compared to 2018 due to higher total liabilities (higher long term bank loans and bond volume).

Research and development

The Company does not perform any material research and development activities.

Personnel

During the year, the number of staff employed by the Group was 117 (2018: 92). Management expects that the number of employees in 2020 will be higher compared to the current year.

On 1 January 2014, The Management and Supervision Act came into force requiring that at least 30% of the directors is female and at least 30% is male. At this moment the company does not comply with this Act and management does not believe nominations for (re-) appointments will change this in the near future.

Strategy for 2020 and beyond

Strategy for 2020 and beyond

2019 marked another corner stone for Photon Energy in our company development. We have managed to continue implementing our growth strategy by expanding our proprietary portfolio by 20.1 MWp in Hungary (with another 7.5 MWp slated for grid-connection in Q1 2020) bringing our total proprietary portfolio to 51.7 MWp. We progressed with our project development activities in Australia and expanded our O&M and related service businesses to over 300 MWp. Outstanding electricity production by our proprietary power plant portfolio contributed strongly to our 48.9% revenue growth to a record EUR 30.15 million, while our Gross Profit improved by 11.5% to EUR 15.44 million. Even though EBITDA contracted by 6.2% due to higher expansion-driven overheads amounting to EUR 7.6 million in 2019, the success of our efforts can be seen at the bottom line with a Total comprehensive income of EUR 6.5 million, compared to EUR 2.5 million a year earlier. As a result, our consoli-

dated equity increased from EUR 29.8 million to EUR 36.2 million during 2019.

The past year has been full of important highlights starting with the further roll-out of our proprietary portfolio in Hungary. We completed the construction of 20.1 MWp of PV power plants across five locations in Hungary and secured the long-term project financing of these plants with one of the leading local banks. Our pipeline of additional projects puts us well on the way of achieving our increased goal of expanding our proprietary portfolio by 75 MWp in Hungary until year-end 2021. The continuing support for solar energy in Hungary through the METAR system, which enabled our participation in the first Hungarian renewable energy auction, underpins the promising outlook for this very attractive market for several years to come. The Hungarian market also provides us with ample opportunities to grow our O&M business and for Photon Energy to become the leading O&M provider in the CEE region. In Q2 and Q3 2019 we managed to successfully exit two projects from our joint development of five utility-scale PV projects with a planned installed capacity exceeding 1.1 GWp in New South Wales with Canadian Solar, one of the world's leading integrated solar companies.

Later in the year we also managed to sell our interest in the Brewongle solar project, vindicating once more our strategy to develop and sell large scale projects in Australia. The delivery of our EPC services for the installation of 4.6 MWp of rooftop solar systems for the retail chain ALDI across 32 locations in Australia and the signing of an EPC contract for the installation of a hybrid 1.2 MWp solar and 3.2 MWh battery storage off-grid solution for Lord Howe Island underscores Photon Energy's market leading quality in the fast growing commercial user market.

Towards the end of the year we also successfully set our first step in the upcoming Polish solar market by winning a public tender to design and build a 950 kWp PV power plant next to a sewage treatment plant in the location of Jamno, Norhern Poland.

Our Photon Water business is equally providing us with exciting new opportunities. Besides further developing our ultra-sound-based solutions to fight blue-green algae formation and several pilot projects to treat drinking water contaminated by arsenic and boron in Peru, we are working on the further deployment of our remediation technology and services.

Last but not least, in 2019 Photon Energy successfully increased its 5-year EUR bond with a 7.75% coupon to EUR 37.5 million. The continuous stellar performance of the bond has pushed the yield-to-maturity of the bond to around 5.4%. This is testament to the transparency of the company, our proactive communication with investors and our flawless track record in serving our quarterly bond coupons since 2013. During 2019 Photon Energy's share price advanced by a market-outperforming 159.8% to close at PLN 4.78. We believe in the importance of access to capital through public markets and therefore we remain strongly committed to open and pro-active investors relations.

We are looking ahead to 2020 as another year full of opportunities across all our business lines and are looking forward to developing our Australian utility-scale projects towards the ready-to-build stage, to a continuing increase in our proprietary portfolio of power plants in Hungary and Australia as well as strong growth in our O&M business and related services. We are also convinced that our entry into the Polish and Romanian markets will open a full variety of new opportunities to us ranging from PV project development to EPC and O&M services. We are also convinced that our Photon Water business will become an ever-stronger contributor to our Group's business volume.

Going concern

Management statement

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group. In respect of actual COVID-19 situation, management believes these accounts should be prepared on a going concern basis.

Subsequent events

Repayment of withholding amount from SPV 11

The decision of the court to find one of the subcontractors not guilty became into force on 5 February 2020. Subsequently the Court ruled on 27 February 2020 that the secured funds should be paid back to SPV 11, which happened in full on 24 March 2020.

Tata

In March the Companies subsidiary Photon Energy Solutions HU Kft. has completed and grid-connected all eight photovoltaic power plants with a total installed capacity of 5.4 MWp located in the municipality of Tata, Hungary expanding the Groups total proprietary portfolio of PV power plants to 57.1 MWp. The Company owns and operates the power plants through five wholly-owned project companies. Revaluation of the Group's proprietary portfolio according to IAS 16, will be recorded in the Group's Other Comprehensive Income in the Q1 2020 Consolidated Income Statement.

COVID-19

Starting beginning of March the Company has undertaken all necessary measures to ensure the continuation of its business

including the provision of services to its customers during these challenging times. The Group closely monitors and analyses the situation and its policies reflect the measures adopted by the governments of the countries in which its business activities take place. Top priority is to make sure that the employees are safe and to mitigate any infection risk, while continuing its business activities at the highest level possible given external circumstances.

Investment in Raygen

In April the Company announced that it bought a minority equity stake in the Australian technology company RayGen Resources Pty Ltd. ('RayGen') in order to develop global renewable energy projects suitable for the roll-out of RayGen's unique solar power and electricity storage technology. Photon Energy will act as a project developer and EPC contractor and – where suitable – as an equity investor in the projects, which will be supplied by RayGen. The partnership includes the development of a 100 MWp/1000 MWh solar-plus-storage project.

New EPC contract in Australia

In April the Company's subsidiary Photon Energy Australia Pty Ltd. has won a tender by water utility North East Water (serving a population of 110,000 people in north-east Victoria) to act in the capacity of Principal Contractor to design, build and commission a 3 MWp solar power plant adjacent to its Waste Water Treatment Plant (WWTP) located in West Wodonga, Victoria, Australia. Photon Energy Australia Pty Ltd. is now progressing to the contracting stage with a tendered contract value of AUD 7.284 million (EUR 4.1 million, PLN 18.7 million).

Amsterdam, 15 April 2020

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

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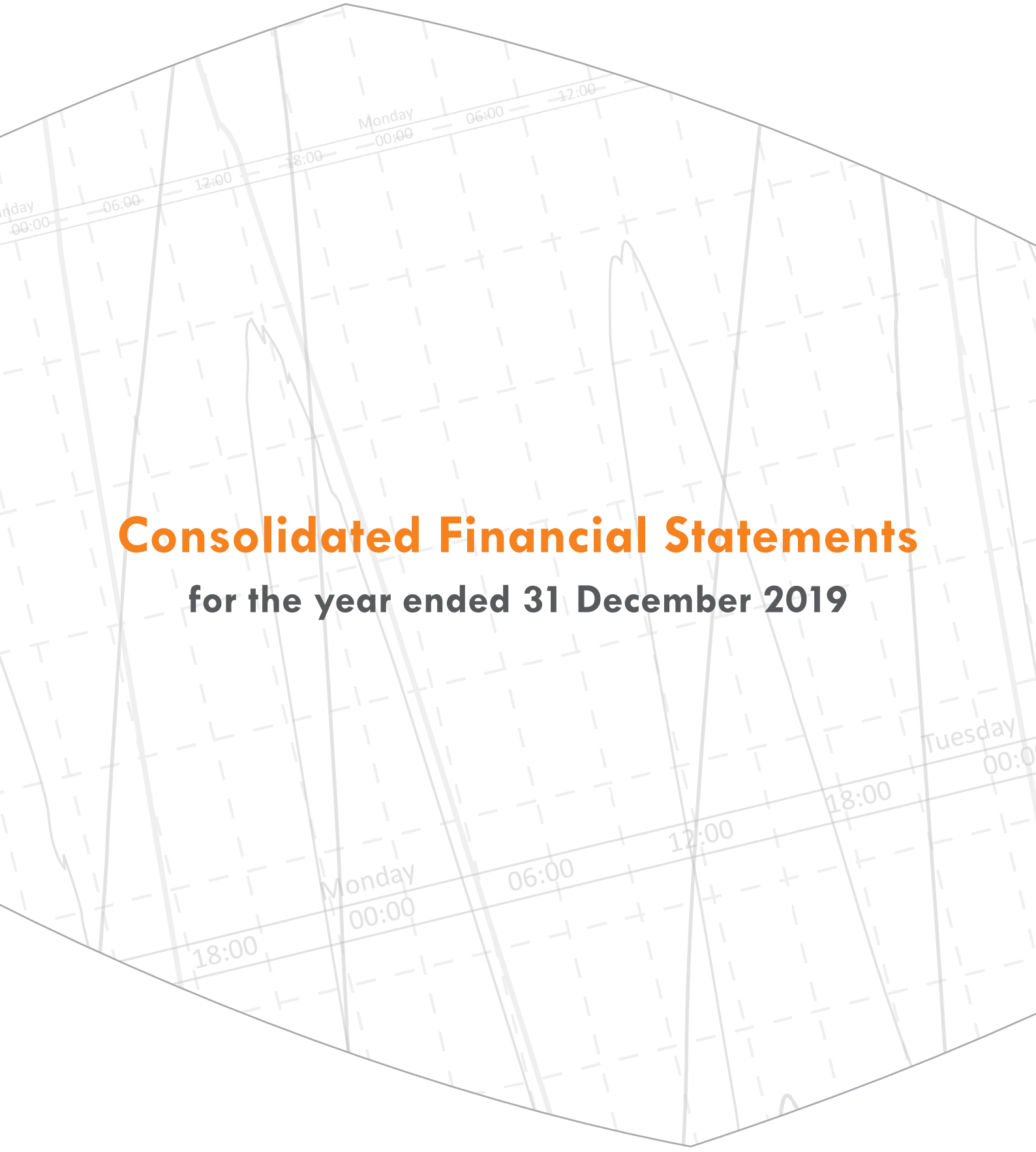

Consolidated Financial Statements

for the year ended 31 December 2019

Consolidated statement of comprehensive income for the year ended 31 December

In thousand of EUR	Note	2019	2018
Revenue	10	30.154	20,256
Cost of sales	11	-13,823	-5,539
Solar levy	11	-892	-877
Gross profit		**15,439**	**13,840**
Other income	12	209	392
Administrative expenses	14	-2,767	-2,342
Personnel expenses	14	-4,630	-3,371
Other expenses	13	-308	-373
Depreciation		-6,795	-5,602
Results from operating activities		**1,147**	**2,544**
Finance income	15	507	0
Interest income	15	227	149
Finance costs	15	-526	-434
Revaluation of derivatives	15	30	171
Interest costs	15	-4,726	-3,687
Net finance expenses		**-4,488**	**-3,801**
Disposal of investment		4,326	3,074
Share of profit equity-accounted investments (net of tax)	9	2	23
Profit/loss before taxation		**988**	**1,840**
Income tax due/deferred	16	-1,714	-1,331
Profit/loss for the year from continuing operations		**-726**	**510**
Profit for the year from discontinued operations		0	0
Profit/loss for the year		**-726**	**510**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	22	8,549	2,366
Share of revaluation of property, plant and equipment of associates/joint ventures	22	0	0
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	22	231	-457
Derivatives (hedging)	22	10	113
Share of currency translation diff. Of associates / JV	22	0	0
Other comprehensive income for the year, net of tax		**8,790**	**2,022**
Total comprehensive income for the year		**8,064**	**2,531**
Profit attributable to:			
Attributable to the owners of the company		-683	530
Attributable to non controlling interest		-43	-20
Profit for the year		**-726**	**510**
Total comprehensive income attributable to:			
Attributable to the owners of the company		8,107	2,552
Attributable to non controlling interest		-43	-20
Total comprehensive income for the year		**8,064**	**2,531**
Earnings per share			
Earnings per share (basic) (in EUR)	23	-0.013	0.012
Earnings per share (diluted) (in EUR)	23	-0.011	0.010
Total comprehensive income per share (in EUR)	23	0.134	0.051

The notes on pages 71 to 122 are an integral part of these financial statements.

Consolidated statement of financial position as at 31 December

In thousand of EUR	Note	31 December 2019	31 December 2018
Assets			
Property, plant and equipment	17	100,797	79,294
Investments in equity-accounted investees	9.3	2,666	3,179
Other investments		0	20
Right of use- leased asset		3,014	0
Long-term receivables		0	0
Deferred tax assets		0	0
Non-current assets		**106,477**	**82,492**
Inventories	19	1,212	1,148
Trade receivables	20	4,573	2,394
Other receivables	20	6,186	5,370
Gross amount due from customers for contract work	19	2,456	587
Current tax receivable		0	0
Loans	20	1,027	840
Prepaid expenses	20	1,228	1,176
Cash and cash equivalents	21	15,104	12,340
Other S-T financial asset		0	0
Assets classified as held for sale	8	0	0
Current assets		**31,786**	**23,856**
Total assets		**138,263**	**106,348**
Equity & Liabilities			
Equity			
Share capital	23	600	600
Share premium	23	23,760	23,760
Revaluation reserve	23	29,220	22,935
Legal reserve fund	23	13	13
Hedging reserve	23	233	223
Currency translation reserve	23	930	698
Retained earnings	23	-16,830	-18,411
Equity attributable to owners of the Company		**37,926**	**29,819**
Non-controlling interests	23	-83	-40
Total equity		**37,843**	**29,779**
Liabilities			
Loans and borrowings	24	37,589	29,250
Other long-term liabilities	26	40,072	32,551
Other loans		0	0
Deferred tax liabilities	18	7,369	6,308
Long-term liability from income tax		0	0
Lease liability		3,043	0
Non-current liabilities		**88,073**	**68,110**
Loans and borrowings	24	3,649	3,686
Trade payables	25	3,484	1,166
Other payables	25	5,090	3,177
Other Loans		0	0
Other short-term liabilities		0	0
Current tax liabilities	26	125	430
Provisions	26	0	0
Liabilities classified as held for sale	8	0	0
Current liabilities		**12,348**	**8,459**
Total liabilities		**100,421**	**76,569**
Total equity and liabilities		**138,263**	**106,348**

The notes on pages 71 to 122 are an integral part of these financial statements.

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

In thousand EUR	Share capital	Share premium	Legal reserve fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
BALANCE at 31.12.2017	**600**	**23,760**	**13**	**22,506**	**1,155**	**110**	**-22,143**	**26,001**	**-19**	**25,982**
BALANCE at 1.1.2018	**600**	**23,760**	**13**	**22,506**	**1,155**	**110**	**-22,143**	**26,001**	**-19**	**25,982**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**530**	**530**	**-20**	**510**
Revaluation of PPE	-	-	-	2,366	-	-		**2,366**	-	**2,366**
Share on revaluation of PPE of associates, JV	-	-	-	-	-	-	-	**-**	-	**-**
Foreign currency translation differences	**-**	**-**	**-**	**-**	-457	**-**	**-**	**-457**	-	**-457**
Derivatives	**-**	**-**	**-**	**-**	**-**	113	**-**	**113**	-	**113**
Acquisition on JV		-	-	-	-	-	-	**-**	-	**-**
Other comprehensive income	**-**	**-**	**-**	**2,366**	**-457**	**113**	**530**	**2,552**	**-20**	**2,531**
Move from revaluation reserve to retained earnings	**-**	**-**	**-**	-1,936	-	-	1,936	**-**	-	**-**
Legal reserve fund	-	-	-	-	-	-	-	**-**	-	**-**
Equity effect of JV capital increase	**-**	**-**	**-**	**-**	-	-	1,267	**1,267**	-	**1,267**
Move of RE due to entity disposal/change of cons. method	-	-	-	-	-	-	-	-	-	-
BALANCE at 31.12.2018	**600**	**23,760**	**13**	**22,935**	**698**	**223**	**-18,411**	**29,819**	**-40**	**29,779**
BALANCE at 1.1.2019	**600**	**23,760**	**13**	**22,935**	**698**	**223**	**-18,411**	**29,819**	**-40**	**29,779**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-683**	**-683**	**-43**	**-726**
Revaluation of PPE	-	-	-	8,549	-	-		**8,549**	-	**8,549**
Share on revaluation of PPE of associates, JV	-	-	-	-	-	-	-	**-**	-	**-**
Foreign currency translation differences	**-**	**-**	**-**	**-**	231	**-**	**-**	**231**	-	**231**
Derivatives	**-**	**-**	**-**	**-**	**-**	10	**-**	**10**	-	**10**
Acquisition on JV		-	-	-	-	-	-	**-**	-	**-**
Other comprehensive income	**-**	**-**	**-**	**8,549**	**231**	**10**	**-683**	**8,107**	**-43**	**8,064**
Move from revaluation reserve to retained earnings	**-**	**-**	**-**	-2,264	-	-	2,264	**-**	-	**-**
Legal reserve fund	-	-	-	-	-	-	-	**-**	-	**-**
Equity effect of JV capital increase	**-**	**-**	**-**	**-**	-	-				
Move of RE due to entity disposal/change of cons. method	-	-	-	-	-	-	-	-	-	-
BALANCE at 31.12.2019	**600**	**23,760**	**13**	**29,220**	**929**	**233**	**-16,830**	**37,926**	-83	**37,843**

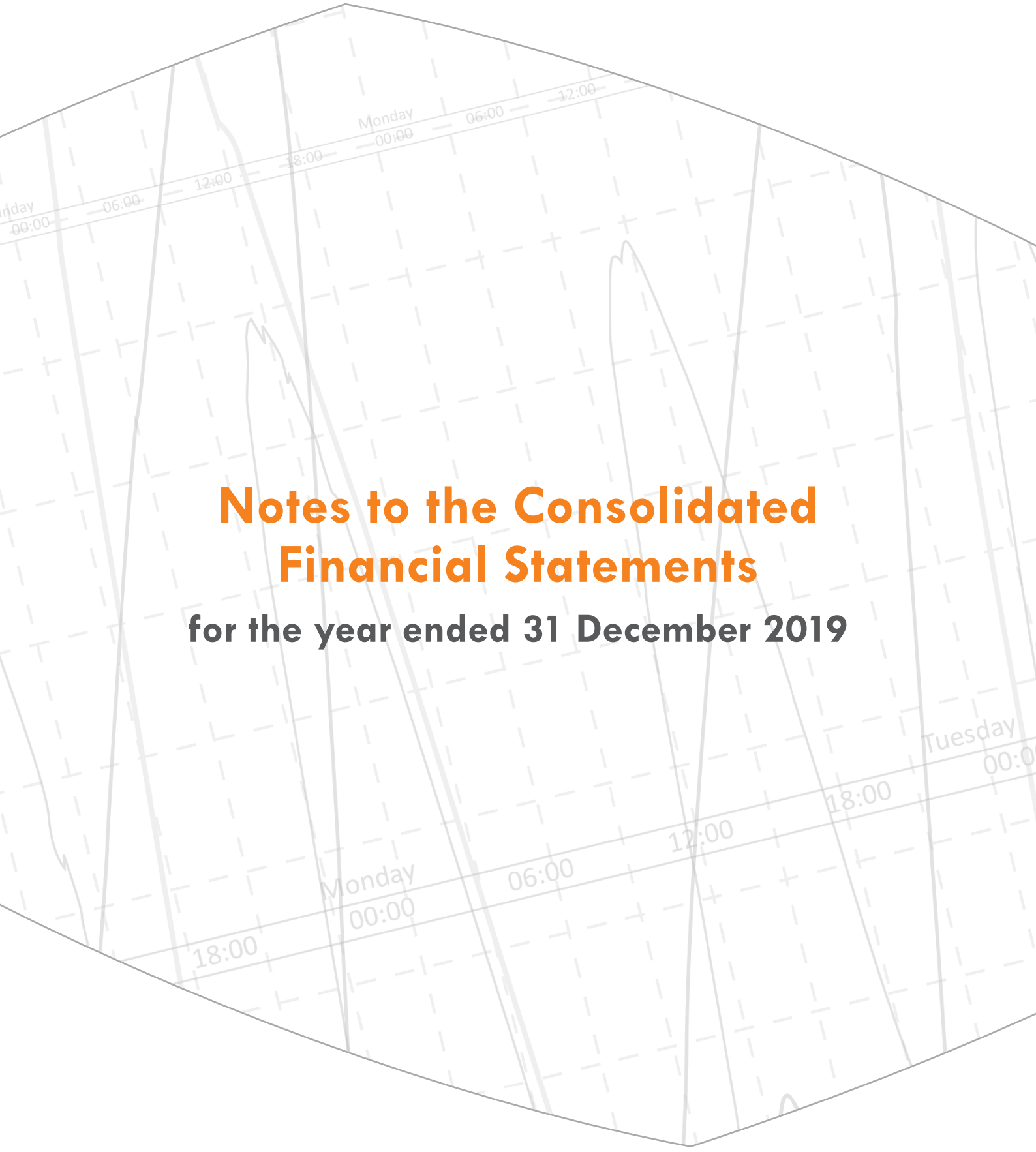
The notes on pages 71 to 122 are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December

In thousand of EUR	Note	2019	2018
Cash flows from operating activities			
Profit for the year before tax		**988**	**1,840**
Adjustments for:			
Depreciation	17	6,795	5,602
Other changes in fixed assets	17	0	0
Share of profit of equity-accounted investments	9	-2	-23
Profit/loss on sale of property, plant and equipment	17	0	0
Other non-cash items	24	-168	-153
Capital gains		-4,326	-3,074
Net finance costs	15	4,488	3,801
Changes in:			
Trade and other receivables	20	-3,180	-2,665
Gross amount due from customers for contract work		-1,870	-213
Prepaid expenses	20	-52	-461
Inventories	19	-63	197
Trade and other payables	25	4,231	2,842
Other liabilities	25	-305	-39
Net cash from operating activities		**6,536**	**7,654**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	-17,543	-9,552
Acquisition of subsidiaries, associates, JV	9	-2,133	-2,532
Acquisition of other investments	9	-167	-404
Proceeds from sale of investments	9	5,433	3,074
Sale of investments- cash sold	9	0	0
Interest received	15	0	0
Net cash used in investing activities		**-14,410**	**-9,415**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		0	0
Proceeds from borrowings	24	20,996	0
Change in consolidation method	24	0	0
Repayment of borrowings	24	-13,216	-6,039
Proceeds from issuing bonds	24	7,584	23,026
Repayment of bonds	24	0	-6,533
Interest expenses	24	-4,726	-3,687
Net cash from (used in) financing activities		**10,638**	**6,764**
Net increase/decrease in cash and cash equivalents		**2,764**	**5,006**
Cash and cash equivalents at 1 January		**12,340**	**7,333**
Effect of exchange rate fluctuations on cash held		0	0
Cash and cash equivalents at 31 December		**15,104**	**12,340**

The notes on pages 71 to 122 are an integral part of these consolidated financial statements.

PHOTON ENERGY



Notes to the Consolidated Financial Statements

for the year ended 31 December 2019

1. Reporting entity

Photon Energy N.V. ("Photon Energy" or the "Company"), ID 51447126, is a joint-stock company incorporated under the laws of Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is engaged in the development of photovoltaic power plants. This activity involves securing suitable sites by purchase or long-term lease, obtaining all licenses and permits, the design, installation of photovoltaic equipment, financing, operations and maintenance. Photon Energy pursues a comprehensive strategy of focusing both on green-field and rooftop installations while trying to cover the largest possible part of the value chain and lifecycle of the power plant.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU IFRSs") and title 9 Book 2 of the Netherlands Civil code. It represents the international accounting standards adopted in the form of European Commission Regulations in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were authorised for issue by the Board of Directors on 15 April 2020.

Going concern

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements over the next 12 months from the date of these accounts. As per today, management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- Property, plant and equipment – photovoltaic power plants are measured at revalued amounts (for revaluation details refer to the note 22)
- Investments in equity instruments accounted for using the equity method

2.3 Functional currency

These financial statements are presented in EUR.

The functional currencies used in the Group are CZK for Czech subsidiaries, EUR for Dutch, German and Slovak companies, CHF for Swiss subsidiary, HUF for Hungarian entities and AUD for Australian subsidiaries. All financial information presented in EUR has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with EU IFRSs requires management to make judgements, 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.

Significant management judgement is used in key assumptions applied discounted cash flow projections related to the valuation of the photovoltaic power plants (refer to Note 5.1) and in case of professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts (refer to Note 28.2).

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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5.1 – key assumptions used in discounted cash flow projections related to the valuation of the photovoltaic power plants
- Note 27.2 – professional judgment and internal knowledge of the customer related to the creation of the allowance for bad and doubtful debts

3. Application of new and revised EU IFRSs

3.1 New and revised EU IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised EU IFRSs have been applied in the current period and have affected the amounts reported in the financial statements.

IFRS 16 Leases

Effective from annual periods beginning on or after 1 January 2019 lessees are required to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an "in-year" expense. This will include leases of retail and commercial property, equipment and vehicles.

The Group has applied the standard from its mandatory adoption date 1 January 2019; the Company applies the simplified transition approach and is not restating comparative amounts for the year to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted to any prepaid or accrued lease expenses).

3.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised EU IFRSs that have been issued but are not yet effective (dates in brackets shows effective date):

- IFRS 17 Insurance contracts (January 2021)
- Amendment in IFRS 3 Business combination (January 2020)
- Amendment in IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (January 2020)

IAS 17 Insurance contracts

IFRS 17 required insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance contracts as of 1 January 2021.

Amendment in IFRS 3 Business Combinations

The newest amendment brings new definition of business. It is very important to distinguish between the situations when the investor acquires a business or when the investor acquires just a group of assets.

The reason is that the accounting method for the new acquisition depends on what it is:

- If you acquire a business, then you apply full consolidation method under IFRS 3,
- If you acquire a group of assets, then you apply different accounting method, e.g. under IAS 16 Property, plant and equipment or under IFRS 11 Joint Operations, or other.

This change will be effective from 1 January 2020.

Amendments to IAS 1 and IAS 8

The amendment relates to the definition of material information.

According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

4.1.1 Business combinations

Acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognized in profit or loss as incurred.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies.

4.1.3 Special purpose entities

The Group includes special purpose entities (SPEs). The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

SPEs currently include entities owned by Raiffeisen – Leasing s.r.o. ("RL"). All these SPEs are financed by RL.

Based on new contractual agreements, the Company has the right to apply a call option for purchase of a 100% share in the RL SPVs in case of full repayment of external loans, security loans, and all the other financial liabilities of PENV towards RL and the Financing bank, plus payment of the future purchase price for the transfer of share in the SPEs.

See the list of SPEs in note 29.

4.1.4 Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. Joint ventures are arrangements that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

4.1.6 Transactions eliminated on consolidation

Regarding subsidiaries all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Regarding equity-accounted investees (see note 4.1.5) part of a margin on sales to these entities is eliminated. This part is calculated as a percentage of margins equal to the percentage of the entity's shares owned by the Group.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments.

4.2.2 Foreign operations

The assets and liabilities of foreign operations (those in the Czech Republic, Switzerland, Hungary and Australia as of 31 December 2019) are translated into Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at exchange rates at the dates of the transactions.

4.2.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.3 Financial instruments

Financial instruments are only used to mitigate risks and are not used for trading purposes.

4.3.1 Non-derivative financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted

for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply

4.3.2 Non-derivative financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.3.3 Share capital

Ordinary shares

Ordinary shares are classified as equity. Consideration received above the nominal value of the ordinary shares is classified in equity as Share premium. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4.3.4. Derivative financial instruments

The Slovak SPVs own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of the conditions required by the financing bank as defined in the loan contract. The change in value of these derivatives is recognized via the equity of the Company and the result is shown in the derivatives reserve of the Company's equity since 1 January 2012. Until then, they were recognized via profit and loss.

The required documentation has been prepared and derivatives were successfully tested for effectiveness.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of the conditions required by the financing bank as defined in the loan contract with the fixed interest rate of 5.19%. The change in value of these derivatives is recognized via the profit and loss as they do not meet criteria for hedging derivatives.

The refinanced Hungarian SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract.

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

Photovoltaic power plants are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. The need for revaluations is assessed every quarter.

For fair value determination see note 5.1.

Any revaluation surplus arising on the revaluation of such photovoltaic power plant is recognized in other comprehensive income and accumulated in equity, except to the extent that the surplus reverses a revaluation deficit on the same asset previously recognized in profit or loss. Any deficit on the revaluation of such photovoltaic power plants is recognized in profit or loss except to the extent that it reserves a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income.

Photovoltaic power plants, which the Company consolidates, in the course of construction are carried at cost, less any recognized impairment loss. The cost of self-constructed assets includes the cost of materials and direct labor plus any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs. Such properties are reported as Property, plant, equipment - Assets in progress and are classified to Property, plant and equipment - Photovoltaic power plants when completed and ready for use. These assets are completed and ready for use when the power plant is connected to the electricity network and all technical parameters necessary for electricity production are completed. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Additional costs capitalized in the value of the asset are included in the regular review of power plants value as done on quarterly basis.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

Included in the property plant and equipment are non separable intangible assets mainly relating to the rights to build and operate photovoltaic power plants in a specific country. Because the items are non separable, the rights are included in property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The gain or loss on disposal of an item of fixtures and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

4.4.2 Depreciation

Depreciation is recognized so as to write off the costs or revalued amount of property, plant and equipment (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation of revalued photovoltaic power plants is recognized in profit or loss. Every quarter the amount equal to the difference between depreciation based on the revalued carrying amount of photovoltaic power plants and depreciation based on asset's original cost is transferred directly to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows (based on the professional judgement combining the Feed in Tariff period and useful estimated live of the components and technology used in the power plants):

- Photovoltaic power plants 20 years
- Fixtures and equipments 3–10 years

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 Non-current assets held for sale or distribution

Non-current assets held for sale or distribution comprises assets and liabilities, which are expected to be recovered primarily through sale or distribution rather than through continuing use. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

4.8 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.8.1 Warranties

A provision for warranties is recognized when the underlying services are sold, i.e. when the construction contracts are finished. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.9 Revenue

All revenues are recognised at a point of time unless otherwise disclosed.

4.9.1 Goods sold

Revenues are booked when the control over the goods is transferred from the supplier (Group) to the customer. This transfer

of control is clearly defined in the contractual conditions. Group as a supplier does not provide in major of the cases any other separate performance as part of the delivery. In very rare immaterial cases, the storage services or arrangement of customs duty is provided and invoiced individually, however this is provided only on the individual basis and represents an immaterial part of the overall revenues within the sale of technology division.

4.9.2 Services

Revenue from services (e.g. maintenance, technical-administrative; installation) are invoiced on regular monthly basis for a fixed fee agreed in the contract, additionally to this adhoc interventions are invoiced based on the actual usage of the on call service intervention. In this case, invoice is issued only on the basis of the accepted protocol confirming the services were really provided to the customer and were accepted. Part of this intervention and service provided can be also provision/usage the miscellaneous material that is at the end part of the total invoice. However, this is not provided independently without the related service so it cannot be considered as a separate performance obligation.4.9.3 Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Construction services are provided based on the engineering and procurement contracts (EPC) either to the internal or external customers. In the contract, stages for invoicing are clearly defined. EPC provider commits itself to the construction and delivery of the power plant with the regular warranty for quality of the work delivered. No long-term extraordinary guarantees that could be considered as a separate obligation under IFRS 15 are provided.

4.9.3 Sale of electricity

Revenues from sale of electricity are coming from the sale of electricity produced and sold to the local electricity distributor. Invoices are issued/ revenues are booked only when the electricity is delivered to the distribution net in the volume reviewed and accepted by the distributors.

4.10 Finance income and finance costs

Finance income comprises interest income on loans and net foreign currency gains. Interest income is recognized in profit or loss using the effective interest rate method.

Finance costs comprise interest expense on borrowings, bank account fees and net foreign currency losses. Interest expense is recognized using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss. Borrowing costs incurred by the Group directly attributable to the construction of power plants is capitalized in the cost of the related asset until the date of its completion.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax liability is recognized for assets revaluation reported in other comprehensive income and other temporary differences. Assets revaluation represents the revaluation of photovoltaic power plants described in note 4.4.1.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on

the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12 Earnings per share

The Group uses ordinary shares only. The Group presents basic earnings per share and total comprehensive income per share data.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's office premises), head office expenses, and other minor expenses non-allocable to the any of the segments.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4.14 Leasing

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach, using quoted market prices for similar items when available, or the income approach (an internally generated discounted cash-flow model) if there is no market based evidence of the fair value. Otherwise, the depreciated replacement cost approach will be used, when appropriate. The depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

For photovoltaic power plants market prices are not available. Therefore, the income approach is used. Under this approach the fair value of photovoltaic power plants was in previous years based on an internally generated discounted cash flow model, discounted at weighted average cost of capital. Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a given country and based on the expected after tax cost of debt and expected cost of equity. On a quarterly basis, management reviewed the expected debt costs of individual projects vis-a-vis actual interest cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviewed expected cost of equity for the period of the cash flow model. The initial valuations were done as of the date of put in use of an individual power plant, and each model is periodically reviewed and any potential change in inputs is considered. The cash flow projections were prepared for 20 years in Czech Republic, 15 years in Slovak Republic and 25 years in Hungary, equal to the duration of the feed-in-tarrifs of the projects. Main inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff, OPEX.

- The valuation for Czech SPVs (represented by option rights) was approximated by the current Project Value. Moreover the valuation was based on Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The FCFF calculation used in the valuation was consistent with the overall known definition and approaches.
- The valuation of the Slovak SPVs was based on the Unlevered Free Cash Flow to Firm (FCFF) basis of the SPVs. The discount rate was based on the Capital Asset Pricing Model ("CAPM"). The CAPM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.

The revaluation reserve created, based on the DCF models, was annually released to the retained earnings in the amount equal to the depreciation calculated from the amount of revaluation.

Changes in valuation methodology in 2014

During summer 2014 the Group managed to change various conditions of senior bank financing at the project level. These changes consisted mainly of debt increase, changes in interest rates, changes in reserve accounts and in some cases extension of loan tenor (i.e. changes in debt repayment schedule). In addition to changes in project finance there were major changes in inputs for SK Portfolio that were not reflected in the old valuation models. These changes were imposing a new grid connection fee for Slovak projects.

Moreover the old methodology based on DCF Entity with not adjusting discount rates due to capital structure change tended to provide less accurate results on the value by DCF. Therefore the DCF Equity method with clear cash streams available to shareholders was chosen to provide significantly more accurate results, because all the changes in financing structure and related interest/principal payments are reflected undistorted.

Changes in the valuation methodology

The DCF Equity valuation method is based on a Discounted Cash Flow method. This method includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. On the contrary the old model was based on DCF Entity and included future cash flows available to the company.

The new valuation of the project keeps in mind the risk profile of future cash flows and the way the project is financed. The risk profile is represented by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting it unique capital structure. On the contrary the old model used unchanging WACC as the cost of capital.

Another change of the valuation model is the change in discounting frequency. In the new valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered. On the contrary the old model discounted a yearly cash flow (mid-year convention).

Result of the revaluation based on the above described change amounted to EUR 8,549 thousand in 2014.

- The valuation of the Hungarian SPVs follows the in 2014 changed valuation methodology and was based on the Levered Free Cash Flow to Equity (FCFE) basis of the SPVs. The discount rate was based on the Capital Asset Pricing Model adjusted by the Miller-Modigliani formula ("CAPMMM"). The CAPMMM is used to determine the appropriate required rate of return of an asset, if that asset is to be added to an already well-diversified portfolio, given that asset's non-diversifiable risk.

This methodology and input parameters have not been changed for all SPVs in 2019.

5.2 Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

5.4 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value (estimated at the present value of the future cash outflows discounted by effective interest rate) plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. For finance leases the market rate of interest is determined by reference to similar lease agreements.

6. Financial risk management

6.1 Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

6.2 Sovereign Risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs for renewable energy investments. Legal remedies available to compensate investors for expropriation or other takings may be inadequate. Lack of legal certainty exposes projects in the portfolio to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce existing contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce the award.

6.3 Operational risk

The economic viability of energy production using photovoltaic power plants installations depends on Feed-in-Tariff (FiT) systems. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT and a shortening of the period for which the FiT applies to photovoltaic installations. On the investment side the Company faces uncertainty in relation to the approval process for the construction of photovoltaic installations, grid connection and the investment cost per KWp of installed capacity. The operating and financial results of the Company can be seriously affected by a sudden or significant change in the regulatory environment in each of the countries where the Company or its subsidiaries conduct business.

During the fourth quarter of 2010, the Czech parliament and the Czech government approved several changes in the legal framework governing certain aspects of the photovoltaic and other industries. Those changes included mainly: (i) a 3 years solar levy, newly introduced into the Czech tax system, of 26% on the revenues of photovoltaic power plants above 30kW of installed capacity, completed in the years 2009 and 2010, (ii) the abolishment of a six-year corporate income tax exemption for photovoltaic power plants, and (iii) a tenfold increase of the contractual fees previously agreed between the photovoltaic power plant operators and the state Land Fund for the extraction of certain classes of land from the state fund.

In September 2013, additional prolongation of the solar levy was approved. The percentage was decreased to 10% and applicability of this tax prolonged till end of the useful economic life of the power plants. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

For the years 2016 and 2017 the Group opted for its Czech power plants for the green bonus scheme and for 2018 the management decided to opt again back for the feed-in-tariff. This decision was also taken for 2019.

Photon SPV 11 s.r.o.

Since 2013 several investigations relating to the issuance of the energy production license of the PV power plant of Photon Energy SPV 11 s.r.o. (SPV 11) have been conducted, always coming to the conclusion that the license had been issued legitimately. At the beginning of 2018 criminal charges were filed against two former subcontractors of the EPC provider of SPV 11 and as of August 2018 the difference of the feed in tariff 2010 and 2011 is withheld by ČEZ Prodej a.s. In total this amounts to EUR 1,016 thousand (CZK 25.820 thousand) of revenues, which is shown as trade receivables in the financial statements as of 31.12.2019. In December 2019 one of the two accused subcontractors was already acquitted and after the reporting period the court ruled to pay back the withheld amount, which happened on 24 March 2020. A ruling for the second subcontractor is expected in the upcoming months. Management is not aware of any fact that neither the issuance of the license had been not lawful nor that such reassessment would not come to the same result of the lawfulness of the feed in tariff 2010. Therefore, neither in 2018 nor 2019 provisions have been made in the financial statements.

6.4 Currency risk

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The transactions of the Group entities are denominated in CZK, EUR, AUD, CHF, and HUF. There is no financial hedging used by the company against the currency risk. Company's management does not formally monitor the FX positions.

6.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, including the electricity distributors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. In most cases, the Company requires advance payments (partial or 100%) for the delivery of electricity in order to minimise the credit risk. Additionally, in case of new customers, the company looks for market references of the potential customers that are available in public resources. The collections are regularly monitored by the responsible employees and any significant overdue receivables are discussed with the management of the company. Management of the company is responsible for the decision whether allowance is to be created or any other steps need to be performed.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 15,104 thousand at 31 December 2019 (2018: EUR 12,340 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash held by the SPVs under legal ownership of RL is restricted only for certain transactions, e.g. loan and related interest provided to those SPV's by Photon Energy N.V. is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 2,737 thousand as at 31 December 2019 (2018: EUR 4,634 thousand).

6.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

6.7 Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense. The Company uses interest rate derivatives for managing the interest rate risk.

Slovak SPVs, consolidated in full or by using the equity method by the Group, own interest rate derivatives used for hedging. The purpose of the derivatives is to hedge against movement of interest rates. Concluding the derivative contract was one of conditions required by financing bank as defined in the Loan contract.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in Derivatives reserve of the Company's equity since 1 January 2012. Until then, the change in fair value of the derivatives was recorded to profit and loss.

The Czech SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract. The change in value of these derivatives is recognized via Profit and loss as they do not meet criteria for the hedging derivatives.

The refinanced Hungarian SPVs own interest rate derivatives. Concluding the derivative contract was one of conditions required by the financing bank as defined in the Loan contract.

6.7 COVID-19 risk

COVID-19 risk is the risk the pandemic of the Corona virus may have on the business activity of the Group. With the outbreak of the Corona virus the Group has implemented continuity plans as well as health and safety procedures to ensure that all employees and contractors are safe and compliant with govern-ment directives. In particular, the electricity generation segment of 69 PV power plants with a total installed capacity of 57.1 MWp is producing electricity as usual. For all five Hungarian PV power plants under construction with a total installed capacity of 3.5 MWp, all components, including photovoltaic modules, have been secured and these projects are expected to be grid-connected without significant delays. The Operations & Maintenance business, is capable of providing its services either from home-offices, and if necessary, on-site as far as possible. The other business lines such as EPC services, PV component trading and project development are more vulnerable to these exceptional circumstances but did not come to a stall. In all main markets of the Group highly skilled local teams remaining focused on minimizing the impact on the ongoing business as well as various growth initiatives. The extent of the negative impact will depend on the further nature and length of measures taken by the respective governments in the countries where the Group is active.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

In thousand of EUR	**2019**	**2018**
Total liabilities	100,421	76,569
Less: cash and cash equivalents	15,104	12,340
Net debt	85,317	64,229
Total equity	37,843	29,779
Net debt to adjusted equity ratio at 31 December	**2.25**	**2.16**

There were no changes in the Group's approach to capital management during the year.

7. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management and directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company´s Management has assessed the Group´s business from the segment reporting perspective and decided that the financial results of Photon Energy Group to be reported in segments from 1 January 2010.

As of 31 December 2013, Management Board has decided to decrease the number of segments reported:

The Management identified the following segments:

- Energy Solutions (wholesale and import of FVE components, engineering and construction services -turnkey photovoltaic systems' installations for external clients and Photon Energy),
- Production of electricity (includes SPE that finished building of photovoltaic power plants and those are connected to the distribution network and produce the electricity)
- FVE Investment – This segment represents OCI of the Group flowing from the revaluation of the FVE producing the electricity and it is related to project companies that generate the revenues as shown in segment Production of electricity.
- Operations, maintenance and PVPP supervision
- Other, not related to any of the above mentioned segments.

Other operations include the water treatment business and other less significant activities. None of these operations meets any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

7. Operating segments (continued)

Information about reportable segments

Operating segments for the period from 1 January 2019 to 31 December 2019

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP super-vision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from the sale of products, goods and services	**12,916**	**14,299**	**2,667**	**0**	**272**	**30,154**	**0**	**30,154**
Revenues within segments from sale of products, goods & services	30,870	0	1,384	0	5,577	37,831	-37,831	0
Cost of sale	-33,382	-964	-1,827	0	-311	-36,485	22,661	-13,824
Solar levy	0	-892	0	0	0	-892	0	-892
Gross profit	**10,404**	**12,443**	**2,224**	**0**	**5,538**	**30,609**	**-15,170**	**15,439**
Other external income	9	3	12	0	185	209	0	209
Administrative and other expenses	-3,783	-883	-2,813	0	-5,709	-13,188	5,483	-7,705
Depreciation	-32	-6,140	-238	0	-385	-6,795	0	-6,795
Operating income	**6,598**	**5,423**	**-815**	**0**	**-371**	**10,835**	**-9,688**	**1,147**
Interest income	185	391	126	0	3,348	4,050	-3,823	227
Interest expenses	-405	-2,012	-235	0	-4,620	-7,272	2,545	-4,726
Other financial revenues	84	24	49	0	350	507	0	507
Other financial expenses	-76	-199	-10	0	-241	-526	0	-526
Revaluation of derivatives	0	-30	0	0	0	-30	0	30
Profit/loss share in entities in equivalency	0	0	0	2	0	2	0	2
Disposal of investments	0	0	0	0	4,326	4,326	0	4,326
Income tax	-852	-557	0	0	-19	-1,428	0	-1,428
Deferred tax	0	-286	0	0	0	-286	0	-286
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	**5,534**	**2,754**	**-885**	**2**	**2,773**	**10,178**	**-10,966**	**-726**
Revaluation of property, plant and equipment	0	8,549	0	0	0	8,549	0	8,549
Foreign currency translation diff. - foreign operations	0	231	0	0	0	231	0	231
Share of revaluation of PPE of associates /joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. Of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	10	0	0	0	10	0	10
Total comprehensive income	**5,534**	**11,544**	**-885**	**2**	**2,773**	**18,968**	**-10,966**	**8,064**

EUR thousand	Energy solutions	Production of electricity	Operations, maintenance and PVPP super-vision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
Assets, of which	**37,884**	**116,729**	**10,154**	**2,666**	**108,569**	**276,002**	**-137,738**	**138,263**
PPE – Lands	0	4,554	0	0	0	4,554	0	4,554
PPE – Photovoltaic power plants	0	91,886	0	0	0	91,886	0	91,886
PPE - Equipment	0	0	610	0	0	610	0	610
PPE – Assets in progress	1	3,117	629	0	0	3,747	0	3,747
Intangibles	0	0	0	0	0	0	0	0
Right of use-leased asset	0	1,814	0	0	1,200	3,014	0	3,014
Trade and other receivables	32,909	9,438	7,792	0	98,358	148,497	-137,738	10,759
Loans	0	0	0	0	1,027	1,027	0	1,027
Gross amount due from customers for contract work	1,968	75	0	0	414	2,457	0	2,457
Inventories – Goods	560	232	382	0	38	1,212	0	1,212
Investments in associates, JV, other	0	0	0	2,666	0	2,666	0	2,666
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	25	110	33	0	1,060	1,228	0	1,228
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	2,421	5,503	708	0	6,472	15,104	0	15,104
Other S-T financial assets	0	0	0	0	0	0	0	0
						0		0
Liabilities, of which	**-33,756**	**-70,918**	**-15,603**	**0**	**-117,105**	**-237,382**	**136,962**	**-100,421**
Trade and other payables	-33,195	-20,317	-15,432	0	-76,592	-145,536	136,962	-8,574
Bank Loans and other loans	0	-41,238	0	0	0	-41,238	0	-41,238
Lease liability	0	-1,814	0	0	-1,228	-3,042	0	-3,042
Other long term liabilities	0	-592	-151	0	-39,329	-40,072	0	-40,072
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	-561	412	-20	0	44	-125	0	-125
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	-7,369	0	0	0	-7,369	0	-7,369

Operating segments for the period from 1 January 2018 to 31 December 2018

In thousand EUR	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
External revenues from sale of products, goods and services	**5,241**	**12,537**	**2,200**	**0**	**278**	**20,256**	**0**	**20,256**
Revenues within segments from sale of products, goods, services	17,966	299	912	0	4,552	23,728	-23,728	0
Cost of sale	-16,649	-1,180	-1,616	0	-178	-19,624	14,086	-5,539
Solar levy	0	-877	0	0	0	-877	0	-877
Gross profit	**6,558**	**10,779**	**1,495**	**0**	**4,651**	**23,482**	**-9,643**	**13,840**
Other external income	2	178	36	0	175	391	0	391
Administrative and other expenses	-3,200	-489	-2,277	0	-4,998	-10,965	4,879	-6,086
Depreciation	-10	-5,483	-76	0	-33	-5,602	0	-5,602
Operating income	**3,350**	**4,985**	**-823**	**0**	**-206**	**7,306**	**-4,763**	**2,544**
Interest income	80	301	54	0	592	1,028	-878	149
Interest expenses	-188	-1,851	-124	0	-2,403	-4,565	879	-3,687
Other financial revenues	0	0	0	0	0	0	0	0
Other financial expenses	-259	-37	-44	0	-94	-434	0	-434
Revaluation of derivatives	0	171	0	0	0	171	0	171
Profit/loss share in entities in equivalency	0	0	0	23	0	23	0	23
Disposal of investment	0	0	0	0	3,074	3,074	0	3,074
Income tax	-219	-989	0	0	-9	-1,218	0	-1,218
Deferred tax	0	-112	0	0	0	-112	0	-112
Profit/loss from discontinuing operations	0	0	0	0	0	0	0	0
Profit/loss after taxation	**2,764**	**2,468**	**-937**	**23**	**955**	**5,273**	**-4,763**	**510**
Revaluation of property, plant and equipment	0	2,366	0	0	0	2,366	0	2,366
Foreign currency translation diff. - foreign operations	0	-457	0	0	0	-457	0	-457
Share of revaluation of PPE of associates /joint venture	0	0	0	0	0	0	0	0
Share of currency translation diff. of associates / JV	0	0	0	0	0	0	0	0
Derivatives (hedging)	0	113	0	0	0	113	0	113
Total comprehensive income	**2,764**	**4,489**	**-937**	**23**	**955**	**7,295**	**-4,763**	**2,531**

In thousand EUR	Energy solutions	Production of electricity	Operations, maint. and PVPP supervision	PV Invest.	Other	Total for segments	Elimination	Consolidated financial information
Assets, of which	**18,665**	**91,364**	**7,144**	3,179	**47,398**	**167,749**	**-61,402**	**106,348**
PPE – Lands	0	3,615	0	0	451	4,066	0	4,066
PPE – Photovoltaic power plants	0	69,893	0	0	0	69,893	0	69,893
PPE – Equipment	0	453	0	0	107	560	0	560
PPE – Assets in progress	5	4,105	436	0	230	4,776	0	4,776
Intangibles	0	0	0	0	0	0	0	0
Trade and other receivables	17,568	6,545	6,053	0	38,999	69,166	-61,402	7,764
Loans	0	0	0	0	840	840	0	840
Gross amount due from customers for contract work	277	0	0	0	310	587	0	587
Inventories – Goods	333	324	441	0	51	1,148	0	1,148
Investments in associates, JV, other	0	0	9	3,179	11	3,199	0	3,199
Deferred tax receivables	0	0	0	0	0	0	0	0
Long term receivables	0	0	0	0	0	0	0	0
Prepaid expenses	18	27	22	0	1,109	1,176	0	1,176
Assets held for sale	0	0	0	0	0	0	0	0
Cash and cash equivalents	464	6,402	184	0	5,290	12,340	0	12,340
Other S-T financial assets	0	0	0	0	0	0	0	0
Liabilities, of which	**18,345**	**54,988**	**11,170**	**0**	**53,468**	**137,971**	**-61,402**	**76,569**
Trade and other payables	17,981	14,970	11,054	0	21,741	65,745	-61,402	4,343
Bank Loans and other loans	0	32,936	0	0	0	32,936	0	32,936
Other long term liabilities	0	674	117	0	31,761	32,551	0	32,551
Other short term liabilities	0	0	0	0	0	0	0	0
Current tax liabilities (income tax)	364	100	-1	0	-33	430	0	430
Provisions	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	6,308	0	0	0	6,308	0	6,308

7. Operating segments (continued)

All the operational segments are managed on an international basis (not on a country level). In 2019 the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Peru and the Netherlands with headquarters in the Netherlands.

In 2019, revenues were generated in all above mentioned markets, except of the Netherlands and Peru. Non-current assets (power plants) are located in the Czech Republic, Slovak Republic, Hungary and Australia.

For the booking of transactions between the segments, the same rules for the recognition are applied as for the third parties.

In 2019, revenues increased in all the segments, except of Other and FVE Investments. When presenting geographical information below, segment revenue is based on the geographical location of entities generating the revenues. Segment assets are based on the geographical location of the assets.

Revenue

In thousand of EUR	**2019**	**2018**
The Czech Republic	20,183	13,835
The Slovak Republic	3,162	3,101
Australia	5,234	3,269
Germany	16	0
Hungary	1,559	51
Switzerland	0	0
Consolidated revenues	**30,154**	**20,256**

Non-current assets [(i)]

In thousand of EUR	**2019**	**2018**
The Czech Republic	45,097	49,848
The Slovak Republic	17,901	16,203
Netherlands	12	0
Hungary	37,655	12,489
Australia	5,812	754
Total	**106,477**	**79,294**

Note: *(i) Non-current assets presented consist mainly of property, plant and equipment (lands, photovoltaic power plants, other equipment, and assets under construction), and assets in progress.*

Major customer

The Group has many customers. For the companies selling electricity, there is usually only one distribution company, which buys produced electricity. These local electricity distributors further deliver and resell electricity to final customers. Distributors are obliged to purchase all of the electricity production for the price based on Feed in Tariff prices. The Group as such is not dependent on any individual customer.

8. Current assets held for sale

Assets classified as held for sale

On 31 December 2019, the Company did not classify any assets as held for sale.

9. Acquisitions of subsidiary and non-controlling interests; financial information for the joint ventures and associates

9.1 Establishment of new subsidiaries

During 2019, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- PE SOLAR TECHNOLOGY LTD
- Ventiterra Alfa Környezetgazdálkodási és Szolgáltató Kft.
- Ventiterra Beta Környezetgazdálkodási és Szolgáltató Kft.

Ventiterra Alfa Kft. and Ventiterra Beta Kft. were demerged from Ventiterra Kft.

During 2018, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Archway Solar Kft.
- Barbican Solar Kft.
- Belsize Solar Kft.
- Blackhorse Solar Kft.
- Caledonian Solar Kft
- Camden Solar Kft
- Hampstead Solar Kft.

9.2 Acquisitions of subsidiaries

During 2019, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Aligoté Kereskedelmi és Szolgáltató Kft.Barbican Solar Kft.
- MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.
- PROMA Mátra Ingatlanfejlesztési Kft..
- Optisolar Kft.
- Ladány Solar Alpha Kft.
- Ladány Solar Beta Kft..
- Ladány Solar Gamma Kft.
- Ladány Solar Delta Kft.
- ÉGÉSPART Energiatermelő és Szolgáltató Kft
- ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kft
- ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft
- Ventiterra Környezetgazdálkodási és Szolgáltató Kft.
- Ektalion Investments S.A.

The total consideration paid for acquiring of the entities' shares equaled to EUR 2,133 thousands. Detail of the acquired entities as follows:

In thousand of EUR	
Long-term assets	8,583
Current assets	232
Cash	143
Short-term liabilities	7,451
Resources	145
L-T liabilities	1,162

The above mentioned entities incurred a profit of EUR 8 thousands.

During 2018, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Future Solar Energy Kft
- Montagem Befektetési Kft
- Solarkit Befektetesi Kft.
- Energy499 Invest Kft.
- SunCollector Kft.
- Green-symbol Invest Kft.
- Ekopanel Befektetési és Szolgaltató Kft.
- Onyx-sun Kft.
- Tataimmo Kft
- Öreghal Kft.
- European Sport Contact Kft.
- Ráció Master Kft.
- P&P Solar Immo Kft.
- ALFEMO Alpha Kft..
- ALFEMO Beta Kft.
- ALFEMO Gamma Kft.
- Photon Energy Peru S.C.A.

The total consideration paid for acquiring of the entities' shares equaled to EUR 1,300 thousands. Detail of the acquired entities as follows:

In thousand of EUR	
Long-term assets	404
Current assets	33
Cash	42
Short-term liabilities	161
Resources	518

The above mentioned entities incurred a loss of EUR 75 thousands consisting mainly from interest expenses and bank fees.

Photon Energy Peru S.C.A. was incorporated on behalf of the Company by Peruvian lawyers and transferred to the Company at nominal value immediately after.

Other developments in 2019

The following SPVs were renamed during 2019

- Biederman Holding N.V was renamed to Photon Remediation Technology N.V. as of 25 November 2019
- Photon Energy Finance EU GmbH was renamed to Photon Energy Technology EU GmbH as of 10 December 2019

During 2019, Company sold 3 joint ventures entities- Photon Energy AUS SPV 7- Gunnedah, Photon Energy SPV 8 – Suntop and Photon SPV AUS 9. The total consideration for sale of these three entities equaled to EUR 4,326 thousand.

Other developments in 2018

The following SPVs were renamed during 2018:

- Photon Energy AUS SPV 5 was renamed to SUNTOP Stage 2 Solar Farm Pty Ltd.
- Photon Energy Generation Pty Ltd was renamed to GUNNING SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 7 Pty Ltd was renamed to - GUNNEDAH SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 8 Pty Ltd was renamed to SUNTOP SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 10 Pty Ltd was renamed to MARYVALE SOLAR FARM Pty Ltd.

In January 2018, the Group has signed an agreement for the joint development of five of its utility scale solar projects with a total capacity of 1.14 GWp in New South Wales, Australia with Canadian Solar. Photon Energy's utility scale solar project pipeline, the largest pipeline in Australia, includes the 316 MWp project in Gunning as well as four projects co-developed with a local partner, namely the 178 MWp project in Mumbil, the 165 MWp project in Gunnedah, the 286 MWp project in Suntop and the 196 MWp project in Maryvale, all of which will be further codeveloped with Canadian Solar. Canadian Solar has acquired a 51% shareholding in all five project companies. Post-transaction, Photon Energy NV retains a 49% stake in the Gunning project and 24.99% stakes in the four other projects. Total income from the disposal of the stakes equalled to EUR 3,074 thousand.

9.3 Financial information for the joint ventures and associates

Joint ventures and associates

Investments in equity-accounted investees amounting to EUR 2,666 thousand (2018: EUR 3,179 thousand) represent the nominal share in the joint ventures and associates owned by the Group.

2019:

In thousand of EUR	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	PE AUS SPV 5 - Suntop II	PE AUS SPV 6	PE AUS SPV 10 Maryvale	PE Generation Aust. Gunning	P&P Solar Immo Kft	Total
Definition	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	25%	51%	25%	49%	34%	
Share on equity	-582	-401	-684	-195	2	-256	-550	0	-2,666
Net profit	16	-19	8	0	-2	0	0	0	3
Share of profit	8	-9	4	-0	-1	-0	-0	0	2
Cash and cash equivalents	272	258	186	103	2	107	3	0	931
Current assets	317	308	245	104	3	120	3	0	1,101
Long-term assets	2,234	1,717	2,470	688	1,394	1,048	1,188	0	10,739
Current liabilities	-489	-291	-357	-13	-243	-145	-69	0	-1,606
Long-term liabilities	-916	-931	-1,004	0	0	0	0	0	-2,851
Expenses	373	441	360	1	2	1	1	0	1,178
Revenues	-389	-422	-370	0	0	0	0	0	-1,181

2018:

In thousand of EUR	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	PE AUS SPV 5 - Suntop II	PE AUS SPV 6	PE AUS SPV 7 - Gunnedah	PE AUS SPV 8 - Suntop	PE AUS SPV 9	PE AUS SPV 10 - Maryvale	PE Generation Aust. Gunning	P&P Solar Immo Kft	Total
Definition	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	25%	51%	25%	25%	51%	25%	49%	34%	
Share on equity	-593	-384	-686	-192	1	-300	-329	1	-184	-512	0	-3,179
Share of profit	15	25	-5	-2	-1	-1	-2	-1	-2	-3	0	23
Cash and cash equivalents	205	236	240	325	5	19	45	5	91	85	0	1,257
Current assets	251	289	301	327	6	21	96	16	91	95	0	1,491
Long-term assets	2,405	1,924	2,654	541	1,147	1,225	1,421	280	848	1,051	0	13,495
Current liabilities	-401	-302	-409	-98	-203	-46	-201	-288	-202	-101	0	-2,251
Long-term liabilities	-1,086	-1,142	-1,189	0	0	0	0	0	0	0	0	-3,417
Expenses	367	383	392	7	2	6	7	1	7	7	0	1,178
Revenues	-397	-433	-382	0	0	-1	0	0	0	0	0	-1,213

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2019 and have been accounted for in the financial year 2018 (SK SPVs) using the equity method as well. The joint ventures can distribute profit only after agreement of the financing bank and the approval of the co-owner of the entity (via the general meeting, valid for SK SPVs).

Disposals in 2019

- On 30 June 2019, Photon Energy NV has sold its 25% interests in SUNTOP SOLAR FARM Pty Ltd.
- On 30 August 2019, Photon Energy NV has sold its 25% interests in GUNNEDAH SOLAR FARM Pty Ltd.
- On 27 December 2019, Photon Energy NV has sold its 51% interest in Photon Energy AUS SPV 9 Pty Ltd.

In thousand of EUR	SUNTOP SOLAR FARM	GUNNEDAH SOLAR FARM	Photon Energy AUS SPV 9	Total
Cash & cash held	35	123	0	158
Net assets	469	344	184	997
Local cost of FI	3,203	2,018	159	5,380
Sales price	3,203	2,018	159	5,380
Loss/profit from the sale	2,734	1,674	-25	4,383
Total consideration received in cash	3,203	2,018	159	5,380

Disposals in 2018

The Group did not dispose any entity during 2018.

10. Revenue

In thousand of EUR	2019	2018
Sale of goods	6,184	2, 086
Rendering of services	9,671	5,633
Sale of electricity	14,299	12,537
	30,154	**20,256**

Revenues by geographical split:

In thousand of EUR	2019	2018
The Czech Republic	20,183	13,835
The Slovak Republic	3,162	3,101
Australia	5,234	3,269
Germany	16	0
Hungary	1,559	51
Consolidated revenues	**30,154**	**20,256**

The increase in revenues is a result of higher revenues in all the segments. Electricity production increased as a result of higher production. Additionally, the revenues from engineering and O&M services, together with revenues from the sales of technology increased significantly compared to last year.

11. Cost of sales

Main expense' classes represent material consumed, cost of goods sold, 3rd party services received, depreciation and other expenses, such as travelling or representation costs.

In thousand of EUR	2019	2018
Material consumed	-198	-20
Goods (invertors, etc)	-9,765	-2,003
Services (3rd party services received)	-3,860	-3,516
Other (representation, travelling, NBV of assets sold, etc)	0	0
Change of allowances for receivables/reserves	0	0
	-13,823	**-5,539**

Cost of sales consists mainly of material and goods necessary for construction of photovoltaic power plants and related services. Its increase is mainly caused by higher consumption of material, goods and subcontracted services for the projects realized during 2019.

11.1 Solar levy

In thousand of EUR	2019	2018
10%/26% solar levy	-892	-877
	-892	**-877**

For detailed information about the solar levy refer to Note 6.2.

12. Other income

In thousand of EUR	**2019**	**2018**
Other income	209	392
	209	**392**

Other income included revenues from insurance compensation (EUR 32 thousands), government subsidy (EUR 76 thousand) and accrual for compensation of reconstruction works in new premises (EUR 101 thousands).

13. Other expenses

Other expenses comprise of other taxes, penalties and other minor expenses.

In thousand of EUR	**2019**	**2018**
Other taxes and fees	-51	-27
Insurance	-62	-102
Receivables write-off/allowance	-95	-220
Other expenses	-100	-24
	-308	**-373**

14. Administrative and personnel expenses

In thousand of EUR	**2019**	**2018**
Wages and salaries	-4,030	-3,000
Social and health insurance *	-600	-371
Consulting, legal and other administrative services	-2,767	-2,342
	-7,397	**-5,713**

*Pension costs are integral part of social security expenses

On 31 December 2019 the Group employs 117 employees. 4 are employed in Slovakia by Slovak entities; 10 are employed in Hungary, 16 in Australia; 3 in Romania, 1 in Switzerland, 1 in the Netherlands and 2 in Peru. The remaining employees are employed in the Czech Republic.

Split per professional occupation is the following: 44 technical and engineering employees, 10 monitoring and SW development employees, 21 project/development managers, rest covers various back office professions, including accountants, lawyers, marketing, HR, sales support.

On 31 December 2018 the Group employs 92 employees. 4 are employed in Slovakia by Slovak entities; 5 are employed in Hungary, 10 in Australia; 3 in Romania, 1 in Switzerland and 1 in the Netherlands. The remaining employees are employed in the Czech Republic.

Split per professional occupation is the following: 44 technical and engineering employees, 12 monitoring and SW development employees, 13 project/development managers, rest covers various back office professions, including accountants, lawyers, marketing, HR, sales support.

Rental expenses of the Group amount to EUR 353 thousand annually. The Company is involved in the long-term contract for rent of the office in Prague. Contract was concluded in 2019 and is concluded for 5 years.

15. Finance income and finance costs

In thousand of EUR	2019	2018
Interest income on loans and receivables	227	149
Finance income	507	-
Release of allowances	-	-
Profit from revaluation of derivatives	30	171
Finance income	**764**	**320**
Interest expense on loans and receivables	-4,726	-3,687
Net bank account fees	-202	-85
Fx Losses	-324	-349
Loss from revaluation of derivatives	-	-
VAT related interest costs	-	-
Finance costs	**-5,252**	**-4,121**
Net finance income / costs	**-4,488**	**-3,801**

16. Income tax expense

16.1 Income tax recognized in profit or loss

In thousand of EUR	2019	2018
Current tax expense		
Current year	-1,428	-1,218
Deferred tax expense		
Temporary differences (margin on PPV)	-286	-112
Total tax expense	**-1,714**	**-1,331**

16.2 Income tax recognized in other comprehensive income

In thousand of EUR	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Revaluation of property, plant and equipment	7,780	769	8,549	2,366	234	2,600
Total deferred tax for the revaluation		-			-	

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16.3 Reconciliation of effective tax rate

In thousand of EUR	%	2019
Profit before income tax		**1,014**
Tax using the Company's domestic tax rate	-25%	-258
Effect of tax rates difference in foreign jurisdictions	-12%	-122
Non-deductible expenses		
Interest expenses	-24%	-244
other	-30%	-304
Recognition of tax effect previously unrecognized tax losses	-149%	-1,514
Current year losses for which no deferred tax asset was recognized	0%	0
Total tax expenses		**-1,428**

In thousand of EUR	%	2018
Profit before income tax		**1,934**
Tax using the Company's domestic tax rate	-25%	-483
Effect of tax rates difference in foreign jurisdictions	-6%	-116
Non-deductible expenses		
Interest expenses	-12%	-233
other	-15%	-290
Recognition of tax effect previously unrecognized tax losses	-105%	-2,030
Current year losses for which no deferred tax asset was recognized	0%	0
Total tax expenses		**-1,218**

17. Property, plant and equipment

In thousand of EUR	Land	Photovoltaic power plant	Other equipment	In progress	Total
Carrying amounts					
At 31 December 2018	4,066	69,893	560	4,776	79,294
At 31 December 2019	4,554	91,886	610	3,747	100,797
Gross revalued amount					
Balance at 1 January 2018	**3,136**	**102,150**	**857**	**669**	**106,812**
Other Additions	930	0	686	9,415	11,031
Transfer from assets in progress	0	5,308	0	-5,308	0
Disposals	0	0	0	0	0
Revaluation increase	0	2,366	0	0	2,366
Effect of movements in exchange rates	0	-1,142	-100	0	-1,242
Balance at 31 December 2018	**4,066**	**108,682**	**1,443**	**4,776**	**118,967**
Balance at 1 January 2019	**4,066**	**108,682**	**1,443**	**4,776**	**118,967**
Other Additions	488	0	375	17,772	**18,860**
Transfer from assets in progress	0	18,801	0	-18,801	**0**
Disposals	0	0		0	**-125**
Revaluation increase	0	9,333	0	0	**7,597**
Effect of movements in exchange rates	0			0	**-100**
Balance at 31 December 2019	**4,554**	**136,816**	**1,818**	**3,747**	**145,199**
Depreciation and impairment losses					
Balance at 1 January 2018	**0**	33,397	673	0	34,070
Depreciation for the year	0	5,392	210	0	5,602
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2018	**0**	**38,789**	**883**	**0**	**39,672**
Balance at 1 January 2019	**0**	**38,789**	**883**	**0**	**39,672**
Depreciation for the year	0	6,141	325	0	6,466
Impairment loss	0	0	0	0	0
Effect of movements in exchange rates	0	0	0	0	0
Balance at 31 December 2019	**0**	**44,930**	**1208**	**0**	46,138
Carrying amounts					
At 31 December 2018	4,066	69,893	560	4,776	79,294
At 31 December 2019	4,554	91,886	610	3,747	100,797

17. Property, plant and equipment (continued)

Revaluation details by power plants

In thousand of EUR **Photovoltaic power plants**	**kWp**	**Net book value at costs as at 31 December 2019**	**Net book value at FV as at 31 December 2019**	**Net book value at costs as at 31 December 2018**	**Net book value at FV as at 31 December 2018**
Breclav rooftop	137	373	791	449	864
Slavkov	1,159	536	2,983	836	3,879
Dolni Dvoriste	1,645	352	3,706	708	5,564
Komorovice	2,354	205	3,545	542	7,616
Mostkovice	1,135	2,016	5,902	2,565	3,302
Radvanice	2,305	663	4,650	1,107	7,612
Svatoslav	1,231	2,580	6,962	3,240	4,068
Zdice I	1,498	2,283	6,408	2,878	5,021
Zdice II	1,498	1,040	4,113	1,419	4,966
Zvikov	2,031	728	4,549	1,154	6,958
Mokrá Lúka 1	990	924	1,365	1,048	2,102
Mokrá Lúka 2	990	1,178	1,925	1,355	2,097
Jovice 1	990	1,232	1,920	1,409	2,072
Jovice 2	990	1,099	1,918	1,253	2,064
Babina II	999	865	1,912	1,017	2,146
Babina III	999	1,708	1,959	1,895	2,140
Blatná	700	1,882	1,954	2,068	1,489
Prsa I	999	1,356	1,787	1,662	2,094
Fertod I	528	621	631	649	695
Tiszakecske	5,512	4,380	8,167	4,659	7,213
Almasfuzito	6,183	4,577	10,064	0	0
Nagyecsed	2,067	1,667	2,531	0	0
Fertod II	4,015	2,847	4,382	0	0
Kunszentmarton	1,394	1,242	1,715	0	0
Taszar	2,103	1,822	2,726	0	0
Monor	3,487	3,940	7,434	0	0
		41,114	**95,999**	**31,912**	**73,959**

In 2019, the Company performed revaluation of the power plants in Hungary, total OCI coming from this transactions net of tax resulted in EUR 8,549 thousand. Total adjustment related to the revaluation of power plants equaled to EUR 9,333 thousand.

In 2018, company performed revaluation of the power plants in Hungary, total OCI coming from this transactions net of tax resulted in EUR 2,366 thousand. Total adjustment related to the revaluation of power plants equaled to EUR 7,908 thousand.

In 2019 the Group did not capitalize any borrowing cost into Property, plant and equipment (2018: EUR 0 thousand).

The Group has purchased several intangible assets, however these cannot be classified as intangible assets as they are considered to represent an inseparable part of photovoltaic power plants. These intangible assets mainly include rights to build the power plant, or rights to use land on which to build a power plant are classified as property plant and equipment. The total

amount of these rights amounted to EUR 32 thousand (2018: EUR 22 thousand).

Security

As at 31 December 2019 the following properties with a carrying amount of EUR 96,950 thousand (2018: EUR 66,051 thousand) are subject to a registered debenture to secure bank loans (see note 24):

- Property, plant and equipment – Lands in an amount of EUR 2,686 thousand pledged to RL, EUR 333 thousand pledged to UniCredit Bank Czech Republic and Slovakia a.s. and EUR 857 thousand to K&H Bank.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 43,609 thousand pledged to RL
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 14,739 thousand pledged to UniCredit Bank Czech Republic and Slovakia a.s.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 37,651 thousand pledged to K&H Bank Hungary.

Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 4,554 thousand (2018: EUR 4,776 thousand) comprising mainly of power plants under construction in Hungary.

Sale of property, plant and equipment

In 2019, proceeds from sales of property, plant and equipment amounted to EUR 0 thousand (2018: EUR 0 thousand).

18. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2019:

In thousand of EUR	Assets			Liabilities			Net		
	2019	y-y change	2018	2019	y-y change	2018	2019	y-y change	2018
Property, plant and equipment	2,466	306	2,160	-9,835	-1,367	-8,468	-7,369	-1,061	-6,308
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	0		0	0	0	0	0	0	0
Tax assets (liabilities)	2,466	306	2,160	-9,835	-1,367	-8,468	-7,369	-1,061	-6,308
Net tax assets (liabilities)	2,466	306	2,160	-9,835	-1,367	-8,468	-7,369	-1,061	-6,308

2018:

In thousand of EUR	Assets			Liabilities			Net		
	2018	y-y change	2017	2018	y-y change	2017	2018	y-y change	2017
Property, plant and equipment	2,160	247	1,913	-8,468	-382	-8,086	-6, 308	-135	-6,153
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowances)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	0	-473	473	0	0	0	0	0	0
Tax assets (liabilities)	2,160	-226	2,386	-8,468	-382	-8,086	-6,308	-135	-6,153
Net tax assets (liabilities)	2,160	-226	2,386	-8,468	-382	-8,086	-6,308	-135	-6,153

18. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

In thousand of EUR	Balance as at 31 December 2017	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2018	Recognized in profit or loss	Recognized in OCI of which Fx translation	Recognized in OCI of which DT from revaluation	Balance as at 31 December 2019
Property, plant and equipment	-6,153	-112	-43	0	-6,308	-286	-6	-769	-7,369
Inventories (allowance)	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0
Receivables (allowance)	0	0	0	0	0	0	0	0	0
Employee benefits	0	0	0	0	0	0	0	0	0
Tax loss carry-forwards	0	0	0	0	0	0	0	0	0
Total	**-6,153**	**-112**	**-43**	**0**	**-6,308**	**-286**	**-6**	**-769**	**-7,369**

19. Inventories

In thousand of EUR	2019	2018
Goods	1,212	1,148
Gross amount due from customers (work in progress)	2,457	587
	3,669	**1,735**

Goods consist mainly of photovoltaic panels, invertors and other system components for photovoltaic power plants.

The cost of inventories recognized as an expense in cost of sales during the year in respect of continuing operations amounted to EUR 9,766 thousand (31 December 2018: EUR 2,003 thousand).

20. Trade and other receivables

Trade receivables

In thousand of EUR	Note	2019	2018
Trade receivables	27.2	4,788	2,394
Allowance for doubtful debts	27.2	-215	0
		4,573	**2,394**

The average credit period on sales of goods and services is 83 days. No interest is charged. The Group recognizes an allowance for doubtful debts according to individual assessment. If the receivables are individually not significant the Company recognizes a potential allowance for doubtful debts based on the collective assessment. However Company usually does not create allowances as the receivables are usually overdue 1-2 months.

During 2019 receivables with a total amount of EUR 95 thousand were written-off (2018: EUR 102 thousand).

The receivables include as well EUR 1,016 thousand in relation to the revenues, which were held back by ČEZ Prodej a.s. in the SPV 11 case at the end of the reporting period. The full amount was paid back on 24 March 2020. More detailed information on the case is given in Chapter 6.3 above.

Other receivables

In thousand of EUR	Note	2019	2018
Paid advances		2,791	1,782
Loans to directors	28.1	36	220
Loans to associates / joint ventures	28.1	36	46
Other receivables		3,323	3,322
Loans to related parties		1,027	840
		7,213	**6,210**

Other receivables includes mainly a VAT receivable (EUR 359 thousand); deferred revenue (EUR 632 thousand); revaluation of derivatives (EUR 197 thousand), rest is mainly represented by other loans provided to the 3rd parties.

Prepaid expenses as presented in the financial statements amounted to EUR 1,228 thousand in 2019 (2018: EUR 1,176 thousand) and include mainly bond-related costs (EUR 966 thousand).

21. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and at banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

In thousand of EUR	**2019**	**2018**
Bank balances	15,104	12,340
Cash on hand	0	0
Cash and cash equivalents	**15,104**	**12,340**

Cash held by the SPVs under legal ownership of the RL is restricted only for certain transactions e.g. loan and related interest provided to those SPV's by Photon Energy N.V. is subordinated to the loan from RL and will be paid only after the repayment of the RL loan. Total amount of the cash owned by these SPVs is EUR 2,737 thousand at 31 December 2019 (2018: EUR 4,634 thousand).

22. Capital and reserves

During 2018, transfer of shares between Free float and other shareholders and between Solar Age Investment B.V. and Solar Future Cooperatief U.A. and Solar Power to the People Cooperatief U.A. were performed within the capital structure of the Group. In 2019, no such transaction was performed.

Share capital and share premium

Ordinary shares

In shares	**2019**
On issue at 1 January 2019	**60,000,000**
On issue at 31 December – fully paid	**60,000,000**

The Company's share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up.

Ordinary shares

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

As of 31 December 2019 the shareholder structure was as follows.

Shareholder	**No. of shares**	**% of capital**	**No. of votes at Shareholders Meeting**	**% of votes at Shareholders Meeting**
Solar Future Cooperatief U.A.	22,266,166	*37.11%*	22,266,166	*43.52%*
Solar Power to the People Cooperatief U.A.	20,843,375	*34.74%*	20,843,375	*40.74%*
Photon Energy N.V.	8,834,409	*14.72%*	0	*0.00%*
Free float	8,056,050	*13.43%*	8,056,050	*15.75%*
Total	**60,000,000**	***100.00%***	**51,165,591**	***100.00%***

As of 31 December 2018 the shareholder structure was as follows.

Shareholder	No. of shares	% of capital	No. of votes at Shareholders Meeting	% of votes at Shareholders Meeting
Solar Future Cooperatief U.A.	22,266,182	37.11%	22,266,182	43.62%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.84%
Photon Energy N.V.	8,955,934	14.93%	0	0.00%
Free float	7,934,509	13.22%	7,934,509	15.54%
Total	**60,000,000**	***100.00%***	**51,044,066**	***100.00%***

The Free float includes shares allocated to the employee incentive programme. The disposition rights to these shares are limited and employees can dispose of these shares only under specific conditions.

Reserves

The reserves relate to the legal reserve; the revaluation of property, plant and equipment - photovoltaic power plants the hedging reserve and the currency translation reserve. Refer below.

In thousand of EUR	2019	2018
Legal reserve fund	13	13
Revaluation reserve	29,220	22,935
Currency translation reserve	930	698
Hedging reserve	233	223
	30,396	**23,870**

Legal reserve fund

The legal reserve is a reserve required by the Czech commercial law and Slovak commercial law. It has been created from the prior years' profit of the Czech and Slovak entities based on the approval of the general meeting.

The legal reserve amounts to EUR 13 thousand at 31 December 2019 (2018: EUR 13 thousand).

Revaluation reserve

In thousand of EUR	2019	2018
Balance at beginning of year	22,935	22,506
Increase arising on revaluation of properties net of deferred tax	8,549	2,366
Share on revaluation of PPE of associates JV	0	0
Share of non-controlling interest	0	0
Increase arising on acquisition of properties-associates JV	0	0
Share on non-controlling interest	0	0
Impairment losses	0	0
Reversals of impairment losses	0	0
Move from revaluation reserve to retained earnings	-2,264	-1,936
NCI release	0	0
Balance at end of year	**29,220**	**22,935**

The revaluation reserve arises on the revaluation of photovoltaic power plants. The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 20 years in the Czech Republic, 15 years in Slovakia and up to 25 years in Hungary. The amount equal to the amount of depreciation coming from revaluation released in 2019 is equal to EUR 2,264 thousand (2017: EUR 1,936 thousand). The Group revalued its power plants newly built in Hungary, total revaluation net of deferred tax amounted to EUR 8,549 thousand. See note 16 and 17.

For NCI release description, refer to statement of changes in equity.

The revaluation reserve as such cannot be distributed only the amounts released to retained earnings can be distributed to the shareholder.

Foreign currency translation reserve

In thousand of EUR	2019	2018
Balance at beginning of year	698	1,155
Foreign currency translation differences for foreign operations	232	-457
Balance at end of year	**930**	**698**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of operations using different currency from Euro. It relates to Czech Republic, Hungary, Switzerland and Australia. This reserve cannot be distributed.

Derivatives hedging reserve

In thousand of EUR	2019	2018
Balance at beginning of year	223	110
Derivatives	10	113
Share on non-controlling interest	0	0
Share on derivatives joint ventures	0	0
Share on non-controlling interest	0	0
Release of non-controlling interest	0	0
Balance at end of year	**233**	**223**

Derivatives hedging reserve cannot be distributed.

Dividends

There were no dividends declared and paid by the Company in 2019 and 2018.

23. Earnings per share

In EUR	2019	2018
Basic earnings per share	-0.013	0.012
Diluted earnings per share	-0.011	0.010
Total comprehensive income per share	0.134	0.050

Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 was based on the loss attributable to ordinary shareholders of EUR -683 thousand (2018: profit EUR 530 thousand) and a weighted average number of ordinary shares outstanding of 51,116 thousand (2018: 51,298 thousand). The calculation of diluted earnings per share as 31 December 2019 was based on the loss attributable to ordinary shareholders of EUR -683 thousand (2018: profit EUR 530 thousand) and a weighted average number of total shares outstanding of 60,000 thousand.

Profit (loss) attributable to ordinary shareholders

In thousand of EUR	Profit (loss) attributable to ordinary shareholders	
	2019	**2018**
Profit (loss) for the year	-683	530
Profit (loss) attributable to ordinary shareholders	-683	530

Weighted average number of ordinary shares

There were no new shares issued in 2019. The number of shares at the year-end 2019 was 60,000,000.

Share on profit of equity-accounted investees amounted to EUR 2 thousand (2018: EUR 23 thousand)

Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share (the calculation is the same for the diluted EPS) at 31 December 2019 and 2018 was based on the total comprehensive income (loss) attributable to ordinary shareholders of EUR 8,064 thousand (2018: EUR 2,552 thousand) and a weighted average number of ordinary shares outstanding of 60,000 thousand (2018: 60,000 thousand).

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

In thousand of EUR	**2019**	**2018**
Non-current liabilities		
Long-term secured bank loans	37,589	29,250
Long-term portion of other loans	0	0
Total	**37,589**	**29,250**
Current liabilities		
Current portion of long-term secured bank loans	3,649	3,686
Short-term secured bank loans	0	0
Current portion of other loans	0	0
Total	**3,649**	**3,686**
Total loans & borrowings	**41,238**	**32,936**

Movement schedule for the bank loans:

In EUR	**Short –term portion**	**Long-term portion**
Opening balance as of 1.1.2019	3,686	29,250
New borrowings	-	15,996
Repayments	-212	-8,000
Fx impact	175	343
Closing balance as of 31.12.2019	3,649	37,589

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousand of EUR	Currency	Nominal interest rate	Year of maturity	31 December 2019		31 December 2018	
				Credit limit	Credit limit	Credit limit	Credit limit
Secured bank loan	CZK	5.19%	5.1.2021	17,704	17,704	23,399	23,399
Secured bank loan	EUR	3M EURIBOR+2.7%	30.6.2024	3,885	3,885	4,679	5,452
Secured bank loan	EUR	3M EURIBOR+2.7%	31.12.2024	4,107	4,107	4,858	5,589
Secured bank loan	HUF	3M BUBOR+2.2%	4.5.2035	15,542	15,542	0	0
Total interest bearing liabilities				**41,238**	**41,238**	**32,936**	**34,440**

Other long-term liabilities (bonds)

In thousand of EUR	2019	2018
Non-current liabilities		
EUR bond	37,500	30,000
CZK bond	1,766	1,682
Total	**39,266**	**31,682**

All secured bank loans are secured by SPVs assets of power plants including real estate if any and technology receivables generated by power plants. In case of secured bank loans denominated in CZK nearly all power plants are cross-collateralized.

Covenants

The project financing sets certain operational conditions to be met by each power plant with Debt Service Coverage Ratio (DSCR) typically above 1.20.

All power plants met the DSCR criteria as of 31 December 2019.

In 2019, Photon Energy secured long-term non-recourse project financing for its Hungarian portfolio. The total amount withdrawn as of the year end 2019 equaled to EUR 15,542 thousand. Financing is being provided by K&H Bank, the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms as well as a leading local player in project finance, for a period of 15 years.

Bonds

In October 2017, the Group has issued new EUR bonds with an annual coupon of 7.75% and maturity in October 2022. Outstanding amount as of 31 December 2019 was EUR 37,500 thousand. CZK bond issued in October 2016 has an annual coupon of 6% and maturity date in October 2023, with an outstanding amount of EUR 1,766 thousand as of 31 December 2019.

25. Trade and other payables

Trade payables

In thousand of EUR	2019	2018
Payables to suppliers	3,484	1,166
	3,484	**1,166**

Other payables

In thousand of EUR	**2019**	**2018**
Advances received	625	1,205
Accrued expenses	2,431	580
Payables to employees	416	281
Payables to health and social authorities	10	9
Derivatives	0	0
Other payables-loans	1,608	1,102
	5,090	**3,177**

Advances received from customers for contract work amounted to EUR 625 thousand (31 December 2018: EUR 1,205 thousand). Accrued expenses include mainly not invoiced deliveries of goods (technology) and services provided and amounted to EUR 2,431 thousand (31 December 2018: EUR 580 thousand). Payables to employees and health and social authorities amount to EUR 426 thousand. Other payables-loans represented loans provided by originally intercompany companies that were sold out of the group during. An interest charge of 3% was applied to the outstanding balances. These are not classified as loans and borrowing as they have not been provided by financial institution or a bank but former subsidiaries. At 31 December 2019 retentions held by customers for contract work amounted to EUR 0 thousand (31 December 2018: EUR 0 thousand).

26. Other long-term and short-term liabilities

26.1 Other long term liabilities

In thousand of EUR	**2019**	**2018**
VAT payables	0	0
Long term liability from income tax	0	0
Other long-term loans	0	0
Other long-term liabilities	806	869
Bond	39,266	31,682
	40,072	**32,551**

Movement schedule:

In EUR	**Short –term portion**	**Long-term portion**
Opening balance as of 1.1.2019	30,000	1,682
New borrowings	7,500	84
Repayments	-	-
Closing balance as of 31.12.2019	37,500	1,766

December 2016 the Company placed a 6% CZK corporate bond in the Czech Republic. The bond is listed on the Prague Stock Exchange. The bond coupon is paid monthly and the bond is due in 7 years from issuance. The balance of this bond as of the year-end 2019 is equal to EUR 1,766 thousand.

In October 2017, the group has launched the process of exchange offer and issuance of a new EUR bond. Annual interest is 7.75%, the bond coupon is paid quarterly and it is due in 5 years. The outstanding amount of the bond is EUR 37,500 thousand as of 31 December 2019. Other long-term liabilities include leasing liabilities and provision for liquidation of panels in the future.

26.2 Other short term liabilities

In thousand of EUR	2019	2018
VAT liability /provision	0	0
Other liabilities	0	0
Other loans	0	0
	0	**0**

There were no short term liabilities in 2019 and 2018.

26.3 Current tax liability

Other liabilities in amount of EUR 125 thousand represent payable for other taxes. This liability relates mainly to the Czech SPVs and one Hungarian entity and is result of their actual annual result.

27. Financial instruments

The major financial risks faced by the Company are those related to credit exposures, exchange change risk, interest rate risk and solar levy risk. These risks are managed in the following manner.

27.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

Total current assets of the Group as of 31 December 2019 equals to EUR 31,832 thousand comparing to contractual cash flows of non-derivative financial liabilities of EUR 12,392 thousand payable within the next 12 months.

31 December 2019

In thousand of EUR	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank loans	41,238	44,583	5,964	17,940	9,203	11,476
Trade payables	3,484	3,484	3,484	0	0	0
Bond	39,266	48,409	3,012	3,012	42,384	0
Other payables	5,090	5,090	5,090	0	0	0
Other long-term liabilities	806	830	330	400	100	
Tax payables	125	125	125	0	0	0
	90,009	**102,521**	**18,005**	**21,352**	**51,687**	**11,476**

31 December 2018

In thousand of EUR	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank loans	32,936	34,325	4,101	4,232	24,276	1,715
Trade payables	1,166	1,166	1,166	0	0	0
Bond	31,682	44,093	2,426	2,426	37,278	1,963
Other payables	3,177	3,177	3,177	0	0	0
Tax payables	430	430	430	0	0	0
	69,391	**83,191**	**11,300**	**6,658**	**61,554**	**3,678**

27. Financial instruments (continued)

27.1 Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Effective interest rates and re-pricing analysis

In respect of interest-bearing financial liabilities, the following tables indicate their effective interest rates at the reporting date and the periods in which they re-price. The table includes only loans with variable interest rate and the balance is shown in a period within 6 months, as the interest rate is changed within this period.

For 2019, none of the bank loans have a variable interest rate (the Czech portfolio has a fixed interest rate and the Slovak and Hungarian portfolio interest rates are hedged for the most part), therefore the table below includes only those hedged (Slovak SPVs).

2019:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.93%	-23,533	-23,533	0	0	0
Total		**-23,533**	**-23,533**	**0**	**0**	**0**

2018:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.78%	-9,537	-9,537	0	0	0
Total		**-9,537**	**-9,537**	**0**	**0**	**0**

27.2 Credit risk

Exposure to credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Group.

The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk in respect of cash balances held with banks and deposits with banks are managed via diversifications of bank deposits and only with the major reputable financial institutions.

Trade receivables consist of a large number of customers in various geographical areas. The Group applies simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. As the collectability of the receivables is overall high, management does not apply general percentage of allowance on the overdue receivables. Creation of allowances is done after individual assessment of the overdue outstanding balances.

Trade receivables

In thousand of EUR	2019	2018
Financial assets		
Not due yet	108	534
Overdue 180 days or less	3,589	908
Overdue over 180 days	1,091	952
Total	**4,788**	**2,394**

In thousand of EUR	2019	2018
Out of which		
Overdue 180 days or less	0	0
Overdue over 180 days	0	0
Impairment loss to trade receivables overdue 360 days	0	0
Total overdue impaired	**215**	**368**
Total overdue not impaired	**4,250**	**1,544**
Total financial assets after impairment	**4,573**	**2,394**

In thousand of EUR	2019
Allowance for receivables as at 31 December 2018	85
Creation of allowance in 2019	130
Allowance for receivables as at 31 December 2019	215

The Group believes that the other unimpaired amounts that are past due by more than 30 days are still collectible based on historic payment behavior; business relationships or management judgment.

27.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It is measured by the extent to which changes in market interest rates impact on net interest expense.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In thousand of EUR	Carrying amount	
	2019	2018
Interest rate instruments		
Financial assets	0	0
Financial liabilities	-41,238	-32,936
	-41,238	**-32,936**

Financial liabilities comprise short-term and long-term bank loans (see note 24).

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and also due date of loans based on the valid repayment schedules:

Interest bearing financial liabilities
31 December 2019

In thousand of EUR	**Effective interest rate**	**Total**	**Less than 1 year**	**2–5 years**	**More than 5 years**
Bank and other loans	2.93%	41,238	4,828	25,078	11,332
Total		**41,238**	**4,828**	**25,078**	**11,332**

31 December 2018

In thousand of EUR	Effective interest rate	Total	Less than 1 year	2–5 years	More than 5 years
Bank and other loans	4.53%	32,936	4,093	28,497	1,714
Total		**32,936**	**4,093**	**28,497**	**1,714**

Loans and borrowings with variable rate

Below analysis includes only loans with a variable interest rate.

For 2019 the Czech portfolio has a fixed interest rate, the Slovak and Hungarian portfolio has a variable interest rate that is hedged for the most part.

2019:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.93%	-23,533	-23,533	0	0	0
Total		**-23,533**	**-23,533**	**0**	**0**	**0**

2018:

In thousand of EUR	Effective interest rate	Total	6 months or less	6–12 months	1–5 years	Fixed interest rate
Bank loans	2.56%	-9,537	-9,537	0	0	0
Total		**-9,537**	**-9,537**	**0**	**0**	**0**

Loans and borrowings with variable rate – Slovak portfolio

Slovak loans interest rate is hedged by the interest derivatives.

On 31 December 2019 the total amount of the hedging reserve amounted to EUR 233 thousand (2018: EUR 223 thousand)

Loans and borrowings with variable rate

2019:

In EUR thousand	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		**Total**	**1 year**	**2 years**	**3 year**	**4 years**	**5 years**
Interest rate swaps used for hedging	133	166	96	70	0	0	0

2018:

In EUR thousand	Carrying amount	Contractual cash flow					
Derivatives financial liabilities		**Total**	**1 year**	**2 years**	**3 year**	**4 years**	**5 years**
Interest rate swaps used for hedging	178	293	127	96	70	0	0

The effect on equity would be the same as the effect on profit or loss. In the calculation, the assumptions that current debt maturing in 2019 will be rolled over in that period.

Actual interest expenses related to bank loans and borrowings incurred by the Company in 2019 were EUR 4,726 thousand (2018: EUR 1,833 thousand) coming from the carrying value of loans drawn in the amount of EUR 41,238 thousand as at 31 December 2019 (2018: EUR 32,936 thousand).

An increase/decrease of interest rates by 1% at the reporting date would have decreased/increased the profit before tax by EUR 69 thousand as shown in the following table. This analysis assumes that all other variables remain constant.

31. 12. 2019	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	2.93	23,533	689	3.22	758	-69	2.63	620	69
Total		**23,533**	**689**			**-69**			**69**

31. 12. 2018	Effective interest rate	Total	Interest (calculated)	Effective interest rate	Interest (calculated)	Additional PL effect	Effective interest rate	Interest (calculated)	Additional PL effect
Bank loans with variable rate	4.53	32,936	1,490	4.57	1,505	-15	4.48	1,476	15
Total		32,936	1,490			-15			15

27.4 Exchange rate risk

The Company's functional currency of its major subsidiaries is EUR and CZK. Foreign exchange risk is associated with sales and purchases of goods and services and loans received denominated in local currencies.

An increase/decrease of exchange rates by 10% at the reporting date would have decreased/increased the profit before tax by EUR 4,349 thousand (EUR 5,315 thousand respectively) as shown in the following table. This analysis assumes that all other variables remain constant.

2019

	31 December 2019	+ 10%	- 10%
CZK/EUR	25.408	27.949	22.867
HUF/EUR	330.530	363.583	297.477

31.12.2019	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	TCZK	215,589	8,485	7,714	-771	9,428	943
Trade receivables	THUF	3,979,852	12,041	10,946	-1,095	13,379	1,338
Total TCZK					**-1,866**		**2,281**

31.12.2019	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables and payables and loans	TCZK	-650,024	-25,583	-23,258	2,326	-28,426	-2,843
Trade receivables and payables and loans	THUF	-14,139,447	-42,778	-38,889	3,889	-47,531	-4,753
Total TCZK					**6,215**		**-7,596**

2018

	31 December 2017	+ 10%	- 10%
exchange rate CZK/EUR	25.724	28.2964	23.1516

31.12.2018	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade receivables	TCZK	39,663	1,542	1,402	-140	1,713	171
Total TCZK					**-140**		**171**

31.12.2018	Currency	in Currency	teur	Teur +10%	change	teur -10%	change
Trade payables, loans	TCZK	-47,477	-1,846	-1,678	168	-2,051	-205
Total TCZK					**168**		**-205**

27.5 Accounting classifications and fair values

Fair values vs. carrying amounts

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows. For the other financial assets/financial liabilities, the fair value approximates the carrying amount.

31 December 2019

In thousand of EUR	Note	Derivatives used for hedging FVOCI	Amortised cost	Amortised cost	Total	Fair value
Cash and Cash equivalents	21	0	15,104	0	15,104	15,104
Loans and receivables	20	0	11,804	0	11,804	11,786
Secured bank loans	24	0	0	41,238	41,238	41,238
Trade payables	25	0	0	3,421	3,421	3,484
Bond	26	0	39,266	0	39,266	39,266
Other payables	25	0	0	5,198	5,198	5,090
Tax payables	26.3	0	0	125	125	125
Interest rate derivatives	4.3.2	133	0	0	133	133

31 December 2018

In thousand of EUR	Note	Derivatives used for hedging FVOCI	Amortised cost	Amortised cost	Total	Fair value
Cash and Cash equivalents	21	0	12,340	0	12,340	12,340
Loans and receivables	20	0	8,605	0	8,605	8,605
Secured bank loans	24	0	0	32,936	32,936	32,936
Trade payables	25	0	0	1,166	1,166	1,166
Bond	26	0	31,682	0	31,682	31,682
Other payables	25	0	0	3,177	3,177	3,177
Tax payables	26.3	0	0	430	430	430
Interest rate derivatives	4.3.2	177	0	0	177	177

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread discount rate used equalled to 2.93% for 2019.

Fair value hierarchy

The table above analyses financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows.

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2019

In thousand of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and Cash equivalents	0	15,104	0	**15,104**
Loans and receivables	0	11,804	0	**11,786**
Secured bank loans	0	41,238	0	**41,238**
Trade payables	0	3,421	0	**3,484**
Bond	0	39,266	0	**39,266**
Other payables	0	5,198	0	**5,090**
Tax payables	0	125	0	**125**
Interest rate derivatives	0	133	0	**133**

31 December 2018

In thousand of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and Cash equivalents	0	12,340	0	**12,340**
Loans and receivables	0	8,605	0	**8,605**
Secured bank loans	0	32,936	0	**32,936**
Trade payables	0	1,166	0	**1,166**
Bond	0	31,682	0	**31,682**
Other payables	0	3,177	0	**3,177**
Tax payables	0	430	0	**430**
Interest rate derivatives	0	177	0	**177**

The below analysis shows impact of change in discount rate by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2019.

Sensitivity analysis of DCF for powerplants

In thousand of EUR	**Discount rate +3%**	**Discount rate +3% in %**	**Discount rate -3%**	**Discount rate -3% in %**
HU powerplants	-3,791	-45%	5,293	63%
CZ powerplants	-5,418	-13%	6,852	21%
SK powerplants	-972	-13%	1,126	15%

All financial assets and financial liabilities (refer to Note 4.3.4) have been defined to Level 2.

Assumptions used for calculating revalued amounts of PPE (level 3) are as follows:

The DCF Equity valuation method is based on a Discounted Cash Flow method. It includes the future cash flows available to the shareholders/providers of equity of photovoltaic projects (i.e. after all debt repayments and interests) that are later discounted by respective discount rates. The risk profile is represented by a discount rate (cost of equity levered). Due to existence of senior project finance the cost of equity calculated by CAPM formula is adjusted by Miller-Modigliani formula to achieve the most precise cost of equity levered for each project respecting it unique capital structure.

In the valuation model, a quarterly discount is applied. This is based on the fact that debt repayments are happening on quarterly basis. This is effecting the overall change in financing structure and indirectly effecting cost of equity levered.

28. Related parties

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

28.1 Parent and ultimate controlling party

The Company is jointly controlled by Mr. Michael Gartner (via Solar Future Coöperatief U.A.) and Mr. Georg Hotar (via Solar Power to the People Coöperatief U.A..), who are the Company's directors.

The original lender (loans provided to the Directors) has been sold out of the Group in December 2012. However, the Group has provided the following loans to the above directors in compliance with the arm-length principle:

In thousand of EUR	**2019**	**2018**
Balance at beginning of year	219	153
Transferred due to the sale	0	0
Loan provided to Mr. Hotar	14	77
Unpaid interests from Mr. Hotar	0	0
Loan provided to Mr. Gartner	0	0
Unpaid interests from Mr. Gartner	0	0
Effect of the movement of Fx rate	0	-13
Carrying amount at 31 December	**233**	**219**

Members of the board of directors did not receive any compensation during 2019 nor 2018 for their duties serving on the board of directors for the Group of entities. There were no trade relations between the Group and members of the board of directors of the Company.

The total outstanding loan from the related parties above the structure of Photon Energy N.V. equals to EUR 156 thousand as of 31 December 2019.

Other related party transactions

In thousand of EUR	transaction value for the year-ended		balance outstanding at the year-end	
	2019	**2018**	**2019**	**2018**
Sale of goods and services				
Joint ventures – sale of services	0	0	0	0
Joint ventures – construction contracts revenues	0	0	0	0
(SK SPV1, Solarpark Myjava, Solarpark Polianka, AUS SPVs)				
Purchase of goods and services				
Joint ventures – purchase of services	48	49	0	0
Joint ventures – purchase of services activated (AUS SPVs)	451	4,485	53	4,485
Current assets				
Loans	0	0	0	0

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

29. Group entities

Subsidiaries

The following subsidiaries are consolidated as at 31 December 2019.

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Full Cons.	-
2	Photon Directors B.V.	100%	NL	Full Cons.	PENV
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5	Photon Remediation Technology N.V.	100%	NL	Full Cons.	KORADOL
6	Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
7	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	PENV
8	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
12	Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
13	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
14	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
16	Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
17	Global Investment Protection AG (GIP)	100%	CH	Full Cons.	PENV
18	ALFEMO AG (ALFEMO)	100%	CH	Full Cons.	PENV
19	KORADOL AG (KORADOL)	100%	CH	Full Cons.	PENV
20	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
21	Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
22	Photon SPV 11 s.r.o.	100%	CZ	Full Cons.	KORADOL
23	Photon Energy Operations CZ s.r.o. (PEOCZ)[1]	100%	CZ	Full Cons.	PEONV
24	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
25	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
26	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
27	Photon Remediation Technology Europe s.r.o.	100%	CZ	Full Cons.	PE NV
28	Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30	Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31	The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32	Photon Energy Technology EU GmbH	100%	DE	Full Cons.	PENV
33	Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
34	Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
35	EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
36	EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
37	Fotonika s.r.o.	100%	SK	Full Cons.	PENV
38	Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
39	Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
40	Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
41	Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
42	Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
43	SUN4ENERGY ZVB s.r.o.	100%	SK	Full Cons.	PENV
44	SUN4ENERGY ZVC s.r.o.	100%	SK	Full Cons.	PENV
45	ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
46	Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
47	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	ALFEMO
48	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	ALFEMO
49	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
50	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
51	Future Solar Energy Kft	100%	HU	Full Cons.	ALFEMO
52	Montagem Befektetési Kft.	100%	HU	Full Cons.	ALFEMO
53	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	ALFEMO
54	Energy499 Invest Kft.	100%	HU	Full Cons.	ALFEMO
55	SunCollector Kft.	100%	HU	Full Cons.	ALFEMO
56	Green-symbol Invest Kft.	100%	HU	Full Cons.	ALFEMO
57	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Full Cons.	ALFEMO

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
58	Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
59	Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
60	Öreghal Kft.	100%	HU	Full Cons.	ALFEMO
61	European Sport Contact Kft.	100%	HU	Full Cons.	ALFEMO
62	ALFEMO Alpha Kft.	100%	HU	Full Cons.	ALFEMO
63	ALFEMO Beta Kft.	100%	HU	Full Cons.	ALFEMO
64	ALFEMO Gamma Kft.	100%	HU	Full Cons.	ALFEMO
65	Archway Solar Kft.	100%	HU	Full Cons.	PENV
66	Barbican Solar Kft.	100%	HU	Full Cons.	ALFEMO
67	Belsize Solar Kft.	100%	HU	Full Cons.	ALFEMO
68	Blackhorse Solar Kft.	100%	HU	Full Cons.	ALFEMO
69	Caledonian Solar Kft	100%	HU	Full Cons.	ALFEMO
70	Camden Solar Kft	100%	HU	Full Cons.	ALFEMO
71	Hampstead Solar Kft.	100%	HU	Full Cons.	ALFEMO
72	Ráció Master Oktatási	100%	HU	Full Cons.	ALFEMO
73	P&P Solar Immo Kft.	33,52%	HU	Equity	ALFEMO
74	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
75	MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Full Cons.	ALFEMO
76	PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Full Cons.	ALFEMO
77	Optisolar Kft.	100%	HU	Full Cons.	ALFEMO
78	Ladány Solar Alpha Kft.	100%	HU	Full Cons.	PEP
79	Ladány Solar Beta Kft.	100%	HU	Full Cons.	PEP
80	Ladány Solar Gamma Kft.	100%	HU	Full Cons.	PEP
81	Ladány Solar Delta Kft.	100%	HU	Full Cons.	PEP
82	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
83	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Full Cons.	ALFEMO
84	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
85	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
86	VENTITERRA ALFA Kft.	100%	HU	Full Cons.	ALFEMO
87	VENTITERRA BETA Kft.	100%	HU	Full Cons.	ALFEMO
88	EKTALION INVESTMENTS S.A.	100%	PL	Full Cons.	PE NV
89	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP
90	PE SOLAR TECHNOLOGY LTD.	100%	UK	Full Cons.	PENV

The following subsidiaries are consolidated as at 31 December 2018.

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Full Cons.	-
2	Photon Directors B.V.	100%	NL	Full Cons.	PENV
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5	Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
6	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	PENV
7	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
8	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11	Suntop Stage 2 Solar farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
12	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
13	Gunnedah Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 7 Pty. Ltd.)	25%	AUS	Equity	PENV
14	Suntop Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 8 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy AUS SPV 9 Pty. Ltd.	51%	AUS	Equity	PENV
16	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AUS	Equity	PENV
17	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
18	Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
19	Global Investment Protection AG (GIP AG)	100%	CH	Full Cons.	PENV
20	ALFEMO AG	100%	CH	Full Cons.	PENV
21	KORADOL AG	100%	CH	Full Cons.	PENV
22	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
23	Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
24	Photon Energy Operations CZ s.r.o. (PEOCZ)[1]	100%	CZ	Full Cons.	PEONV
25	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
26	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
27	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
28	Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30	Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31	The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32	Charles Bridge Services s.r.o.	100%	CZ	Full Cons.	PENV
33	Photon Energy Finance Europe GmbH	100%	DE	Full Cons.	PENV
34	Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
35	Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
36	EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
37	EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
38	Fotonika, s.r.o.	100%	SK	Full Cons.	PENV
39	Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
40	Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
41	Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
42	Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
43	Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
44	SUN4ENERGY ZVB, s.r.o.	100%	SK	Full Cons.	PENV
45	SUN4ENERGY ZVC, s.r.o.	100%	SK	Full Cons.	PENV
46	ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
47	Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
48	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	Alfemo AG
49	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	Alfemo AG
50	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
51	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
52	Future Solar Energy Kft	100%	HU	Full Cons.	Alfemo AG
53	Montagem Befektetési Kft.	100%	HU	Full Cons.	Alfemo AG
54	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	Alfemo AG
55	Energy499 Invest Kft.	100%	HU	Full Cons.	Alfemo AG
56	SunCollector Kft.	100%	HU	Full Cons.	Alfemo AG
57	Green-symbol Invest Kft.	100%	HU	Full Cons.	Alfemo AG
58	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Full Cons.	Alfemo AG
59	Onyx-sun Kft.	100%	HU	Full Cons.	Alfemo AG
60	Tataimmo Kft	100%	HU	Full Cons.	Alfemo AG
61	Öreghal Kft.	100%	HU	Full Cons.	Alfemo AG

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
62	European Sport Contact Kft.	100%	HU	Full Cons.	Alfemo AG
63	ALFEMO Alpha Kft.	100%	HU	Full Cons.	Alfemo AG
64	ALFEMO Beta Kft.	100%	HU	Full Cons.	Alfemo AG
65	ALFEMO Gamma Kft.	100%	HU	Full Cons.	Alfemo AG
66	Archway Solar Kft.	100%	HU	Full Cons.	PENV
67	Barbican Solar Kft.	100%	HU	Full Cons.	Alfemo AG
68	Belsize Solar Kft.	100%	HU	Full Cons.	Alfemo AG
69	Blackhorse Solar Kft.	100%	HU	Full Cons.	Alfemo AG
70	Caledonian Solar Kft	100%	HU	Full Cons.	Alfemo AG
71	Camden Solar Kft	100%	HU	Full Cons.	Alfemo AG
72	Hampstead Solar Kft.	100%	HU	Full Cons.	Alfemo AG
73	Ráció Master Oktatási	100%	HU	Full Cons.	Alfemo AG
74	P&P Solar Immo Kft.	35%	HU	Equity	Alfemo AG
75	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP AG

CZ = Czech Republic, SK = Slovak Republic, NL = Netherlands, CH = Switzerland, AUS = Australia, HU= Hungary

Other consolidated subsidiaries (special purpose entities) exist as at 31 December 2019, where the holding company has control but does not have any ownership or direct voting rights. The following entities are included:

	Name	% of Consolidated share	% of Ownership share	Country of registration	Legal Owner
1	Kaliope s.r.o.	100%	0%	CZ	RL
2	Photon SPV 3 s.r.o.	100%	0%	CZ	RL
3	Photon SPV 8 s.r.o.	100%	0%	CZ	RL
4	Exit 90 SPV s.r.o.	100%	0%	CZ	RL
5	Photon SPV 4 s.r.o.	100%	0%	CZ	RL
6	Photon SPV 6 s.r.o.	100%	0%	CZ	RL
7	Onyx Energy s.r.o.	100%	0%	CZ	RL
8	Onyx Energy projekt II s.r.o.	100%	0%	CZ	RL
9	Photon SPV 10 s.r.o.	100%	0%	CZ	RL

CZ = Czech Republic

100% share in the above entities is owned by Raiffeisen – Leasing s.r.o. ("RL"). Although those companies are legally owned by RL, the Group consolidates them under IFRS rules. Photon Energy N.V. is considered the beneficial owner as it is owner of economic benefits and is directly exposed to economic risks of those companies.

30. Subsequent events

Repayment of withholding amount from SPV 11

The decision of the court to find one of the subcontractors not guilty became into force on 5 February 2020. Subsequently the Court ruled on 27 February 2020 that the secured funds should be paid back to SPV 11, which happened in full on 24 March 2020.

Tata

In March the Companies subsidiary Photon Energy Solutions HU Kft. has completed and grid-connected all eight photovoltaic power plants with a total installed capacity of 5.4 MWp located in the municipality of Tata, Hungary expanding the Groups total proprietary portfolio of PV power plants to 57.1 MWp. The Company owns and operates the power plants through five wholly-owned project companies. Revaluation of the Group's proprietary portfolio according to IAS 16, will be recorded in the Group's Other Comprehensive Income in the Q1 2020 Consolidated Income Statement.

COVID-19

Starting beginning of March the Company has undertaken all necessary measures to ensure the continuation of its business including the provision of services to its customers during these challenging times. The Group closely monitors and analyses the situation and its policies reflect the measures adopted by the governments of the countries in which its business activities take place. Top priority is to make sure that the employees are safe and to mitigate any infection risk, while continuing its business activities at the highest level possible given external circumstances.

Investment in Raygen

In April the Company announced that it bought a minority equity stake in the Australian technology company RayGen Resources Pty Ltd. ('RayGen') in order to develop global renewable energy projects suitable for the roll-out of RayGen's unique solar power and electricity storage technology. Photon Energy will act as a project developer and EPC contractor and – where suitable – as an equity investor in the projects, which will be supplied by RayGen. The partnership includes the development of a 100 MWp/1000 MWh solar-plus-storage project.

New EPC contract in Australia

In April the Company's subsidiary Photon Energy Australia Pty Ltd. has won a tender by water utility North East Water (serving a population of 110,000 people in north-east Victoria) to act in the capacity of Principal Contractor to design, build and commission a 3 MWp solar power plant adjacent to its Waste Water Treatment Plant (WWTP) located in West Wodonga, Victoria, Australia. Photon Energy Australia Pty Ltd. is now progressing to the contracting stage with a tendered contract value of AUD 7.284 million (EUR 4.1 million, PLN 18.7 million).

31. Contingent assets and liabilities

There are no significant contingent assets or liabilities that need to be disclosed.

PHOTON ENERGY

Standalone Financial Statements

for the year ended 31 December 2019

Company balance sheet as at 31 December 2019

(before profit appropriation)

In thousand of EUR	Note	31 December 2019	31 December 2018
Fixed assets			
Financial fixed assets	36	25,661	44,720
Intangible assets	36	0	0
Long-term receivables		0	83
Total fixed assets		**25,661**	**44,803**
Current assets			
Trade and other receivables	38	9,336	10,834
Loans	37	42,043	8,042
Cash and cash equivalents	38	5,831	5,143
Total current assets		**57,210**	**24,019**
Total assets		**82,871**	**68,822**
Shareholders' equity	39		
Issued share capital		600	600
Share premium		36,871	36,871
Revaluation reserve		15,644	15,644
Hedging reserve		233	223
Currency translation reserve		929	698
Unappropriated result		7,526	8,417
Retained Earnings		-24,068	-32,857
Total equity		**37,735**	**29,956**
Non-current liabilities	40	**41,394**	**33,625**
Other loans		2,127	1,933
Other long-term liability		39,266	31,692
Current liabilities	41	**3,742**	**5,241**
Trade and other liabilities		726	1,759
Other loans		3,016	3,481
Total equity and liabilities		**82,871**	**68,822**

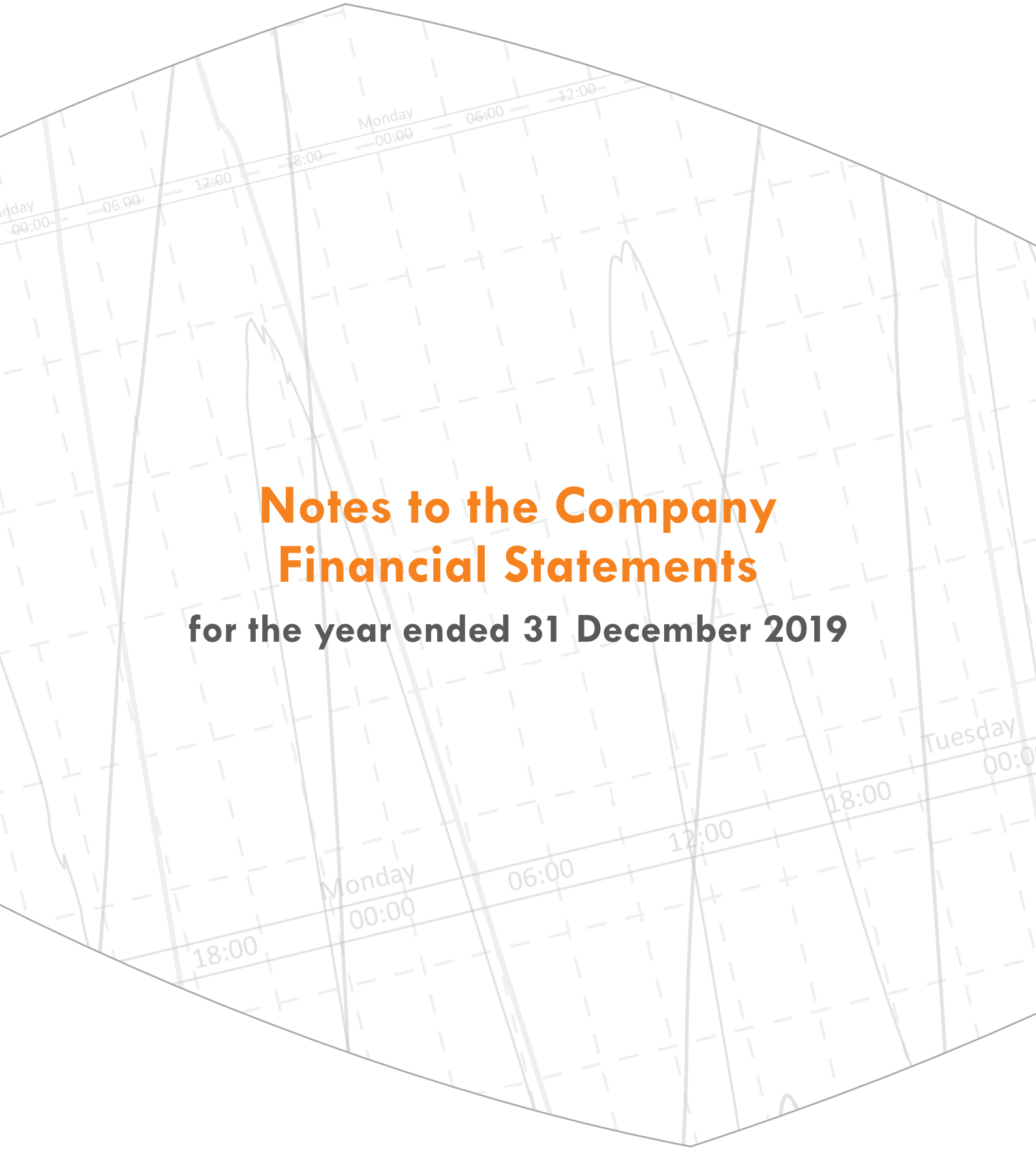
The notes on pages 125 to 136 are an integral part of these financial statements.

Company income statement for the financial year ended 31 December 2019

In thousand of EUR	1 January – 31 December 2019	1 January – 31 December 2018
Share in results from participating interests, after taxation	4,533	5,480
Income from subsidiaries		0
Other result after taxation	2,993	2,937
Net result	**7,526**	**8,417**

The notes on pages 125 to 136 are an integral part of these financial statements.

PHOTON ENERGY



Notes to the Company Financial Statements

for the year ended 31 December 2019

32. General

The company financial statements are part of the 2019 financial statements of Photon Energy N.V. (the 'Company'). With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

33. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Please see pages 23 to 37 for a description of these principles. The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves are not incorporated insofar as they can be deemed to be unrealised.

34. Financial fixed assets

In thousand of EUR	31 December 2019	31 December 2018
Participating interests in group companies	25,661	44,507
	25,661	**44,507**

The movements of the financial fixed assets can be shown as follows:

In thousand of EUR	Note	Participating interests in group companies	Total
Closing balance 31 December 2018		**44,507**	**44,507**
Restatement	36	213	213
Restated balance 31 December 2018		**44,720**	**44,720**
Revaluation reserve change	36		
Share in result of participating interests	43	4,533	4,533
Set-up of new entities	36		
Excess cash correction	36		
Other movements	36	387	387
Share in foreign currency translation differences in participating interest	36	231	231
Dividend payment	36		
Derivatives	36	11	11
Sale of subsidiaries		-30,622	-30,622
Balance at 31 December		**19,260**	**19,260**
Allowances (booked against loan receivables)	36	6,401	6,401
Final balance at 31 December 2019		**25,661**	**25,661**

During 2019, Company performed restatement of the 2018 value of the participating interest. This was due to not proper recording of the net assets value of the loss-making participating interest. The correction of the wrongly booked values impacted of the value of the participating interest by EUR 213 thousand (increase), retained earnings by EUR 8,049 thousand (decrease) and the allowances for the loans receivables from the participat-

ing interest by EUR 8,483 thousand (increase). The adjustment did not have any impact on the 2018 result of the Company.

2019

A participating legal Company is under Dutch law a participation which exercises significant influence over the operating and financial policies (hereinafter: participation), valued using the equity method. This method means that the carrying amount of the investment is increased or decreased by the share in the results and changes in equity of the associate, less the dividend from the participation. The carrying amount, the share in the results and changes in equity are determined according to the principles of the holding.

Therefore the direct changes in equity in the participations of PE NV are included in the standalone financial statements of the Company.

The direct equity movements of the subsidiaries of PE NV consist of:

1) Revaluation of assets valued at fair value in the participations (decrease of value of assets)
2) Foreign currency translation differences in the participations
3) Effective portion of hedging derivatives in the participations

The Company, with statutory seat in Amsterdam, is the holding company and has the following financial interests:

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Full Cons.	-
2	Photon Directors B.V.	100%	NL	Full Cons.	PENV
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5	Photon Remediation Technology N.V.	100%	NL	Full Cons.	KORADOL
6	Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
7	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AUS	Equity	PENV
8	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AUS	Full Cons.	PENV
9	Photon Energy AUS SPV 2 Pty. Ltd.	100%	AUS	Full Cons.	PENV
10	Photon Energy AUS SPV 3 Pty. Ltd.	100%	AUS	Full Cons.	PENV
11	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AUS	Full Cons.	PENV
12	Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AUS	Equity	PENV
13	Photon Energy AUS SPV 6 Pty. Ltd.	51%	AUS	Equity	PENV
14	Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AUS	Equity	PENV
15	Photon Energy Operations Australia Pty.Ltd.	100%	AUS	Full Cons.	PEONV
16	Photon Energy Engineering Australia Pty Ltd	100%	AUS	Full Cons.	PEEBV
17	Global Investment Protection AG (GIP)	100%	CH	Full Cons.	PENV
18	ALFEMO AG (ALFEMO)	100%	CH	Full Cons.	PENV
19	KORADOL AG (KORADOL)	100%	CH	Full Cons.	PENV
20	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
21	Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	PENV
22	Photon SPV 11 s.r.o.	100%	CZ	Full Cons.	KORADOL
23	Photon Energy Operations CZ s.r.o. (PEOCZ)[1]	100%	CZ	Full Cons.	PEONV
24	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
25	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
26	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
27	Photon Remediation Technology Europe s.r.o.	100%	CZ	Full Cons.	PE NV
28	Photon Energy Solutions s.r.o.	100%	CZ	Full Cons.	PENV
29	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
30	Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
31	The Special One s.r.o.	100%	CZ	Full Cons.	PENV
32	Photon Energy Technology EU GmbH	100%	DE	Full Cons.	PENV
33	Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
34	Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
35	EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
36	EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
37	Fotonika s.r.o.	100%	SK	Full Cons.	PENV
38	Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
39	Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
40	Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
41	Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
42	Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
43	SUN4ENERGY ZVB s.r.o.	100%	SK	Full Cons.	PENV
44	SUN4ENERGY ZVC s.r.o.	100%	SK	Full Cons.	PENV
45	ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV

	Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
46	Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
47	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	ALFEMO
48	Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	ALFEMO
49	Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
50	Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
51	Future Solar Energy Kft	100%	HU	Full Cons.	ALFEMO
52	Montagem Befektetési Kft.	100%	HU	Full Cons.	ALFEMO
53	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	ALFEMO
54	Energy499 Invest Kft.	100%	HU	Full Cons.	ALFEMO
55	SunCollector Kft.	100%	HU	Full Cons.	ALFEMO
56	Green-symbol Invest Kft.	100%	HU	Full Cons.	ALFEMO
57	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Full Cons.	ALFEMO
58	Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
59	Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
60	Öreghal Kft.	100%	HU	Full Cons.	ALFEMO
61	European Sport Contact Kft.	100%	HU	Full Cons.	ALFEMO
62	ALFEMO Alpha Kft.	100%	HU	Full Cons.	ALFEMO
63	ALFEMO Beta Kft.	100%	HU	Full Cons.	ALFEMO
64	ALFEMO Gamma Kft.	100%	HU	Full Cons.	ALFEMO
65	Archway Solar Kft.	100%	HU	Full Cons.	PENV
66	Barbican Solar Kft.	100%	HU	Full Cons.	ALFEMO
67	Belsize Solar Kft.	100%	HU	Full Cons.	ALFEMO
68	Blackhorse Solar Kft.	100%	HU	Full Cons.	ALFEMO
69	Caledonian Solar Kft	100%	HU	Full Cons.	ALFEMO
70	Camden Solar Kft	100%	HU	Full Cons.	ALFEMO
71	Hampstead Solar Kft.	100%	HU	Full Cons.	ALFEMO
72	Ráció Master Oktatási	100%	HU	Full Cons.	ALFEMO
73	P&P Solar Immo Kft.	33,52%	HU	Equity	ALFEMO
74	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
75	MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Full Cons.	ALFEMO
76	PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Full Cons.	ALFEMO
77	Optisolar Kft.	100%	HU	Full Cons.	ALFEMO
78	Ladány Solar Alpha Kft.	100%	HU	Full Cons.	PEP
79	Ladány Solar Beta Kft.	100%	HU	Full Cons.	PEP
80	Ladány Solar Gamma Kft.	100%	HU	Full Cons.	PEP
81	Ladány Solar Delta Kft.	100%	HU	Full Cons.	PEP
82	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
83	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Full Cons.	ALFEMO
84	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
85	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
86	VENTITERRA ALFA Kft.	100%	HU	Full Cons.	ALFEMO
87	VENTITERRA BETA Kft.	100%	HU	Full Cons.	ALFEMO
88	EKTALION INVESTMENTS S.A.	100%	PL	Full Cons.	PE NV
89	Photon Energy Peru S.C.A.	99%	PE	Full Cons.	GIP
90	PE SOLAR TECHNOLOGY LTD.	100%	UK	Full Cons.	PENV

CZ = Czech Republic, SK = Slovak Republic, NL = Netherlands, CH = Switzerland, AUS = Australia, HU=Hungary

The company booked an allowance for the subsidiaries with negative equity in the amount of EUR 6,401 thousand against the outstanding loan receivables from those entities.

The total amount invested into capital contributions (by capitalization of entity's receivables from subsidiaries or issuance of a new share via retained earnings) to subsidiaries in 2019 amounted to EUR 0 thousand (2018: EUR 1,267 thousand). In 2019, a correction of the opening balance of the financial investment of EUR 213 thousand was done.

Increase of value resulting from the revaluation of subsidiaries amounted to EUR 11 thousand. Total result from participations resulted in profit of EUR 4,533 thousand. Other movement in the subsidiaries 387 amounted to EUR. During 2019, Company sold subsidiaries with the total value of EUR 30,622 EUR.

2019 developments

During 2019, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- PE SOLAR TECHNOLOGY LTD
- Ventiterra Alfa Környezetgazdálkodási és Szolgáltató Kft.
- Ventiterra Beta Környezetgazdálkodási és Szolgáltató Kft.

During 2018, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Archway Solar Kft.
- Barbican Solar Kft.
- Belsize Solar Kft.
- Blackhorse Solar Kft.
- Caledonian Solar Kft
- Camden Solar Kft
- Hampstead Solar Kft.

9.2 Acquisitions of subsidiaries

During 2019, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Aligoté Kereskedelmi és Szolgáltató Kft.Barbican Solar Kft.
- MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.
- PROMA Mátra Ingatlanfejlesztési Kft..
- Optisolar Kft.
- Ladány Solar Alpha Kft.
- Ladány Solar Beta Kft..
- Ladány Solar Gamma Kft.
- Ladány Solar Delta Kft.
- ÉGÉSPART Energiatermelő és Szolgáltató Kft
- ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kft
- ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft
- Ventiterra Környezetgazdálkodási és Szolgáltató Kft.
- Ektalion Investments S.A.

The total consideration paid for the acquiring of the Hungarian entities' shares equaled to EUR 2,022 thousands. Detail of the acquired entities as follows:

In thousand of EUR	
Long-term assets	8,583
Current assets	232
Cash	143
Short-term liabilities	7,451
Resources	145
L-T liabilities	1,162

The above mentioned entities incurred a profit of EUR 8 thousands.

2018 developments

During 2018, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- Archway Solar Kft.
- Barbican Solar Kft.
- Belsize Solar Kft.
- Blackhorse Solar Kft.
- Caledonian Solar Kft
- Camden Solar Kft
- Hampstead Solar Kft.

During 2018, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- Future Solar Energy Kft
- Montagem Befektetési Kft
- Solarkit Befektetesi Kft.
- Energy499 Invest Kft.
- SunCollector Kft.
- Green-symbol Invest Kft.
- Ekopanel Befektetési és Szolgaltató Kft.
- Onyx-sun Kft.
- Tataimmo Kft
- Öreghal Kft.
- European Sport Contact Kft.
- Ráció Master Kft.
- P&P Solar Immo Kft.
- ALFEMO Alpha Kft..
- ALFEMO Beta Kft.
- ALFEMO Gamma Kft.
- Photon Energy Peru S.C.A.

The following SPVs were renamed during 2018:

- Photon Energy AUS SPV 5 was renamed to SUNTOP Stage 2 Solar Farm Pty Ltd.
- Photon Energy Generation Pty Ltd was renamed to GUNNING SOLAR FARM Pty Ltd.
- Photon Energy AUS SPV 7 Pty Ltd was renamed to GUNNEDAH SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 8 Pty Ltd was renamed to SUN-TOP SOLAR FARM Pty Ltd
- Photon Energy AUS SPV 10 Pty Ltd was renamed to MARYVALE SOLAR FARM Pty Ltd

In January 2018, the Group has signed an agreement for the joint development of five of its utility scale solar projects with a total capacity of 1.14 GWp in New South Wales, Australia with Canadian Solar. Photon Energy's utility scale solar project pipeline, the largest pipeline in Australia, includes the 316 MWp project in Gunning as well as four projects co-developed with a local partner, namely the 178 MWp project in Mumbil, the 165 MWp project in Gunnedah, the 286 MWp project in Suntop and the 196 MWp project in Maryvale, all of which will be further codeveloped with Canadian Solar. Canadian Solar has acquired a 51% shareholding in all five project companies. Post-transaction, Photon Energy NV retains a 49% stake in the Gunning project and 24.99% stakes in the four other projects.

35. Loans

In thousand of EUR	31 December 2019	31 December 2018
Loans provided	42,043	8,042
	42,043	**8,042**

Movement schedule for loans allowances:

In thousand of EUR	
Closing balance 31 December 2018	7,663
Restatement	8,483
Restated balance 31 December 2018	16,146
Allowance booked in 2019	6,401
Closing balance 31 December 2019	22,546

During 2019, Company performed restatement of the 2018 value of the participating interest. This was due to not proper recording of the net assets value of the loss-making participating interest. The correction of the wrongly booked values impacted of the value of the participating interest by EUR 213 thousand (increase), retained earnings by EUR 8,049 thousand (decrease) and the allowances for the loans receivables from the participating interest by EUR 8,483 thousand (increase). The adjustment did not have any impact on the 2018 result of the Company.

The balance of loans provided consists of the loans provided primarily to the companies within the Group and its increase is caused by provision of new funds during the year to the subsidiaries. Interest charged by PENV to its subsidiaries is 3% and the loans have a short-term character. Allowances for loans receivables were booked for the entities with a negative equity.

36. Current assets

In thousand of EUR	31 December 2019	31 December 2018
Trade and other receivables	9,336	10,834
Cash	5,831	5,143
	15,167	**15,977**

37. Shareholders' equity

37.1 Reconciliation of movement in capital and reserves

In thousand of EUR	Issued share capital	Share premium	Currency translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Unappropri-ated result	Total equity
Balance at 1 January 2018	**600**	**36,871**	**1,155**	**110**	**16,049**	**-25,309**	**-788**	**28,689**
Revaluation of assets in participating interest	-	-	-	-	-405	-	-	-405
Foreign currency translation differences in participating interest	-	-	-458	-	-	-	-	-458
Transfer to retained earnings	-	-	-	-	-	-788	788	0
Release of provision to financial investments	-	-	-	-	-	-	-	-
Derivatives				113				113
Correction of RE previous period	-	-	-	-	-	22	-	22
Capital increase of the subsidiaries	-	-	-	-	-	1,267	-	1,267
Actual result	-	-	-	-	-	-	8,417	8,417
Balance at 31 December 2018	**600**	**36,871**	**698**	**223**	**15,644**	**-24,808**	**8,417**	**37,645**
Restatement	-	-	-	-	-	-8,049	-	-8,049
Restated balance at 31 December 2018	**600**	**36,871**	**698**	**223**	**15,644**	**-32,857**	**8,417**	**29,596**
Balance at 1 January 2019	**600**	**36,871**	**698**	**223**	**15,644**	**-32,857**	**8,417**	**29,596**
Foreign currency translation differences in participating interest	-	-	231	-	-	-	-	231
Transfer to retained earnings	-	-	-	-	-	8,417	-8,417	-
Release of provision to financial investments	-	-	-	-	-	-	-	-
Derivatives				10				10
Other movements	-	-	-	-	-	372	-	372
Actual result	-	-	-	-	-	-	7,526	7,526
Balance at 31 December 2019	**600**	**36,871**	**929**	**233**	**15,644**	**-24,069**	**7,526**	**37,735**

37.2 Share capital and share premium

Ordinary shares

The Company's share capital is EUR 600,000 divided into 60,000,000 shares with a nominal value of EUR 0.01 each. The share capital is fully paid-up. Each of the 60,000,000 shares represent one vote at the General Meeting.

The holders of ordinary shares (except of Treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

Reserves

Reserves of the Company consist of the revaluation reserve, the currency translation reserve and the hedging reserve.

The revaluation reserve arises on the revaluation of photovoltaic power plant owned by the participation(s) and it amounted to EUR 15,644 thousand as of 31 December 2019 (31 December 2018: EUR 15,644 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to a profit EUR 929 thousand as of 31 December 2019 (31 December 2018: EUR 698 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to a profit of EUR 233 thousand in 2019 (2018: EUR 223 thousand).

Unappropriated result

To the General Meeting of Shareholders the following appropriation of the result 2019 will be proposed: the profit of EUR 7,526 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

Movement schedule of retained earnings:

In thousand of EUR	
Closing balance 31 December 2018	-24,808
Restatement	-8,049
Restated balance 31 December 2018	-32,857
Movements in 2019	8,789
Closing balance 31 December 2019	-24,069

During 2019, Company performed restatement of the 2018 value of the participating interest. This was due to not proper recording of the net assets value of the loss-making participating interest. The correction of the wrongly booked values impacted of the value of the participating interest by EUR 213 thousand (increase), retained earnings by EUR 8,049 thousand (decrease) and the allowances for the loans receivables from the participating interest by EUR 8,483 thousand (increase). The adjustment did not have any impact on the 2018 result of the Company.

Reconciliation of consolidated group equity with company equity

In thousand of EUR	31 December 2019	31 December 2018
Group equity	**37,843**	**29,779**
Non-attributable losses of financial interest	-25	-143
Difference in results	0	0
Minority interest of third parties in subsidiary:		
Non-controlling interest	-83	-40
Shareholders' equity (company)	**37,735**	**29,596**

Group result	**-683**	**530**
Income from subsidiaries	8,252	7,907
Minority interest of third parties in result:		
Non-controlling interest	-43	-20
Net result (company)	**7,526**	**8,417**

38. Long-term liabilities

In thousand of EUR	31 December 2019	31 December 2018
Loans	2,128	1,933
Other long-term liabilities	39,266	31,692
	41,394	**33,625**

Long-term loan was provided by a group entity (EUR 2,128 thousand). Other long-term liabilities include a EUR bond issued in 2017 (EUR 37,500 thousand) and a CZK bond issued in December 2016 (EUR 1,766 thousand).

39. Current liabilities

In thousand of EUR	31 December 2019	31 December 2018
Loans	3,016	3,481
Trade payables	157	86
Accruals and deferred income	431	580
Other payables	138	1,094
	3,742	**5,241**

All loans included in the above table are provided by the subsidiaries of the entity.

Remaining other payables consisted of Company's liabilities from VAT, liabilities towards employees, advances or resulting from the cash transfers within the Group.

40. Financial instruments

40.1 General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital also apply to the company financial statements of Photon Energy N.V.

No derivative financial instruments are being used at parent company level.

40.2 Fair value

The fair value of the financial instruments stated on the balance sheet, including cash at bank and in hand and current liabilities, is close to the carrying amount.

41. Share in results from participating interests

An amount of EUR 4,533 thousand (profit) of share in results from participating interests relates to group companies (2018: profit of EUR 5,480 thousand).

42. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company in 2019:

2019:

In thousand of EUR	**Grant Thornton Accountants en Adviseurs B.V.**	**Other Grant Thornton member firms and affiliates**	**Total**
Statutory audit of annual accounts	33	-	33
	33	**-**	**33**

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2018 have been charged by Grant Thornton Accountants en Adviseurs B.V. to the Company:

2018:

In thousand of EUR	**Grant Thornton Accountants en Adviseurs B.V.**	**Other Grant Thornton member firms and affiliates**	**Total**
Statutory audit of annual accounts	33	-	33
	33	**-**	**33**

43. Related parties

43.1 Transactions with key management personnel

Key management personnel compensation

Key management personnel did not obtain any compensation for their activity for PE NV in 2019.

Key management personnel and director

The directors of the Company control 86.57% of the voting shares of the Company. The Directors hold positions in other group entities that result in having control or significant influence over the financial or operating policies of these entities.

Emoluments of directors and supervisory directors

No emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code were charged in the financial period to the Company.

Amsterdam, 15 April 2020

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

--this document is signed digitally--

Other information

Other information

I. Provisions in the Articles of Association governing the appropriation of profit

According to article 20 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity are greater than the paid-up and called-up part of the capital plus the legally required reserves.

II. Subsidiaries

The Company has subsidiaries in the Czech Republic, Slovak Republic, Germany, Hungary, Switzerland, Netherlands and Australia. For the list of all subsidiaries refer to the Note 30 of the Consolidated financial statements.

III. Independent auditor's report

The independent auditor's report is set forth on the next pages.

To: the General Meeting of Shareholders of
Photon Energy N.V.

Grant Thornton
Accountants en Adviseurs B.V.
Flemingweg 10
P.O. Box 2259
2400 CG Alphen aan den Rijn
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INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements

Audit Opinion

We have audited the accompanying financial statements for the year ended December 31, 2019 of Photon Energy N.V., based in Amsterdam, as set out on pages 58 to 138. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2019, and of its result and its cash flows for the year ended December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Photon Energy N.V. as at December 31, 2019, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at December 31, 2019;

2 the following statements for the year ended December 31, 2019:
the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at December 31, 2019;

2 the company profit and loss account for the year ended December 31, 2019 ; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Photon Energy N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information, that consists of:

- the Director's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management

determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements .

Our Responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- Obtaining 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 company's internal control;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding 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 company'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

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 a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 findings in internal control that we identify during our audit.

Amsterdam, 15 April 2020

Grant Thornton Accountants en Adviseurs B.V.

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