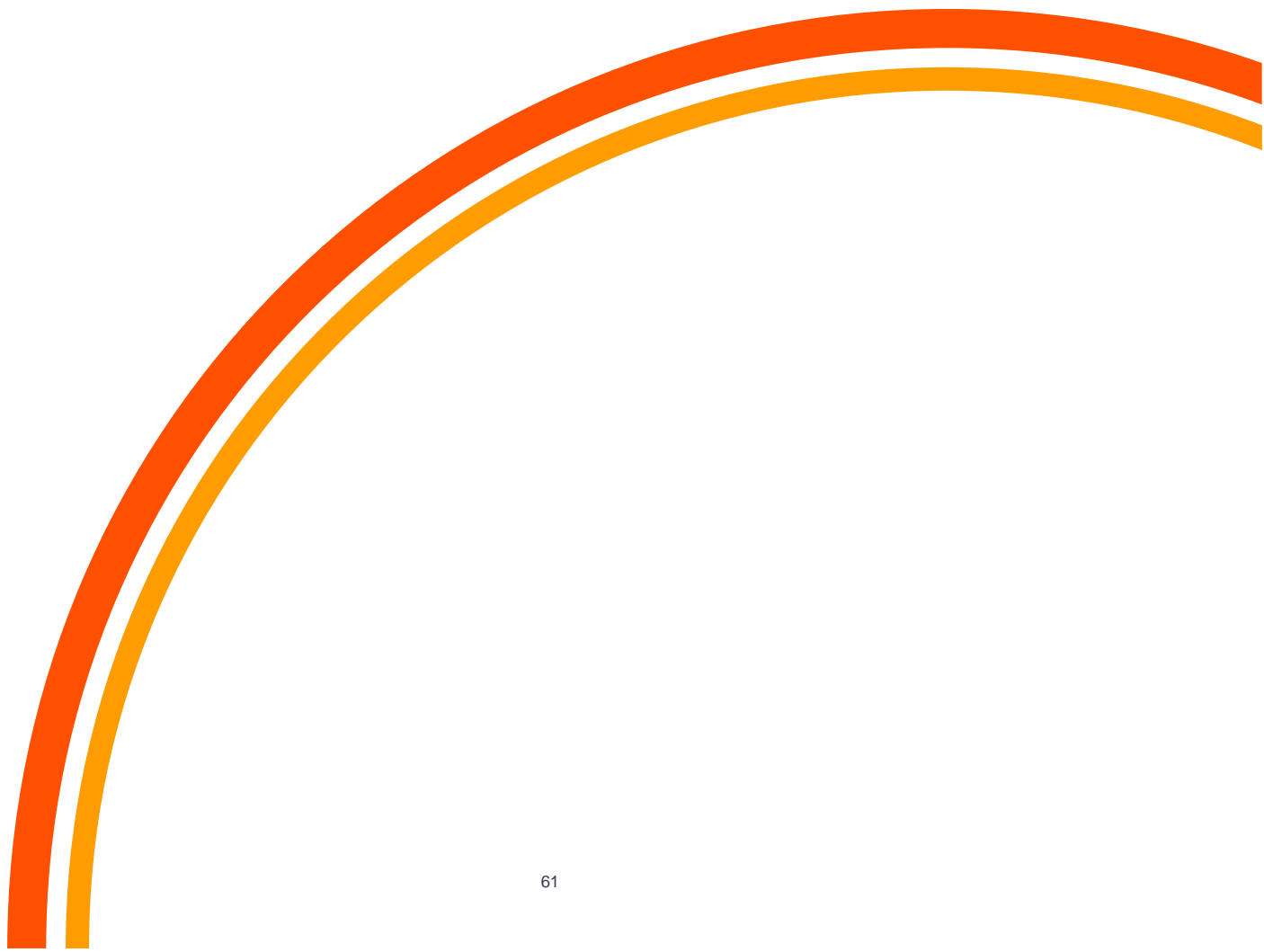


**Photon Energy N.V.**

# **Financial Statements**

For the Year Ended 31 December 2020



## Table of Contents

<b>Photon Energy N.V. Consolidated Financial Statements For the Year Ended 31 December 2020</b>	<b>64</b>	<b>4.6 Intangible Assets</b>	<b>77</b>
<b>Consolidated Statement of Comprehensive Income for the Year Ended 31 December</b>	<b>65</b>	<b>4.7 Impairment</b>	<b>77</b>
<b>Consolidated Statement of Financial Position as of 31 December</b>	<b>66</b>	<b>4.8 Inventories</b>	<b>77</b>
<b>Consolidated Statement of Changes in Equity for the Year Ended 31 December</b>	<b>67</b>	<b>4.9 Provisions</b>	<b>77</b>
<b>Consolidated Statement of Cash Flows for the Year Ended 31 December</b>	<b>68</b>	4.9.1 Warranties	77
<b>Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020</b>	<b>69</b>	<b>4.10 Lease Liabilities</b>	<b>77</b>
<b>1. Reporting Entity</b>	<b>70</b>	<b>4.11 Revenue Recognition</b>	<b>78</b>
<b>2. Basis of Preparation</b>	<b>70</b>	4.11.1 Revenue from Electricity Generation	78
<b>2.1 Statement of Compliance</b>	<b>70</b>	4.11.2 Revenue from Sale of Goods	78
<b>2.2 Basis of Measurement</b>	<b>70</b>	4.11.3 Revenues from Sale of Services	78
<b>2.3 Functional Currency</b>	<b>70</b>	4.11.4 Revenue from Engineering, Procurement and Construction (EPC)	78
<b>2.4 Use of Estimates and Judgments</b>	<b>70</b>	<b>4.12 Finance Income and Financial Expenses</b>	<b>79</b>
2.4.1 Consolidation of Special Purpose Entities	70	<b>4.13 Employee Benefits</b>	<b>79</b>
2.4.2 Recognition of Deferred Tax Asset	71	<b>4.14 Government Grants</b>	<b>79</b>
2.4.3. Recognition of Revenues from Contracts with Customers	71	<b>4.15 Income Tax</b>	<b>79</b>
2.4.4. ECL Measurement	71	<b>4.16 Earnings Per Share</b>	<b>79</b>
<b>3. Application of New and Revised EU IFRSs</b>	<b>71</b>	<b>4.17 Segment Reporting</b>	<b>80</b>
<b>3.1 New and Revised EU IFRSs Affecting Amounts Reported in the Current Year (and/or Prior Years)</b>	<b>71</b>	<b>4.18 Changes in Presentation of Financial Information</b>	<b>80</b>
<b>3.2 New Accounting Pronouncements</b>	<b>71</b>	<b>5. Determination of Fair Values</b>	<b>85</b>
<b>4. Significant Accounting Policies</b>	<b>74</b>	<b>5.1 Property, Plant and Equipment</b>	<b>85</b>
<b>4.1 Basis of Consolidation</b>	<b>74</b>	<b>5.2 Inventories</b>	<b>85</b>
4.1.1 Business Combinations	74	<b>5.3 Financial Instruments – Other Financial Assets and Derivatives</b>	<b>86</b>
4.1.2 Subsidiaries	74	<b>6. Financial Risk Management</b>	<b>86</b>
4.1.3 Loss of Control	74	<b>6.1 Risk Management Framework</b>	<b>86</b>
4.1.4 Investments in Associates and Jointly Controlled Entities (Equity-accounted Investees)	74	<b>6.2 Sovereign Risk</b>	<b>86</b>
4.1.5 Transactions Eliminated on Consolidation	74	<b>6.3 Operational Risk</b>	<b>86</b>
<b>4.2 Foreign Currency</b>	<b>74</b>	<b>6.4 Currency Risk</b>	<b>86</b>
4.2.1 Foreign Currency Transactions	74	<b>6.5 Credit Risk</b>	<b>86</b>
4.2.2 Foreign Operations	74	<b>6.6 Liquidity Risk</b>	<b>87</b>
4.2.3 Cash and Cash Equivalents/Liquid Assets	75	<b>6.7 Interest Risk</b>	<b>87</b>
4.2.4 Borrowing Costs	75	<b>6.8 COVID-19 Risk</b>	<b>87</b>
<b>4.3 Financial Instruments</b>	<b>75</b>	<b>7. Operating Segments</b>	<b>88</b>
4.3.1 Non-derivative Financial Assets	75	<b>8. Acquisitions of Subsidiary and Non-controlling Interests; Financial Information for the Joint Ventures</b>	<b>91</b>
4.3.2 Non-derivative Financial Liabilities	75	<b>8.1 Establishment of New Subsidiaries</b>	<b>91</b>
4.3.3 Derivative Financial Instruments	76	<b>8.2 Acquisitions of Subsidiaries</b>	<b>91</b>
4.3.4 Cash Flow Hedges that Qualify for Hedge Accounting	76	<b>8.3 Financial Information for the Joint Ventures</b>	<b>92</b>
4.3.5 Share Capital	76	<b>9. Revenue</b>	<b>94</b>
<b>4.4 Property, Plant and Equipment</b>	<b>76</b>	<b>10. Other Income</b>	<b>95</b>
4.4.1 Recognition and Measurement	76	<b>11. Raw Materials and Consumables Used</b>	<b>96</b>
4.4.2 Depreciation	77	<b>12. Solar Levy</b>	<b>96</b>
<b>4.5 Right-of-use Assets</b>	<b>77</b>	<b>13. Personnel Expenses</b>	<b>96</b>
		<b>14. Other Expenses</b>	<b>97</b>
		<b>15. Impairment Charges</b>	<b>97</b>
		<b>16. Financial Income and Financial Expense</b>	<b>98</b>
		<b>17. Income Tax Expense</b>	<b>98</b>
		<b>17.1 Income Tax Recognized in Profit or Loss</b>	<b>98</b>

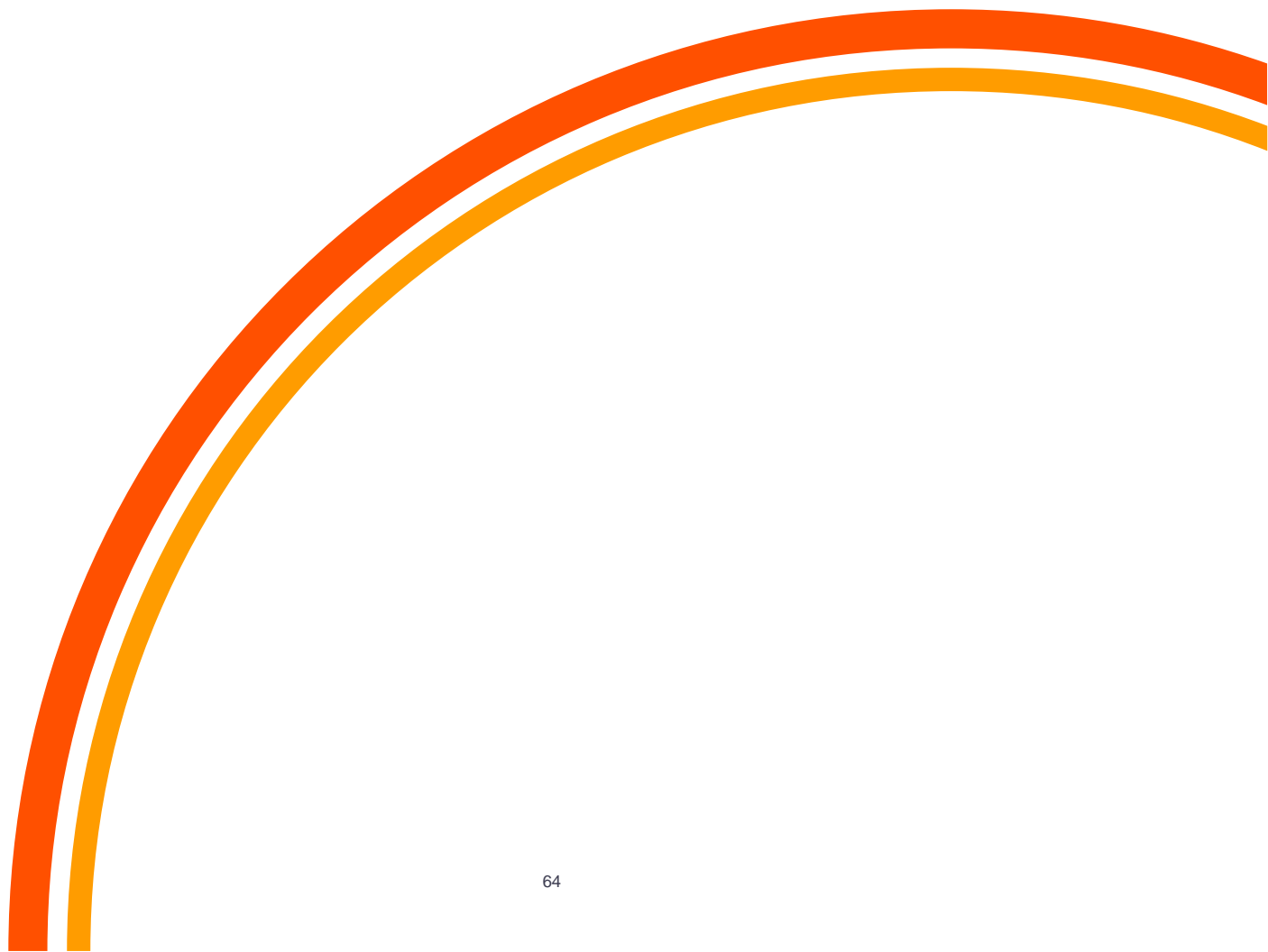
<b>17.2 Reconciliation of Effective Tax Rate</b>	<b>98</b>	<b>39. Contingent Assets and Liabilities, Commitments</b>	<b>125</b>
18. Property, Plant and Equipment	99	40. Subsequent Events	125
19. Right-of-use Assets and Lease Liabilities	101	Standalone Financial Statements For the Year Ended 31 December 2020	126
20. Intangible Assets	102	<b>Company Balance Sheet as of 31 December 2020</b>	<b>127</b>
21. Other Financial Investments	102	<b>Company Income Statement for the Financial Year Ended 31 December 2020</b>	<b>128</b>
22. Deferred Tax Assets and Liabilities	103	Notes to the Company Financial Statements For the Year Ended 31 December 2020	129
23. Inventories	104	41. Accounting Information and Policies	130
24. Trade and Other Receivables, Loans to Related Parties and Prepayments	104	<b>41.1 Basis of Preparation</b>	<b>130</b>
25. Assets and Liabilities Arising from Contracts with Customers	105	<b>41.2 Financial Fixed Assets</b>	<b>130</b>
26. Liquid Assets	106	<b>41.3 Changes in Presentation of Financial Information</b>	<b>130</b>
27. Capital and Reserves	106	42. Financial Fixed Assets	133
28. Earnings Per Share	109	<b>Acquisitions of Subsidiaries</b>	<b>136</b>
29. Loans and Borrowings	110	43. Accounts Receivable from Group Companies	137
30. Provisions	112	44. Current Assets	138
31. Trade and Other Payables	112	45. Shareholders' Equity	139
32. Current Tax Liability	113	<b>45.1 Reconciliation of Movement in Capital and Reserves</b>	<b>139</b>
33. Derivative Financial Instruments	113	<b>45.2 Share Capital and Share Premium</b>	<b>140</b>
34. Financial Risk Management	113	46. Long-Term Debt	141
<b>34.1 Liquidity Risk</b>	<b>113</b>	47. Current Liabilities	142
<b>34.2 Credit Risk</b>	<b>114</b>	48. Financial Instruments	142
<b>34.3 Interest Rate Risk</b>	<b>114</b>	<b>48.1 General</b>	<b>142</b>
<b>34.5 Currency Risk</b>	<b>115</b>	<b>48.2 Fair Value</b>	<b>142</b>
35. Fair Value Disclosures	116	49. Share in Results from Participating Interests	143
<b>35.1 Recurring Fair Value Measurements</b>	<b>116</b>	50. Employee Benefits and Information	143
<b>35.2 Assets and Liabilities Not Measured at Fair Value but for Which Fair Value is Disclosed</b>	<b>118</b>	51. Fees of the Auditor	143
36. Presentation of Financial Instruments by Measurement Category	119	52. Related Parties	144
37. Related Parties	120	<b>52.1 Transactions with Key Management Personnel</b>	<b>144</b>
38. Group Entities	121		

# **Photon Energy N.V.**

## **Consolidated**

### **Financial Statements**

For the Year Ended 31 December 2020



## Consolidated Statement of Comprehensive Income for the Year Ended 31 December

<i>In thousands of EUR</i>	Note	2020	2019 Restated
Revenue	9	28,258	30,154
Other income	10	384	209
Raw materials and consumables used	11	-4,642	-9,764
Solar levy	12	-874	-892
Personnel expenses	13	-5,831	-4,630
Other expenses	14	-8,855	-7,134
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>		<b>8,440</b>	<b>7,943</b>
Depreciation	18,19,20	-8,311	-6,795
Impairment charges	15	-359	-95
Gain (loss) on disposal of investments	8.3	0	4,326
Share of profit equity-accounted investments (net of tax)	8.3	88	2
<b>Results from operating activities (EBIT)</b>		<b>-142</b>	<b>5,381</b>
Financial income	16	123	227
Financial expenses	16	-6,031	-4,650
Revaluation of derivatives	16	-478	30
<b>Profit/loss before taxation (EBT)</b>		<b>-6,528</b>	<b>988</b>
Income tax due/deferred	17	-2,165	-1,714
<b>Profit/loss from continuing operations</b>		<b>-8,693</b>	<b>-726</b>
<b>Profit/loss</b>		<b>-8,693</b>	<b>-726</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation of property, plant and equipment	18,27	14,424	8,549
<b>Items that will be reclassified subsequently to profit or loss</b>			
Foreign currency translation difference - foreign operations	27	-3,509	231
Derivatives (hedging)	27,33	-115	10
<b>Items that will be reclassified subsequently to profit or loss – related to JV</b>			
Derivatives (hedging)	27,33	-23	-
<b>Other comprehensive income</b>		<b>10,777</b>	<b>8,790</b>
<b>Total comprehensive income</b>		<b>2,084</b>	<b>8,064</b>
<b>Profit/loss attributable to:</b>			
Attributable to the owners of the company		-8,654	-683
Attributable to non-controlling interest		-39	-43
<b>Profit/loss for the year</b>		<b>-8,693</b>	<b>-726</b>
<b>Total comprehensive income attributable to:</b>			
Attributable to the owners of the company		2,122	8,107
Attributable to non-controlling interest		-38	-43
<b>Total comprehensive income</b>		<b>2,084</b>	<b>8,064</b>
<b>Earnings per share</b>			
Earnings per share (basic) (in EUR)	28	-0.167	-0.013
Earnings per share (diluted) (in EUR)	28	-0.145	-0.011
Total comprehensive income per share (in EUR)	28	0.035	0.135

The notes on pages 70 to 125 are an integral part of these financial statements.

## Consolidated Statement of Financial Position as of 31 December

<i>In thousands of EUR</i>	Note	31 December 2020	31 December 2019 Restated	1 January 2019 Restated
<b>Assets</b>				
Intangible assets	20	1,260	923	457
Property, plant and equipment	18	126,330	102,009	79,295
Right of use- leased assets	19	2,274	2,531	1,728
Investments in equity-accounted investees	8.3	2,641	2,666	3,179
Other receivables - non-current	24	506	525	531
Other non-current financial assets	21	2,042	0	20
<b>Non-current assets</b>		<b>135,053</b>	<b>108,654</b>	<b>85,210</b>
Inventories	23	1,010	1,213	1,148
Contract asset	25	1,025	321	130
Trade receivables	24	4,662	5,230	2,848
Other receivables	24	1,467	5,201	4,385
Loans to related parties	24,37	1,137	1,027	840
Prepaid expenses	24	260	268	162
Liquid assets	26	14,290	15,104	12,340
<i>Cash and cash equivalents</i>		9,893	12,406	8,937
<i>Liquid assets with restriction on disposition</i>		4,109	2,698	3,403
<i>Precious metals</i>		288	0	0
<b>Current assets</b>		<b>23,851</b>	<b>28,364</b>	<b>21,853</b>
<b>Total assets</b>		<b>158,904</b>	<b>137,018</b>	<b>107,063</b>
<b>Equity &amp; Liabilities</b>				
<b>Equity</b>				
	27			
Share capital		600	600	600
Share premium		23,946	23,760	23,760
Revaluation reserve		40,679	29,220	22,935
Statutory reserve fund		13	13	13
Hedging reserve		-325	-187	-197
Currency translation reserve		-2,579	930	698
Retained earnings		-22,138	-16,410	-17,991
Other capital funds	27	87	88	90
Treasury shares held	27	-87	-88	-90
<b>Equity attributable to owners of the Company</b>		<b>40,196</b>	<b>37,926</b>	<b>29,818</b>
Non-controlling interests		-121	-83	-40
<b>Total equity</b>		<b>40,075</b>	<b>37,843</b>	<b>29,778</b>
<b>Liabilities</b>				
Loans and borrowings	29	44,143	37,589	29,250
Issued bonds	29	46,739	38,823	31,082
Lease liability	19	1,936	2,251	1,467
Other non-current liabilities	29	401	273	335
Provisions	30	520	534	534
Deferred tax liabilities	22	9,885	7,369	6,308
<b>Non-current liabilities</b>		<b>103,624</b>	<b>86,839</b>	<b>68,976</b>
Loans and borrowings	29	6,008	3,731	3,686
Trade payables	31	3,669	3,484	1,166
Other payables	31	3,593	3,905	2,150
Contract liabilities	25	836	781	616
Lease liability	19	469	310	261
Current tax liabilities	17,32	630	125	430
<b>Current liabilities</b>		<b>15,205</b>	<b>12,336</b>	<b>8,309</b>
<b>Total liabilities</b>		<b>118,829</b>	<b>99,175</b>	<b>77,285</b>
<b>Total equity and liabilities</b>		<b>158,904</b>	<b>137,018</b>	<b>107,063</b>

The notes on pages 70 to 125 are an integral part of these financial statements.

## Consolidated Statement of Changes in Equity for the Year Ended 31 December

<i>In thousands of EUR</i>	Note	Share capital	Share premium	Statutory reserve fund	Revaluation reserve	Currency translation reserve	Hedging reserve	Other capital funds	Own treasury shares	Retained earnings	TOTAL	Non-controlling interests	TOTAL EQUITY
<b>BALANCE at 1.1.2019</b>		<b>600</b>	<b>23,760</b>	<b>13</b>	<b>22,935</b>	<b>698</b>	<b>223</b>	-	-	<b>-18,411</b>	<b>29,818</b>	<b>-40</b>	<b>29,778</b>
Restatement		-	-	-	-	-	-420	-	-	420	-	-	-
– recycling of revaluation reserve from matured derivatives to retained earning		-	-	-	-	-	-	90	-90	-	-	-	-
– recognition of own shares acquired		-	-	-	-	-	-	-	-	-	-	-	-
<b>Restated balance as at 1 January 2019</b>	4.18	<b>600</b>	<b>23,760</b>	<b>13</b>	<b>22,935</b>	<b>698</b>	<b>-197</b>	<b>90</b>	<b>-90</b>	<b>-17,991</b>	<b>29,818</b>	<b>-40</b>	<b>29,778</b>
<b>Profit/loss for the year</b>		-	-	-	-	-	-	-	-	<b>-683</b>	<b>-683</b>	<b>-43</b>	<b>-726</b>
Increase in revaluation of PPE	18	-	-	-	8,549	-	-	-	-	-	<b>8,549</b>	-	<b>8,549</b>
Foreign currency translation differences	27	-	-	-	-	232	-	-	-	-	<b>232</b>	-	<b>232</b>
Change in fair value of derivatives	33	-	-	-	-	-	10	-	-	-	<b>10</b>	-	<b>10</b>
<b>Total comprehensive income</b>		-	-	-	<b>8,549</b>	<b>232</b>	<b>10</b>	-	-	<b>-683</b>	<b>8,108</b>	<b>-43</b>	<b>8,065</b>
Recycled from revaluation reserve to retained earnings	27	-	-	-	-2,264	-	-	-	-	2,264	-	-	<b>0</b>
Transfer of own shares to employees/New shares placed with share premium	27	-	-	-	-	-	-	-2	2	-	-	-	<b>0</b>
<b>BALANCE at 31.12.2019 restated</b>	27	<b>600</b>	<b>23,760</b>	<b>13</b>	<b>29,220</b>	<b>930</b>	<b>-187</b>	<b>88</b>	<b>-88</b>	<b>-16,410</b>	<b>37,926</b>	<b>-83</b>	<b>37,843</b>
<b>Profit/loss for the year</b>		-	-	-	-	-	-	-	-	-8 693	<b>-8 693</b>	<b>-38</b>	<b>-8,731</b>
Increase in revaluation of PPE	18	-	-	-	14,424	-	-	-	-	-	<b>14,424</b>	-	<b>14,424</b>
Change in fair value of derivatives	33	-	-	-	-	-	-138	-	-	-	<b>-138</b>	-	<b>-138</b>
Foreign currency translation differences	27	-	-	-	-	-3,509	-	-	-	-	<b>-3,509</b>	-	<b>-3,509</b>
<b>Total comprehensive income</b>		-	-	-	<b>14,424</b>	<b>-3,509</b>	<b>-138</b>	-	-	<b>-8,693</b>	<b>2,084</b>	<b>-38</b>	<b>2,045</b>
Recycled from revaluation reserve to retained earnings	27	-	-	-	-2,965	-	-	-	-	2,965	<b>0</b>	-	<b>0</b>
Transfer of own shares to employees/New shares placed with share premium	27	-	<b>186</b>	-	-	-	-	-1	1	-	<b>186</b>	-	<b>186</b>
<b>BALANCE at 31.12.2020</b>	27	<b>600</b>	<b>23,946</b>	<b>13</b>	<b>40,679</b>	<b>-2,579</b>	<b>-325</b>	<b>87</b>	<b>-87</b>	<b>-22,138</b>	<b>40,196</b>	<b>-121</b>	<b>40,075</b>

The notes on pages 70 to 125 are an integral part of these financial statements.

## Consolidated Statement of Cash Flows for the Year Ended 31 December

<i>In thousands of EUR</i>	Note	2020	2019 restated
<b>Cash flows from operating activities</b>			
Loss/profit for the year before tax		-6,528	988
<b>Adjustments for:</b>			
Depreciation	<u>18</u>	8,311	6,795
Share of profit of equity-accounted investments	<u>8</u>	-88	-2
Loss on sale of property, plant and equipment	<u>18</u>	48	0
Other non-cash items		57	-168
Gain on disposal of financial investments	<u>8</u>	0	-4,326
Net finance costs	<u>16</u>	6,386	4,393
<b>Changes in:</b>			
Trade and other receivables	<u>24</u>	-1,062	-3,457
Precious metals		-288	-
Gross amount due from customers for contract work		-717	-1,870
Prepaid expenses	<u>24</u>	70	-52
Inventories	<u>23</u>	129	-63
Trade and other payables	<u>31</u>	-1,573	4,231
Other liabilities	<u>31</u>	816	-305
<b>Net cash from operating activities</b>		<b>5,561</b>	<b>6,164</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	<u>18</u>	-18,310	-17,543
Acquisition of subsidiaries, associates, JV	<u>8</u>	-6	-2,133
Acquisition of other investments	<u>21</u>	-1,855	-167
Proceeds from sale of investments	<u>8</u>	0	5,433
<b>Net cash used in investing activities</b>		<b>-20,171</b>	<b>-14,410</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		168	-
Proceeds from borrowings	<u>29</u>	16,579	20,996
Transfer to/from restricted cash account	<u>26</u>	-1,268	980
Repayment of borrowings	<u>29</u>	-5,312	-13,089
Repayment of principal element of lease liability	<u>29</u>	-325	-123
Proceeds from issuing bonds	<u>29</u>	7,684	7,584
Interest payments	<u>29</u>	-5,429	-4,633
<b>Net cash from financing activities</b>		<b>12,097</b>	<b>11,715</b>
<b>Net decrease/increase in cash and cash equivalents</b>		<b>-2,513</b>	<b>3,469</b>
<b>Cash and cash equivalents at 1 January</b>		<b>12,406</b>	<b>8,937</b>
<b>Cash and cash equivalents at 31 December</b>	<u>26</u>	<b>9,893</b>	<b>12,406</b>

The notes on pages 70 to 125 are an integral part of these financial statements.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

## 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 Strozilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in 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. In addition, the Group launched a new service line Water which offers comprehensive services in the fields of contaminated land and ground water remediation and water purification.

## 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 17 April 2021.

#### 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)
- ▶ Financial instruments, except for derivatives, FVPL and FVOCI financial investments, are measured at amortised costs
- ▶ Derivatives, FVPL and FVOCI financial investments are measured at fair value.

### 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 AUD for Australian subsidiaries ROM for Romanian entities and PLN for Polish entities. 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 judge-

ments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 or below:

- ▶ Note 5.1 – key assumptions used in discounted cash flow projections related to the valuation of the photovoltaic power plants
- ▶ Note 2.4.1. – Professional judgement used in assessment of control of investments as a basis for consolidation
- ▶ Note 2.4.2. – Recognition of deferred tax asset
- ▶ Note 2.4.3. – Recognition of revenues from constructions contracts
- ▶ Note 2.4.4. – ECL measurement

#### 2.4.1 Consolidation of Special Purpose Entities

The Group includes also special purpose entities (SPEs) where it does not have any direct or indirect shareholdings. These SPEs are 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.

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 38.

## 2.4.2 Recognition of Deferred Tax Asset

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. More information relating to not-recognised deferred tax assets are presented in Note 22.

## 2.4.3. Recognition of Revenues from Contracts with Customers

Revenues from contracts are recognised for engineering, procurement and construction (EPC) contracts either to internal or

external customers. The management estimates progress towards complete satisfaction of that performance obligation. 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. The Group regularly reviews and validates the methods that are used for the progress estimation.

## 2.4.4. ECL Measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 24. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

# 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)

### COVID-19-Related Rent Concessions Amendment to IFRS 16 Issued on 28 May 2020 and Effective for Annual Periods Beginning on or After 1 June 2020

The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group did not negotiate any significant rent concessions with lessors.

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- ▶ Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- ▶ Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- ▶ Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

## 3.2 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted.

### Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (Issued on 12 February 2021 and Effective for Annual Periods Beginning on or After 1 January 2023)

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The EU has not yet endorsed the amendment.

The Group is currently assessing the impact of the amendments on its financial statements.

### **Amendments to IAS 8: Definition of Accounting Estimates (Issued on 12 February 2021 and Effective for Annual Periods Beginning on or After 1 January 2023)**

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The EU has not yet endorsed the amendment.

The Group is currently assessing the impact of the amendments on its financial statements.

### **Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions Beyond 30 June 2021 (issued on 31 March 2021)**

The amendment extends the practical expedient for lessees to elect to account for rent concessions in the same way as they would if they were not lease modifications by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The EU has not yet endorsed the amendment. The Group is currently assessing the impact of the amendments on its financial statements. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

### **IFRS 17 'Insurance Contracts' (Issued on 18 May 2017 and Effective for Annual Periods Beginning on or After 1 January 2021)**

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. The Group considers this standard as not relevant to its business.

### **Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (Issued on 23 January 2020 and Effective for Annual Periods Beginning on or After 1 January 2022)**

These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached

only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

### **Classification of Liabilities as Current or Non-current, Deferral of Effective Date – Amendments to IAS 1 (Issued on 15 July 2020 and Effective for Annual Periods Beginning on or After 1 January 2023)**

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Group is currently assessing the impact of the amendments on its financial statements.

### **Proceeds Before Intended Use, Onerous Contracts – Cost of Fulfilling a Contract, Reference to the Conceptual Framework – Narrow Scope Amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Issued on 14 May 2020 and Effective for Annual Periods Beginning on or After 1 January 2022)**

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception speci-

fies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

#### **Amendments to IFRS 17 and an Amendment to IFRS 4 (Issued on 25 June 2020 and Effective for Annual Periods Beginning on or After 1 January 2023)**

The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The Group considers this standard as not relevant to its business.

#### **Interest Rate Benchmark (IBOR) Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Issued on 27 August 2020 and Effective for Annual Periods Beginning on or After 1 January 2021)**

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- ▶ Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.
- ▶ End date for Phase 1 relief for non-contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- ▶ Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- ▶ Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

The Group is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

## 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 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 other financial asset depending on the level of influence retained.

#### 4.1.4 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.

Share of profit equity-accounted investments (net of tax) is presented in Result from operating activities.

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.

#### 4.1.5 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 4.1.4) 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.

### 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 2020 and 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.

Loans between the Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between the Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or

loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

#### 4.2.3 Cash and Cash Equivalents/Liquid Assets

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost (AC) because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss (FVTPL).

Restricted balances are disclosed in the notes to cash and cash equivalents (note 26) for the purposes of the consolidated statement of cash flows. The debt service and project reserve accounts are excluded from cash and cash equivalents as they serve as collateral for the lending banks and can only be used with the approval of the lending banks.

Gold ingots purchased by the Group, are initially recognised at costs and subsequently measured at fair value through profit or loss.

#### 4.2.4 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 Impairment charges.

##### 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 nor FVOCI):

- ▶ 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) or/and at Fair Value Through Other Comprehensive Income ("FVOCI")

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as FVOCI. 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.

##### Financial Assets Impairment – Credit Loss Allowance for Expected Credit Loss (ECL)

Trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies simplified approach for impairment of trade receivables and contract assets.

##### Financial Assets – Write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

#### 4.3.2 Non-derivative Financial Liabilities

##### Classification and Initial Measurement of 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.

### Financial Liabilities – Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

#### 4.3.3 Derivative Financial Instruments

Derivative financial instruments, including interest rates swaps, are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives that do not meet the requirements for application of hedge accounting are included in profit or loss for the year.

#### 4.3.4 Cash Flow Hedges that Qualify for Hedge Accounting

The Group decided to apply hedge accounting in accordance with IFRS 9. The Group designates certain derivatives prospectively as either a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash-flow hedge). Hedge accounting is used for derivatives designated in this way, provided that certain criteria, including defining the hedging strategy and hedging relationship before hedge accounting is applied and ongoing documentation of the actual and expected effectiveness of the hedge, are met.

Changes in the fair value of derivatives that qualify as effective fair-value hedges are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

Changes in the fair value of derivatives that qualify as effective cash-flow hedges are recorded as revaluation reserve from assets and liabilities in equity and are transferred to the income statement and classified as an income or expense in the period during which the hedged item affects the income statement.

#### 4.3.5 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.

### Treasury Shares

Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from the equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

## 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 equipment          3–10 years

#### 4.5 Right-of-use Assets

The group leases land, various offices and vehicles. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease component based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis. Right of use assets are measured at cost comprising the following:

- ▶ the amount of the initial measurement of lease liability,
- ▶ any lease payments made at or before the commencement date less any lease incentives received,
- ▶ any initial direct costs, and
- ▶ cost to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

- ▶ Lands and easements          lease term, 15-35 years
- ▶ Cars                                  lease term, 5 years

#### 4.6 Intangible Assets

The Group's intangible assets have definite useful lives and primarily include capitalised computer software and patents.

Development costs that are directly associated with identifiable and unique software or patents controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives:

- ▶ Capitalised SW development costs      3 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

#### 4.7 Impairment

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.

#### 4.8 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.

#### 4.9 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.

##### 4.9.1 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.

#### 4.10 Lease Liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease

incentives receivable. There are no variable payments that are based on an index or a rate, no amounts expected to be payable by the Group under residual value guarantees nor purchase option for which the Group is reasonably certain to exercise that option.

Extension and termination options are included in a some property leases across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- ▶ where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- ▶ uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- ▶ makes adjustments specific to the lease, e.g. term, country, currency and collateral.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of EUR 4 thousand or less.

## 4.11 Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. The Group recognises revenues from the following activities:

- ▶ Revenue from electricity generation
- ▶ Revenue from engineering, procurement and construction (EPC)
- ▶ Revenue from sale of goods (solar panels, inverters and related technologies)
- ▶ Revenue from sale of services (e.g. maintenance, technical-administrative; installation)

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of discounts, value added taxes, export duties and similar mandatory payment.

### 4.11.1 Revenue from Electricity Generation

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 recognised only when the electricity is delivered to the distribution net in the volume reviewed and accepted by the distributors. No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with market practice.

Solar levy of 10% applied to electricity produced in the Czech Republic is presented separately in costs.

### 4.11.2 Revenue from Sale of Goods

Sales are recognised when the control over the goods has transferred 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 minor cases, the storage services, transportation, 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.

No element of financing is deemed present as the sales are made with credit terms of 30-60 days, which is consistent with market practice. In most cases, the Company requires advance payments (partial or 100%) for the sales of goods. Advances received are recognised as contract liability.

If the Group provides any additional services to the customer after contract over goods has passed, revenues from such services is considered to be separate performance obligation and is recognised over the time the service is rendered.

### 4.11.3 Revenues from Sale of Services

Revenues from sale of services (e.g. maintenance, technical-administrative; installation) are recognised on regular and recurring basis for a fixed fee agreed in the contract, additionally to this ad-hoc interventions are invoiced based on the actual usage of the on call service intervention. In this case, the 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 of 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. No element of financing is deemed present as the sales are made with credit terms of 30 days, which is consistent with market practice.

### 4.11.4 Revenue from Engineering, Procurement and Construction (EPC)

Construction services are provided based on engineering, procurement and construction (EPC) contracts either to internal or external customers. In the contract, milestones for invoicing are clearly defined. The EPC provider commits himself 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. EPC services represent one single performance obligation as EPC services are distinct to a customer and cannot be separated from each other.

Revenues from EPC are recognised over the time and include the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. In accordance with contract terms, the Group has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Group recognised revenue by measuring the progress towards complete satisfaction of that performance obligation using the input method. The Group is entitled to invoice the customers when defined milestones are achieved. The Group recognises contract assets for construction work delivered. Invoiced amount of contract assets is reclassified to trade receivable upon its invoicing. In case the payment for the milestones exceed the amount of costs recognised based on the input method, the Group recognises a contract liability. No significant financing component is deemed in EPC contracts, as the time period between revenue recognition based on input method and the milestone payment is always shorter than one year, in most cases with credit terms from 30 to 90 days.

#### 4.12 Finance Income and Financial Expenses

Financial income comprises interest income on loans. Interest income is recognized in profit or loss using the effective interest rate method.

Financial expenses 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 and recognised in profit and loss.

#### 4.13 Employee Benefits

Wages, salaries, contributions to the state pension and social insurance funds in the Czech Republic, Slovakia, Hungary, Poland, Netherlands, Switzerland and Australia, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. Beside the contributions to the statutory defined contribution schemes, there are no other obligations of the Group beyond these contributions.

The Group also provides an Employee Share Purchase program to some of its employees. Under this program, the employees receive an automatic monthly bonus of 10% to their gross salary and the difference between after-tax amounts of 100% and 110% of the base salary is used for the purchase of shares. Employees are not allowed to sell their shares acquired through the program as long as they are employees. The 10% bonus to the gross salary as well as related social and health contribution are recorded and expense in each respective period.

#### 4.14 Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss for the year as other income over the period necessary to match them with the costs that they are intended to compensate.

Compensations from government agencies related to revenue from fixed feed-in-tariffs, where applicable, are included in Revenue, as they represent part of the Group's core activity clearly linked to the model of PVP revenue from sales of electricity.

#### 4.15 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.

#### 4.16 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.

Diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the total 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.

Total diluted comprehensive income per share is calculated by dividing the total comprehensive by the total number of ordinary shares outstanding during the year.

#### 4.17 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. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. Reportable segments including information on how operating segments are aggregated are included in Note 7.

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 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.

#### 4.18 Changes in Presentation of Financial Information

During the year, the Group has corrected classification and presentation of several items within consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and consolidated cash flow statement. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

The third statement of financial position as of 1 January 2019 is presented in these consolidated financial statements as a result of the described changes in presentation

## 1) Adjustments impacting the equity:

The effect of restatement in consolidated statement of financial position was as follows on amounts at 1 January 2019:

Equity & Liabilities <i>In thousands of EUR</i>	1 January 2019 originally presented	Restatement/ Reclassification	1 January 2019 after reclassification	Note
Treasury shares reserve	0	90	90	Note 1
Treasury shares held	0	-90	-90	
Hedging reserve	233	-420	-187	Note 2
Retained earning	-16,830	420	-16,410	

The effect of restatement in consolidated statement of financial position was as follows on amounts at 31 December 2019:

Equity & Liabilities <i>In thousands of EUR</i>	31 December 2019 originally presented	Restatement/ Reclassification	31 December 2019 after reclassification	Note
Other capital funds	0	88	88	Note 1
Treasury shares held	0	-88	-88	

### Note 1 – Initial recognition of own shares acquired.

The Company did not fully account for own shares acquired in 2013 (see also Note 27). The Company obtained 10,000,000 existing shares (the "Treasury shares") with nominal value of EUR 0.01 free of charge from its shareholder Solar Age Investments BV. The gain from the free transfer of total amount of EUR 100,000 has not been recorded in Other capital funds nor treasury shares held have been recognised. During the years 2013 to 2018, the Company transferred some of these Treasury shares in line with the employee share purchase program. Remaining amount of outstanding Treasury shares at 1 January 2019 was 8,955,934 shares, which represents an amount of Other capital funds of EUR 90 thousand as at 1 January 2019. This has been correctly presented in restated amounts presented at 1 January 2019. Remaining amount of outstanding Treasury shares at 31 December 2019 was 8,834,409 shares, which represents an amount of Other capital funds of EUR 88 thousand as at 31 December 2019. This has been correctly presented in restated amounts presented at 31 December 2019.

In accordance with accounting policies, Treasury shares held are presented in equity, as amounts decreasing the total equity amount. This has been correctly presented in restated amounts presented at 1 January 2019 and 31 December 2019.

### Note 2 – Restatement of hedging reserve and recycling of revaluation difference of matured derivatives to retained earnings.

The Group incorrectly presented revaluation reserve of derivatives at 31 December 2018. Derivatives for which hedge accounting was applied matured prior 1 January 2019 and therefore the relevant part of the revaluation reserve should have been recycled to retained earnings. This has been correctly presented in restated amounts presented at 1 January 2019.

## 2) Corrections impacting presentation in assets and liabilities:

The effect of reclassifications in consolidated statement of financial position was as follows on amounts at 31 December 2019:

<b>Assets</b> <i>In thousands of EUR</i>	<b>31 December 2019 originally presented</b>	<b>Note 1</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>Note 8</b>	<b>Note 9</b>	<b>Note 10</b>	<b>31 December 2019 restated</b>
Intangible assets	0	923										923
Property, plant and equipment	100,797	1,212										102,009
Right of use – leased asset	3,014		-483									2,531
Other receivables – Non-current	0			525								525
Gross amount due from customers from contract work	2,456	-2,135			-321							0
Contract assets	0				321							321
Trade receivables	4,573									657		5,230
Other receivables - Current	6,186			-525					197	-657		5,201
Prepaid expenses	1,228					-960						268
Cash and cash equivalents	15,104							-2,698				12,406
Cash with restriction on disposition	0							2,698				2,698

<b>Liabilities</b> <i>In thousands of EUR</i>	<b>31 December 2019 originally presented</b>	<b>Note 1</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>Note 8</b>	<b>Note 9</b>	<b>Note 10</b>	<b>31 December 2019 restated</b>
Issued bonds	40,072					-960	-289					38,823
Lease liability – non current	3,043		-792									2,251
Other non current liabilities	0						273					273
Provisions	0						534					534
Loans and borrowings	3,649								82			3,731
Other payables	5,090				-156		-518		114		-625	3,905
Contract liabilities	0				156						625	781
Lease liability - current	0		310									310

**The effect of reclassifications and corrections in consolidated statement of financial position was as follows on amounts at 1 January 2019:**

<b>Assets</b> <i>In thousands of EUR</i>	<b>1 January 2019 originally presented</b>	<b>Note 1</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>Note 8</b>	<b>Note 9</b>	<b>Note 10</b>	<b>1 January 2019 restated</b>
Intangible assets	0	457										457
Right of use – leased asset	2,069		-341									1,728
Other receivables – non current	0			531								531
Trade receivables	2,394									454		2,848
Other receivables – current	5,370			-531						-454		4,385
Gross amount due from customers from contract work	587	-457										130
Prepaid expenses	1,176					-1,014						162
Cash and cash equivalents	12,340							-3,403				8,937
Cash with restriction on disposition	0							3,403				3,403

<b>Liabilities</b> <i>In thousands of EUR</i>	<b>1 January 2019 originally presented</b>	<b>Note 1</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>Note 8</b>	<b>Note 9</b>	<b>Note 10</b>	<b>1 January 2019 restated</b>
Issued bonds	32,551					-1,014	-455					31,082
Lease liability – non current	1,804		-337									1,467
Other non current liabilities	0						335					335
Provisions	0						534					534
Other payables – current	3,180						-414				-616	2,150
Contract liabilities	0										616	616
Lease liability – current	265		-4									261

**Note 1** – Intangible and tangible assets in course of construction relating were previously classified as Gross amount due from customers from contract work. In addition to this, due to the immateriality, intangible assets and intangible assets in course of construction were previously not presented separately. Respective balances as at 1.1.2019 and 31.12.2019 were classified to correct rows.

**Note 2** – The Group previously used simplified model for calculation of right of use assets and lease liabilities that did not consider the discounting of future cash flows, which was corrected as at 1 January 2019. The result was a correction of right of use asset and related lease liability due to discounting incorporated to the calculation. In addition to this, lease liability classified separately into current and non-current part. The discounting had no impact on retained earnings. More information is included in Note 19.

**Note 3** – Non-current assets (long term advances) were presented as current assets, see also Note 24 for more information of these Non-current assets.

**Note 4** – Contract asset and contract liabilities were presented separately, see also Note 25 for more details.

**Note 5–6** – Correction of presentation of refinancing fees that are correctly presented as a part of amortised amount of Issued bonds and Loans and borrowings.

**Note 6** - Presentation of Provisions and Other non-current liabilities were previously presented within the Issued bonds. Respective balances as at 1.1.2019 and 31.12.2019 were classified to separate rows.

Accrued interest related to issued bonds was previously presented in Other non-current liabilities.

**Note 7** - Cash and cash equivalents, restricted cash – Balance of Cash and cash equivalent included also balance of cash with restriction on disposition which is now presented separately, see also Note 26.

**Note 8** – Other corrections as at 31 December 2019: Accrued interest to Issued bonds and Loans and borrowings in amount of 82 thousand was presented as Other payables. Positive fair value of derivatives of 197 thousand which was presented in Other liabilities, was reclassified to Other receivables.

**Note 9** – Correction of presentation of estimated receivables which were previously presented as Other receivables. Estimated receivables related mainly to not yet invoiced receivables for sale of electricity.

**Note 10** – Advances received – Corrected of presentation of received advances which were previously presented as other payables, now are classified as Contract liabilities.

### 3) Presentation of consolidated statement of profit and loss and other comprehensive income

The effect of reclassifications in consolidated statement consolidated statement of profit and loss and other comprehensive income was as follows for 2019:

Statement of comprehensive income <i>In thousands of EUR</i>	2019 originally presented	Note 11	Note 12	Note 13	2019 restated
Cost of sales/Raw materials and consumables used	-13,823	4,059			-9,764
Administrative expenses	-2,767	2,767			0
Other expenses	-308	-6,826	95	-95	-7,134
Net finance costs (presented separately as Finance income, Finance costs and Interest costs)	-4,745			95	-4,650
Impairment charges	0		-95		-95

**Note 11** – The Group corrected presentation of expense recognised in profit and loss based on “nature of expense”. The Group reclassified expenses related to services, which were previously presented in line Cost of sales and in Administrative expenses.

**Note 12** – Impairment losses on financial assets, previously presented in Administrative expenses are presented separately.

**Note 13** – The Group corrected presentation of bank charges which were previously classified as Finance costs. The Group reclassified bank accounts maintenance fees to Other expenses.

### 4) The effect of reclassifications in consolidated statement of cash flow for 2019 was as follows:

Consolidated statement of cash flows <i>In thousands of EUR</i>	2019 originally presented	Note 7&14	Note 13	2019 restated
Cash flow from operating activities:				
Net finance costs	4,488	-	-95	4,393
Changes in Trade and other receivables	-3,180	-276	-	-3,456
Cash flow from financing activities:				
Transfer to/from restricted cash account	0	980	-	980
Interest paid	-4,726		95	-4,631
Net increase in cash and cash equivalents	2,764	704		3,468
Cash and cash equivalents at the beginning of the period	12,340	-3,402		8,938
Cash and cash equivalents at the end of the period	15,104	-2,698		12,406

**Note 14** – Changes in presentation of consolidated statement of cash flow – In line with separate presentation of cash with restriction on disposition, cash flow statements has been corrected accordingly. Movement in restricted accounts related operating activities of the Group of EUR 276 thousand is presented as

change in trade and other receivables in the consolidated cash flow statement. Movement in restricted cash related to financing of the Group of EUR 980 thousand is presented in cash from financing activities. (See also Note 26 for information on restricted cash.



## 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 comparable market prices are not sufficiently available due to a lack of transactions in some markets and a lack of public available specific data of such transactions. The market values of power plants significantly vary dependent on a large number of parameters, which are usually not sufficiently disclosed. Those parameters are among others the actual feed-in-tariff and its duration, actual and expected production output, used technology components, contracted operating cost of the power plant, financing structure, conditions and financing cost, etc. Most investors use the income approach also as a basis to determine a purchase price for a transaction. Based on the aforementioned lack of reliable and comparable market data, the income approach is used by the Company as a more relevant method. Under this approach the fair value of photovoltaic power plants is based on an internally generated discounted cash flow models, discounted at weighted average cost of capital. Cash flows are 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 reviews the expected costs of debt of individual projects vis-à-vis actual interest cost, financial market conditions, and interest rate for a 15-year state bond. On a quarterly basis, management also reviews expected cost of equity for the period of the cash flow model. The initial valuations are 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 are prepared for 20 years in Czech Republic, 15 years in Slovak Republic and up to 25 years in Hungary, equal to the duration of the Feed-in-Tariffs of the projects. Main other inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff, OPEX, CAPEX and degradation factor assumption.

The revaluation reserve created, based on the DCF models, is annually released to the retained earnings in the amount equal to the depreciation calculated from the amount of revaluation (see also Note 4.4.2 Depreciation).

Since 2014 the Group uses the DCF Equity valuation method which 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.

The 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 its unique capital structure.

Quarterly discounting is applied that follows 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.

### Changes in the Valuation Methodology in 2020

In Q3 2020 the Group updated expected productions rates in DCF models for Czech Republic and Slovakia. This update was driven by the fact, that the actual electricity production continually exceeded the projected electricity productions in past years and thus negatively impacted the calculated DCF value of the power plants. The Group decided to replace the estimated production by the average calculated from actual production of the last 5 years. No update for Hungarian portfolio was done, as no sufficient history of electricity production in Hungary is available. In addition to these above changes, a minor modification to the discount rate calculation was implemented to better reflect quarterly discounting in the DCF calculations.

These changes resulted in an increase of fair value of the property, plant and equipment in 2020 by EUR 9,726 thousand, net increase recognised in revaluation reserve in equity amounted to EUR 7,286 thousand, see also Note 18 and 27).

The principal assumptions underlying the estimation of the fair value and the impact on the aggregate valuations of reasonably possible changes in these assumptions, with all other variables held constant, are as follows:

- ▶ Discount rate: Levered cost of equity was assumed to be between 7% and 11% for different projects and different countries. See also sensitivity analysis in Note 35 Fair value disclosures.
- ▶ Production volume: Expected production volume is based on the capacity, location, orientation and other factors relevant to the individual photovoltaic power plant. Expected production volumes are initially set by an independent expert and reviewed regularly by the Group. Expected production volume for Slovak and Czech power plants was reassessed by the Group in 2020 based on actual production data of the past five years and led to an increase in the fair value of power plants as described above.
- ▶ Revenue model: All connected and generating power plants in the portfolio of the Group are having a fixed and long term guaranteed feed in tariff or similar price scheme that cannot be changed without further consequences (see also Operating risks part described in Note 6.3).

### 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 Financial Instruments – Other Financial Assets and Derivatives

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair

value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

## 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 (FIT) 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 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.

From 2016 and 2017 the Group opted for its Czech power plants for the green bonus scheme and for the years 2018 onwards the management decided to opt again for the feed-in-tariff.

### 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 mainly denominated in CZK, EUR, AUD, CHF, and HUF. The Group does not manage the foreign currency risk by the use of FX derivatives, it rather uses natural hedging by actively managing FX positions. It is not done in a formalised way.

### 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.

#### 6.5.1 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.

### 6.5.2 Liquid Assets / Cash and Cash Equivalents

The Group held liquid assets of EUR 14,290 thousand at 31 December 2020 (2019: EUR 15,104 thousand), which represents its maximum credit exposure on these assets. Liquid Assets consist of following items:

<i>In thousands of EUR</i>	2020	2019
Cash and cash equivalents	9,893	12,406
Liquid assets with restriction on disposition	4,109	2,698
Precious metals	288	0
<b>Liquid assets</b>	<b>14,290</b>	<b>15,104</b>

The cash and cash equivalents and liquid assets with restriction on disposition 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 Group.

Some of the cash held by the Czech, Slovak, Hungarian and Australian SPVs having received external financing is restricted only for certain transactions, e.g. debt service, or maintenance service for inverters. Further have been issued bank guarantees by Photon Energy Solutions Hungary Kft and by Photon Energy Engineering Australia Pty Ltd. for which the banks requested security deposits. Total amount of this restricted cash by these companies is EUR 4,109 thousand as at 31 December 2020 (2019: EUR 2,698 thousand), see also Note 26.

### 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 and refinanced Hungarian 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.

### 6.8 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 84 PV power plants with a total installed capacity of 74.7 MWp is producing electricity as usual. For both PV power plants under construction in Australia with a total installed capacity of 14.6 MWp, all components, including photovoltaic modules, have been delivered and installed 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 maximizing 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 equity ratio at the reporting date was as follows:

<i>In thousands of EUR</i>	2020	2019
Total liabilities	118,828	99,175
Less: cash and cash equivalents	14,290	15,104
Net debt	104,538	84,071
Total equity	40,075	37,843
<b>Net debt to equity ratio at 31 December</b>	<b>2.61</b>	<b>2.22</b>

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 or 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 Board of 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 chief operating decision maker (CODM) has been identified as the Board of Directors and the CFO of the Group.

As of 1 January 2020, the Board of Directors decided to adjust the segments reported to better reflect the change in the nature and size of its business activities in line IFRS 8. For 2020 the Group presents segment information in line with description below, 2019 figures were restated to provide comparable information. The Board of Directors identified the following segments to be reported:

- ▶ **Solutions:** Development, engineering and construction services of turn-key photovoltaic systems' installations for external clients and Photon Energy). This segment was formerly named Energy Solutions and included as well wholesale of technology, which became due to its size an own reportable segment. Further activities of project development were taken out of this segment and are reported now under "Others", since the nature of the activity changed from purely internal development for our own projects to project development for external partners,
- ▶ **Technology:** Wholesale, import and export of FVE components,
- ▶ **Investments:** Investment into photovoltaic power plants and generation of revenues from production of electricity (this segment includes SPV that finished building of photovoltaic power plants and those that are connected to the distribution network and produce electricity). Previously this segment was split into "Production of Electricity" and "PV Investments" as those income is generated by the same assets,

- ▶ **Operations & Maintenance:** Operations, maintenance and PVPP supervision. This segment includes also the services of Inverter Cardio and Monitoring and Control,
- ▶ **Other segments:** Other, not related to any of the above mentioned segments. Others include project development, water technology and remediation services and other less significant activities. None of these activities meets any of the quantitative thresholds for determining reportable segments in neither 2020 nor 2019.

Segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Interest income, interest expense and income tax charges are allocated directly to the segments. Segment capital expenditure is the total cost incurred during the reporting period to acquire property, plant and equipment, and intangible assets other than goodwill.

### Factors that Management Used to Identify the Reportable Segments

The Group's segments are strategic business units that focus on different business activities. They are managed separately because each business unit requires different processes.

### Measurement of Operating Segment Profit or Loss, Assets and Liabilities

The Group's management and directors review financial information prepared based on IFRS as adopted by EU adjusted to meet the requirements of internal reporting. The financial information does not differ from IFRS as adopted by EU.

The Group's management and directors evaluate the segments based on total comprehensive income which is considered to be the key measure.

## Information About Reportable Segment Profit or Loss, Assets and Liabilities

### Information About Reportable Segments

#### Operating segments for the period from 1 January 2020 to 31 December 2020 – newly presented segments and information

<i>In thousands of EUR</i>	Solutions	Technology	Investments	Operations and Maintenance	Other	Total for segments before elimination	Elimination	Consolidated financial information
External revenues from the sale of products, goods & services	5,601	3,214	16,449	2,724	270	28,258	0	28,258
Internal revenues from the sale of products, goods & services	32,833	4,371	0	1,475	4,549	43,228	-43,228	-
<b>Total revenues</b>	<b>38,434</b>	<b>7,585</b>	<b>16,449</b>	<b>4,199</b>	<b>4,819</b>	<b>71,486</b>	<b>-43,228</b>	<b>28,258</b>
Other external income	99	4	23	46	212	384	0	384
Raw materials and consumables used	-1,681	-6,839	0	-302	-27	-8 849	4 207	-4,642
Solar levy	0	0	-874	0	0	-874	0	-874
Personnel expenses and other expenses	-27,890	-209	-2,773	-3,926	-6,209	-41,007	26,321	-14,686
<b>EBITDA</b>	<b>8 962</b>	<b>541</b>	<b>12,825</b>	<b>17</b>	<b>-1,205</b>	<b>21,140</b>	<b>-12,700</b>	<b>8,440</b>
Depreciation	-39	-2	-7,265	-468	-537	-8,311	0	-8,311
Impairment charges	-	-	-	-	-359	-359	-	-359
Profit/loss share in entities in equivalency	0	0	88	0	0	88	0	88
<b>Result from operating activities (EBIT)</b>	<b>8,923</b>	<b>539</b>	<b>5,648</b>	<b>-451</b>	<b>-2,101</b>	<b>12,558</b>	<b>-12,700</b>	<b>-142</b>
Financial income	269	73	310	188	2,118	2,958	-2,835	123
Interest expense	-377	-189	-2 481	-334	-4,997	-8,378	2,835	-5,543
Other net financial expenses	-88	-154	-11	-160	-75	-488	0	-488
Revaluation of derivatives	0	0	-478	0	0	-478	0	-478
<b>Profit/loss before taxation (EBT)</b>	<b>8 727</b>	<b>269</b>	<b>2,988</b>	<b>-757</b>	<b>-5,055</b>	<b>6,172</b>	<b>-12,700</b>	<b>-6 528</b>
Income Tax (income and deferred)	-930	16	-1,422	-	171	-2,165	-	-2,165
<b>Profit/loss after taxation</b>	<b>7 797</b>	<b>285</b>	<b>1,566</b>	<b>-757</b>	<b>-4,884</b>	<b>4,007</b>	<b>-12,700</b>	<b>-8,693</b>
Other comprehensive income	-287	3	11,007	5	49	10,777	-	10,777
<b>Total comprehensive income</b>	<b>7,510</b>	<b>288</b>	<b>12,573</b>	<b>-752</b>	<b>-4,835</b>	<b>14,784</b>	<b>-12,700</b>	<b>2,084</b>
<b>Assets</b>	<b>31,642</b>	<b>6,428</b>	<b>156,060</b>	<b>11,644</b>	<b>112,874</b>	<b>318,648</b>	<b>-159,744</b>	<b>158,904</b>
<b>Liabilities</b>	<b>-28,502</b>	<b>-5,788</b>	<b>-112,789</b>	<b>-18,632</b>	<b>-109,238</b>	<b>-275,949</b>	<b>156,121</b>	<b>-118,828</b>
Investments in JV accounted for by equity method	-	-	2,641	-	-	2,641	-	2,641
Additions to non-current assets	-	-	15 191	-	690	15 881	-	15 881

### Operating segments for the period from 1 January 2019 to 31 December 2019 – newly presented segments and information

<i>In thousands of EUR</i>	Solutions	Technology	Investments	Operations and Maintenance	Other	Total for segments before elimination	Elimination	Consolidated financial information
External revenues from the sale of products, goods & services	6,711	6,200	14,299	2,667	277	30,154	-	30,154
Internal revenues from the sale of products, goods & services	23,535	7,335	-	1,384	5,577	37,831	-37,831	-
<b>Total revenues</b>	<b>30,246</b>	<b>13,535</b>	<b>14,299</b>	<b>4,051</b>	<b>5,854</b>	<b>67,985</b>	<b>-37,831</b>	<b>30,154</b>
Other external income	9	0	3	12	185	209	0	209
Raw materials and consumables used	-10 334	-5 628	0	-232	-4	-16 198	6 434	-9 764
Solar levy	0	0	-892	0	0	-892	0	-892
Personnel expenses and other expenses	-13 691	-7 513	-1,942	-4 408	-5 920	-33,474	21 710	-11,764
<b>EBITDA</b>	<b>6 230</b>	<b>394</b>	<b>11,468</b>	<b>-577</b>	<b>115</b>	<b>17,630</b>	<b>-9 687</b>	<b>7,943</b>
Depreciation	-32	0	-6 140	-238	-385	-6 795	0	-6 795
Impairment charges	0	0	0	0	-95	-95	0	-95
Gain (loss) on disposal of investments	0	0	0	0	4 326	4 326	0	4 326
Profit/loss share in entities in equivalency	0	0	2	0	0	2	0	2
<b>Result from operating activities (EBIT)</b>	<b>6,198</b>	<b>394</b>	<b>5,330</b>	<b>-815</b>	<b>3 961</b>	<b>15,068</b>	<b>-9 687</b>	<b>5,381</b>
Financial income	178	8	391	126	3 347	4,050	-3 823	227
Interest expense	-298	-107	-2 012	-235	-4 619	-7 271	2 545	-4 726
Other net financial expenses	-24	32	-79	39	108	76	0	76
Revaluation of derivatives	0	0	30	0	0	30	0	30
<b>Profit/loss before taxation (EBT)</b>	<b>6,054</b>	<b>327</b>	<b>3,660</b>	<b>-885</b>	<b>2,797</b>	<b>11,953</b>	<b>-10,965</b>	<b>988</b>
Income Tax (income and deferred)	-852	0	-843	0	-19	-1,714	0	-1,714
<b>Profit/loss after taxation</b>	<b>5,202</b>	<b>327</b>	<b>2,817</b>	<b>-885</b>	<b>2,778</b>	<b>10,239</b>	<b>-10,965</b>	<b>-726</b>
Other comprehensive income			8,790			8,790		8,790
<b>Total comprehensive income</b>	<b>5,202</b>	<b>327</b>	<b>11,607</b>	<b>-885</b>	<b>2,778</b>	<b>19,029</b>	<b>-10,965</b>	<b>8,064</b>
<b>Assets</b>	<b>28,251</b>	<b>9,593</b>	<b>120,646</b>	<b>10,154</b>	<b>106,112</b>	<b>274,756</b>	<b>-137,738</b>	<b>137,018</b>
<b>Liabilities</b>	<b>-24,510</b>	<b>-9,246</b>	<b>-70,918</b>	<b>-15,603</b>	<b>-115,860</b>	<b>-236,137</b>	<b>136,962</b>	<b>99,175</b>
Investments in JV accounted for by equity method	-	-	2,666	-	-	2,666	-	2,666
Additions to non-current assets	-	-	20,939	51	2,773	23,763	-	23,763

## 7. Operating Segments (Continued)

All the operational segments are managed on an international basis (not on a country level). In 2020 the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Peru, Romania, Poland and the Netherlands with headquarters in the Netherlands.

In 2020, revenues were generated in all above mentioned markets, except of the Netherlands, Romania, Poland and Peru. Non-current assets (power plants) are located in the Czech Republic, Slovak Republic, Hungary and Australia.

### 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.

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

In 2020, revenues increased in all the segments, except of Technology and Other.

Geographical information below, including revenues based on the geographical location of entities generating the revenues and segment assets based on the geographical location of the assets is presented in Notes 9 and 18.

### Revenues from customers over 10% of total revenues

<i>In thousands of EUR</i>	2020	2019
E.ON Energie, a.s.	5,985	5,048
MAVIR Zrt.	4,081	*
Lord Howe Island Board	2,938	*
<b>Total revenue from customers over 10% of total revenues</b>	<b>13,004</b>	<b>5,048</b>
<b>Total revenue</b>	<b>28,258</b>	<b>30,154</b>

\*did not exceed 10% of total revenues

Revenues from E.ON Energie, a.s. and MAVIR Zrt. are presented in Segment Investments and represent revenues from sale of electricity from various PVPs. Revenues from Lord Howe Island Board are presented in Segment Solutions and represent EPC revenues.

## 8. Acquisitions of Subsidiary and Non-controlling Interests; Financial Information for the Joint Ventures

### 8.1 Establishment of New Subsidiaries

During 2020, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- ▶ Photon Remediation Technology Australia Pty Ltd.
- ▶ Photon Energy SGA Pty. Ltd.
- ▶ Aldgate Solar SRL
- ▶ Becontree Solar SRL
- ▶ Chesham Solar SRL
- ▶ Greenford Solar SRL
- ▶ Halton Solar SRL
- ▶ Holloway Solar SRL
- ▶ Moorgate Solar SRL
- ▶ Redbridge Solar SRL
- ▶ Stanford Solar SRL
- ▶ Watford Solar SRL
- ▶ Photon Energy Romania SRL
- ▶ Hendon Solar Kft.

- ▶ Mayfair Solar Kft.
- ▶ Holborn Solar Kft.

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.

### 8.2 Acquisitions of Subsidiaries

During 2020, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- ▶ Photon Energy Polska Sp. z o.o.
- ▶ Photon Energy Operations PL Sp. z o.o.

The total consideration paid for acquiring of the entities' shares equaled to EUR 3 thousand. The acquired entities did not have any significant assets or liabilities. This acquisition is recognized as an asset purchase and no was recognized on this acquisition.

The above mentioned entities incurred a loss of EUR 84 thousand in 2020.

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

Long term assets of acquired entities represent mainly land and related projects costs acquired for future development. Short term liabilities represent mainly loans from prior shareholders used to finance the development.

The above mentioned entities incurred a profit of EUR 8 thousand in 2019.

### Other Developments in 2020

- ▶ On 12 November 2020, Photon Energy N.V. became 1% shareholder of Photon Energy Peru SAC, (PER)
- ▶ On 17 August 2020, The Special One s.r.o. was renamed to Photon Maintenance s.r.o., (CZE)
- ▶ On 9 July 2020, Photon Directors B.V. was renamed to Photon Energy Operations NL B.V., (NED)
- ▶ On 16 April 2020, Ektalion Investments S.A. was renamed to Solar Age Polska S.A. (POL)
- ▶ On 20 April 2020, Holbee Investments Sp. Z o.o. was renamed to Photon Energy Polska Sp. Z o.o. (POL)
- ▶ On 25 February 2020, AUS SPV 2 was renamed to Leeton Solar Farm Pty Ltd. (AUS)
- ▶ On 25 February 2020, AUS SPV 3 was renamed to Fivebough Solar Farm Pty Ltd. (AUS)

There were no other changes in the group structure during 2020.

### 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

## 8.3 Financial Information for the Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investments in joint ventures.

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
	Joint ventures	Joint ventures
<b>Carrying amount at 1 January</b>	<b>2,666</b>	<b>3,179</b>
Share of profit of joint ventures	88	2
Share of other comprehensive income of joint ventures	41	-246
Dividends received from joint ventures	-154	-269
<b>Carrying amount at 31 December</b>	<b>2,641</b>	<b>2,666</b>

### Joint ventures

Investments in equity-accounted investees amounting to EUR 2,641 thousand (2019: EUR 2,666 thousand) represent the nominal share in the joint ventures owned by the Group.



**2020:**

<i>In thousands of EUR</i>	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	Suntop 2 Solar Farm	PE AUS SPV 6	Maryvale Solar Farm	Gunning Solar Farm	Total
Definition	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	25%	51%*	25%	49%	
Equity of the entity	1,118	790	1,179	783	-6	1,146	1,264	6,272
<b>Share on equity</b>	<b>559</b>	<b>395</b>	<b>590</b>	<b>196</b>	<b>-3</b>	<b>286</b>	<b>619</b>	<b>2,641</b>
Net profit	130	24	26	0	-2	0	-2	176
<b>Share of profit</b>	<b>65</b>	<b>12</b>	<b>13</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>88</b>
Cash and cash equivalents	276	297	277	30	2	11	134	1 027
Current assets	313	339	326	39	2	14	134	1 167
Long-term assets	2,039	1,588	2,074	758	286	1 177	1 177	9,099
Current liabilities	516	408	461	14	295	45	47	1 786
Long-term liabilities	742	711	815	0	0	0	0	2 268
Expenses	265	414	349	1	2	1	1	1 033
Revenues	396	438	375	0	0	0	0	1 209
<b>Total comprehensive income</b>	<b>-23</b>	<b>-6</b>	<b>-95</b>	<b>1</b>	<b>-1</b>	<b>31</b>	<b>69</b>	<b>-24</b>

\* The Group does not have a control over the entity as all decision have to be done unanimously

**2019:**

<i>In thousands of EUR</i>	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	Suntop 2 Solar Farm	PE AUS SPV 6	Maryvale Solar Farm	Gunning Solar Farm	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%	
Equity of the entity	1,164	802	1,369	779	-4	1,023	1,123	0	6,256
<b>Share on equity</b>	<b>582</b>	<b>401</b>	<b>684</b>	<b>195</b>	<b>-2</b>	<b>256</b>	<b>550</b>	<b>0</b>	<b>2,666</b>
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	1,100
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	1,607
Long-term liabilities	916	931	1,004	0	0	0	0	0	2,851
Expenses	373	441	360	1	2	1	1	0	1,179
Revenues	389	422	370	0	0	0	0	0	1,181
<b>Total comprehensive income</b>	<b>-11</b>	<b>16</b>	<b>-2</b>	<b>2</b>	<b>-1</b>	<b>71</b>	<b>39</b>	<b>0</b>	<b>114</b>

\*The Group does not have a control over the entity as all decision have to be done unanimously

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2020 and 31 December 2019. In case of the Slovak companies, 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).

## Disposals in 2020

During 2020, the Group sold the joint venture P&P Solar Immo Kft.

## 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.

<i>In thousands of EUR</i>	<b>Suntop Solar Farm</b>	<b>Gunnedah Solar Farm</b>	<b>Photon Energy AUS SPV 9</b>	<b>Total</b>
<b>Total consideration received in cash</b>	<b>3,203</b>	<b>2,018</b>	<b>159</b>	<b>5,380</b>
Cash & cash equivalents held by the entity	35	123	0	158
Net assets	469	344	184	997
<b>Gain/loss on disposal</b>	<b>2,734</b>	<b>1,674</b>	<b>-25</b>	<b>4,326</b>

## 9. Revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions:

### Timing of revenues:

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
At a point of time	3,214	6,200
Over time	22,163	23,954
<b>Total revenue from contracts with customers</b>	<b>25,377</b>	<b>30,154</b>
Compensations for sales from electricity generation	2,881	-
<b>Total revenue</b>	<b>28,258</b>	<b>30,154</b>

### Revenues by major revenue types:

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
Sale of electricity	13,568	14,299
Revenues from EPC contracts	5,601	6,711
Sale of goods and technologies	3,214	6,200
Rendering of services	2,994	2,944
<b>Total revenue from contracts with customers</b>	<b>25,377</b>	<b>30,154</b>
Compensations for sales from electricity generation	2,881	-
<b>Total revenue</b>	<b>28,258</b>	<b>30,154</b>

The Group uses various revenue models for PVP generating revenues from sale of electricity – fixed feed in tariffs, contracts for difference, and going forward the merchant model.

Revenues from sales of electricity from fixed feed-in-tariffs in 2020 amounted to EUR 16,412 thousand (2019: EUR:14,299 thousand) and revenues from sales of electricity from contract for difference revenue model amounted to EUR 37 thousand (2019: EUR 0). There was no sale of electricity for PVP with merchant model in 2020 nor 2019.

As the Group operates in regulated business under various models for PVP revenues from sales of electricity, the Group invoices the revenues from sale of electricity to different partners, including

government agencies which in fact does not receive any generated electricity, such as the short-term electricity market operator OKTE, a.s. (“OKTE”) in Slovakia. Until 31 December 2019 those revenues were invoiced to the local Slovak distribution companies and amounted to EUR 2,844 thousand. Total amount of compensations for sales from electricity generation invoiced to OKTE in 2020 amounted to EUR 2,881 thousand.

Even though the revenues were invoiced in 2020 to government agency, the Group does not consider them to be government grants and recognised them as revenues from sale of electricity as these revenues are representing core activity of the Group and are clearly linked to revenue model that is determined for each PVP.

### Revenues by geographical split:

<i>In thousands of EUR</i>	2020	2019
Czech Republic	15,059	20,183
Slovak Republic	332	3,162
Australia	5,492	5,234
Germany	-	16
Hungary	4,419	1,559
Other	75	-
<b>Total revenue from contracts with customers</b>	<b>25,377</b>	<b>30,154</b>
Compensations for sales from electricity generation – Slovak Republic	2,881	-
<b>Total revenue</b>	<b>28,258</b>	<b>30,154</b>

Decrease in total revenues in 2020 is mainly a result of lower revenues in the sale of technology, for which conditions remained challenging due to the coronavirus crisis. Increase in revenues in

2020 from the sale of electricity is attributable to commissioning of new power plants in various regions in Hungary.

## 10. Other Income

<i>In thousands of EUR</i>	2020	2019
Covid compensation	117	0
Grants received	66	76
Proceeds from sale of cars	49	0
Settlement agreement/insurance compensation	49	32
Fitout contribution for new office in Prague	0	101
Miscellaneous	103	0
<b>Total Other income</b>	<b>384</b>	<b>209</b>

## 11. Raw Materials and Consumables Used

Main expense' classes represent material consumed and cost of goods sold.

<i>In thousands of EUR</i>	2020	2019
Goods (modules, invertors, etc)	-4,437	-9,578
Material consumed	-205	-185
<b>Raw materials and consumables used</b>	<b>-4,642</b>	<b>-9,763</b>

Raw materials and consumables consist mainly of material and goods used for technology sales and necessary for construction of photovoltaic power plants. Its decrease is mainly caused by lower technology sales and lower consumption of material during 2020.

## 12. Solar Levy

<i>In thousands of EUR</i>	2020	2019
10% solar levy	-874	-892
<b>Solar levy</b>	<b>-874</b>	<b>-892</b>

For detailed information about the solar levy refer to Note 6.3. Solar levy represent 10% levy imposed on the solar electricity produced in the Czech Republic. Solar levy is calculated and settled on a monthly basis.

## 13. Personnel Expenses

<i>In thousands of EUR</i>	2020	2019
Wages and salaries	-4,816	-4,030
Social and health insurance	-852	-501
Pension costs	-163	- 99
<b>Personnel expenses</b>	<b>-5,831</b>	<b>-4,630</b>

Pension costs represent contributions to state defined pension contributions schemes.

On 31 December 2020 the Group employed 136 employees. 4 were employed in Slovakia by Slovak entities; 14 were employed in Hungary, 24 in Australia; 5 in Romania, 1 in Switzerland, 2 in the Netherlands and 1 in Peru. The remaining employees were employed in the Czech Republic.

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

Key management compensation including salaries, bonuses and social and health insurance is disclosed in Note 37 Related parties.

## 14. Other Expenses

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
3rd party services received (previously included under Cost of sales)	-5,067	-4,060
Consulting, legal and other administrative services	-3,454	-2,767
Bank fees – maintenance of bank accounts	-113	-95
Inventories and work in progress write off	-62	0
Compensation for production loss	-53	0
Insurance expense	-45	-62
Fitout expense	0	-91
Other taxes and fees	-3	-51
Miscellaneous	-58	-9
<b>Total Other expenses</b>	<b>-8,855</b>	<b>-7,135</b>

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

## 15. Impairment Charges

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
Net creation/release of bad debt provisions	-3	-95
Write off receivables	-224	0
Write off financial investment	-132	0
	<b>-359</b>	<b>-95</b>

In 2020 The Group has written off receivables of EUR 224 thousand for which no impairment provisions were created (2019: EUR 0). The Group has decided to write off these receivables as no cash flows from them are to be expected and the Group does

not proceed with any collection procedures for these receivables. In 2020 the Group has written off financial investments of EUR 132 thousand (2019: EUR 0).

## 16. Financial Income and Financial Expense

<i>In thousands of EUR</i>	2020	2019
Interest revenue calculated using the effective interest method*	123	227
<b>Financial income</b>	<b>123</b>	<b>227</b>
Interest expense on loans & borrowings calc. using effective interest method	-5,599	-4,833
Foreign exchange gains and losses (net)	-406	183
Revaluation of precious metals	-26	-
<b>Financial expense</b>	<b>-6,031</b>	<b>-4,650</b>
Net result from revaluation of trading derivatives	-478	30
<b>Revaluation of derivatives</b>	<b>-478</b>	<b>30</b>

\* Interest revenue calculated using the effective interest method includes interest revenue from financial assets carried at amortised costs only.

Incremental bank costs, such as arrangement and refinancing fees, are reflected in the amortised amount of financial liabilities using effective interest rate method.

The Group capitalised borrowing costs arising on financing directly attributable to the construction of Leeton on Fivebough power-plants of EUR 175 thousand (2019: EUR 0).

Net result from revaluation of derivatives represent change in fair value of derivatives for which no hedge accounting is applied (see also Note 33).

Net result in revaluation of precious metals represents change in fair value of gold held by the Group.

## 17. Income Tax Expense

### 17.1 Income Tax Recognized in Profit or Loss

<i>In thousands of EUR</i>	2020	2019
<b>Current tax expense</b>		
Current year	-2,009	-1,428
<b>Deferred tax expense</b>		
Deferred tax on other temporary differences	-156	-286
<b>Total tax expense</b>	<b>-2,165</b>	<b>-1,714</b>

### 17.2 Reconciliation of Effective Tax Rate

<i>In thousands of EUR</i>	2020	2019
<b>Loss (-) / profit (+) before income tax</b>	<b>-6,528</b>	<b>988</b>
Theoretical tax return / charge (25%)	1,632	-247
Effects of different tax rates in other countries	-648	-182
Unrecognised tax losses of the period	-3,336	-1,285
Recognition of deferred tax assets previously not recognised	187	0
<b>Total tax expense</b>	<b>-2,165</b>	<b>-1,714</b>

Theoretical tax rate of 25% represent tax rate applicable to the Netherlands, which is the country of incorporation of Photon Energy NV. The Group has accumulated tax losses for which no deferred tax asset has been recognised, see also Note 22.

## 18. Property, Plant and Equipment

<i>In thousands of EUR</i>	Land	Photovoltaic power plant	Other equipment Corrected	In progress Corrected	Total Corrected
<b>Net carrying amounts</b>					
Gross revalued amount at 1 January 2019	4,066	108,682	1,443	4,776	118,967
Accumulated depreciation at 1 January 2019	0	-38,789	-883	0	-39,672
<b>Net carrying amounts 1 January 2019</b>	<b>4,066</b>	<b>69,893</b>	<b>560</b>	<b>4,776</b>	<b>79,295</b>
Other Additions/Transfers	488	18,801	75	483	19,847
Revaluation increase	0	9,333	0	0	9,333
Depreciation for the year	0	-6,141	-325	0	-6,466
Effect of movements in exchange rates	0	0	0	0	0
<b>Net carrying amounts</b>					
Gross revalued amount at 31 December 2019	4,554	136,816	1,518	5,259	148,147
Accumulated depreciation at 31 December 2019	0	-44,930	-1,208	0	-46,138
<b>Net carrying amounts 31 December 2019</b>	<b>4,554</b>	<b>91,886</b>	<b>310</b>	<b>5,259</b>	<b>102,009</b>
Other Additions/Transfers	0	10,099	654	4,438	15,191
Revaluation increase	0	17,665	0	0	17,665
Disposal of property, plant and equipment	0	0	-50	0	-50
Depreciation for the year	0	-7,484	-19	0	-7,503
Effect of movements in exchange rates	-81	-901	0	0	-982
<b>Net carrying amounts</b>	<b>4,473</b>	<b>111,265</b>	<b>895</b>	<b>9,697</b>	<b>126,330</b>
Gross revalued amount at 31 December 2020	4,473	162,341	1,192	9,697	177,703
Accumulated depreciation at 31 December 2020	0	-51,076	-297	0	-51,373
<b>Net carrying amounts 31 December 2020</b>	<b>4,473</b>	<b>111,265</b>	<b>895</b>	<b>9,697</b>	<b>126,330</b>

### Non-current assets by geographical location <sup>(i)</sup>

<i>In thousands of EUR</i>	2020	2019
The Czech Republic	58,828	45,139
The Slovak Republic	10,719	17,901
Netherlands	29	12
Hungary	54,178	39,790
Australia	11,299	5,812
Other	0	0
<b>Total</b>	<b>135,053</b>	<b>108,654</b>

**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.

### Revaluation details by power plants:

<i>In thousands of EUR</i>					
	kWp	Original costs less accumulated depreciation as at 31 December 2020	Revalued amount less accumulated depreciation as at 31 December 2020	Original costs less accumulated depreciation as at 31 December 2019	Revalued amount less accumulated depreciation as at 31 December 2019
<b>Photovoltaic power plants</b>					
Breclav	137	321	1,007	373	791
Mostkovice	1,159	400	3,643	536	2,983
Svatoslav	1,645	201	4,001	352	3,706
Slavkov	2,354	36	4,317	205	3,545
Zvikov	1,135	1,757	8,322	2,016	5,902
Dolni Dvoriste	2,305	440	6,065	663	4,650
Radvanice	1,231	2,254	8,833	2,580	6,962
Komorovice	1,498	1,978	9,031	2,283	6,408
Zdice 1	1,498	842	6,107	1,040	4,113
Zdice 2	2,031	525	5,668	728	4,549
Mokrá Lúka 1	963	814	1,059	924	1,365
Mokrá Lúka 2	963	1,048	1,498	1,178	1,925
Jovice 1	979	1,102	1,569	1,232	1,920
Jovice 2	979	980	1,238	1,099	1,918
Babina II	999	751	1,215	865	1,912
Babina III	999	1,539	1,311	1,708	1,959
Blatná	700	1,716	1,319	1,882	1,954
Prsa I	999	1,201	1,510	1,356	1,787
Fertod I	528	596	518	621	631
Tiszakecske	5,512	4,216	4,808	4,380	8,167
Almasfuzito	5,494	4,402	4,900	4,577	10,064
Nagyecséd	2,067	1,603	1,800	1,667	2,531
Fertod II	3,487	2,738	3,159	2,847	4,382
Kunszentmarton	1,394	1,219	1,272	1,242	1,715
Taszar	2,103	1,752	1,993	1,822	2,726
Monor	5,552	3,790	5,322	3,940	7,434
Tata	5,375	4,653	5,556	0	0
Malay	2,085	2,046	1,941	0	0
Ventitera II	1,386	1,162	1,211	0	0
Puszpokladany	14,121	10,547	15,545	0	0
	<b>71,678</b>	<b>56,629</b>	<b>115,738</b>	<b>42,116</b>	<b>95,999</b>

Revalued amount of EUR 115,738 thousand as at 31 December 2020 (31 December 2019: EUR 95,999 thousand) includes net carrying amount of photovoltaic power plants and value of land connected to the photovoltaic power plants of EUR 4,473 thousand as at 31 December 2020 (31 December 2019: EUR 4,113 thousand) which are included under Land.

In 2020, the Group changed the valuation methodology in certain DCF models which led to net increase of fair value of the property, plant and equipment by EUR 10,394 thousand, (see Note 5.1.)

During Q1 and Q2 2020, the Group performed revaluation of newly connected power plants in Hungary resulting in increase of the value of property, plant, and equipment by EUR 2,941 thousand.

Additionally, during Q4 2020 the Group performed revaluation of newly connected power plants in Hungary resulting in further increase of the value of property, plant, and equipment by EUR 4,998 thousand (2019: EUR 9,333 thousand).

In 2020 the Group capitalized borrowing cost of EUR 175 thousand (2019: EUR 0) into Property, plant and equipment.

#### Assets pledged

As at 31 December 2020 the following properties with a carrying amount of EUR 130,872 thousand (2019: EUR 96,950 thousand) are subject to a registered pledges to secure bank loans (see note 29). All other restrictions and pledges, including information on restricted cash accounts are included in notes 26 and 39.



- ▶ Property, plant and equipment – Lands in an amount of EUR 2,601 thousand (2019: EUR 2,686 thousand) pledged to RL, EUR 333 thousand (2019: EUR 333 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 1,206 thousand (2019: EUR 857 thousand) to K&H Bank and EUR 94 thousand (2019: EUR 0) to CIB Bank.
- ▶ Property, plant and equipment – Photovoltaic power plants in an amount of EUR 55,720 thousand (2019: EUR 43,609 thousand) pledged to RL, EUR 10,386 thousand (2019: EUR 14,739 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 38,417 thousand (2019: EUR 37,651 thousand) pledged to K&H Bank Hungary and EUR 26,348 thousand (2019: EUR 0) pledged to CIB Bank

### Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 9,697 thousand (2019: EUR 3,014 thousand) comprising mainly of power plants under construction in Australia (2019: Hungary).

### Sale of property, plant and equipment

There were no sales of property, plant and equipment in 2020 nor 2019.

## 19. Right-of-use Assets and Lease Liabilities

The Group leases land, offices and vehicles. Rental contracts are typically made for fixed periods of 36 months to 15 years.

Until 31 December 2018 leases of property, plant and equipment were classified as either finance leases or operating leases. From

1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

<i>In thousands of EUR</i>	Note	Land	Buildings	Vehicles	Total
<b>Carrying amount as at 1 January 2019</b>		<b>1,605</b>	<b>106</b>	<b>17</b>	<b>1,728</b>
Additions		-	966	-	966
Depreciation charge		-108	-153	-7	-268
Effect of translation to presentation currency		16	92	-3	105
<b>Carrying amount as at 31 December 2019</b>		<b>1,513</b>	<b>1,011</b>	<b>7</b>	<b>2,531</b>
Additions		-	10	-	10
Depreciation charge		-106	-344	-6	-456
Effect of translation to presentation currency		-40	228	1	189
<b>Carrying amount as at 31 December 2020</b>		<b>1,367</b>	<b>905</b>	<b>2</b>	<b>2,274</b>

The Group recognised lease liabilities as follows:

<i>In thousands of EUR</i>	31 December 2020	31 December 2019	1 January 2019
Short-term lease liabilities	469	310	261
Long-term lease liabilities	1,936	2,251	1,467
	<b>2,405</b>	<b>2,561</b>	<b>1,728</b>

Significant additions recorded in 2019 represented new office lease signed in December 2019 for the office in Prague.

Interest expense included in financial expenses of 2020 was EUR 123 thousand (2019: EUR 0).

The Group does not have short-term leases and leases of low-value assets.

Total cash outflow for leases in 2020 was EUR 448 thousand (2019: EUR 305 thousand).

## 20. Intangible Assets

<i>In thousands of EUR</i>	<b>Intangible assets in course of development</b>	<b>Software</b>	<b>Total</b>
Cost as at 1 January 2019	436	21	457
Accumulated amortisation	0	0	0
<b>Carrying amount as at 1 January 2019</b>	<b>436</b>	<b>21</b>	<b>457</b>
Additions	180	463	643
Amortisation charge	0	-189	-189
Effect of movements in exchange rates	7	5	12
<b>Carrying amount as at 31 December 2019</b>			
Cost as at 31 December 2019	623	489	1,112
Accumulated amortisation	0	-189	-189
<b>Carrying amount as at 31 December 2019</b>	<b>623</b>	<b>300</b>	<b>923</b>
Additions/transfers	-590	1,280	690
Amortisation charge	0	-352	-352
Effect of movements in exchange rates	0	-1	-1
<b>Carrying amount as at 31 December 2020</b>	<b>33</b>	<b>1,227</b>	<b>1,260</b>
Cost as at 31 December 2020	33	1,768	1,801
Accumulated amortisation	0	-541	-541
<b>Balance at 31 December 2020</b>	<b>33</b>	<b>1,227</b>	<b>1,260</b>

Intangible assets in course of development at 31 December 2019 of EUR 623 thousand represents externally developed software using for monitoring and O&M services that was capitalised during 2020 and as at 31 December 2020 is presented in Software.

## 21. Other Financial Investments

Other non-current investments include following investments:

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
<b>Non-current financial assets – Investments into</b>		
Raygen Resources Pty Ltd	1,138	0
Lerta Spolka Akcyjna	904	0
<b>Total non-current financial assets</b>	<b>2,042</b>	<b>0</b>

During 2020 the Group acquired 12% share in Lerta. Lerta develops Virtual Power Plant technologies and services.

Investment in Raygen Resources Pty Ltd represents 250,000 shares which represents approximately 7.85% share on equity of the entity. Raygen is a company specialising in high-efficiency concentrated PV generation with thermal absorption and storage.

## 22. Deferred Tax Assets and Liabilities

### Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of EUR</i>	2020	2019
<b>Recognised deferred tax asset resulting from:</b>		
Accumulated tax losses carried forward	187	0
<b>Recognised deferred tax liability resulting from:</b>		
Property, plant and equipment	-10,072	-7,369
<b>Net deferred tax liability</b>	<b>-9,885</b>	<b>-7,369</b>

### Movement in temporary differences during the year:

<i>In thousands of EUR</i>	Balance as at 1 January 2019	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	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 2020
Accumulated tax losses carried forward	0	0	0	0	0	187	0	0	187
Property, plant and equipment	-6,308	-286	9	-784	-7,369	-343	660	-3,020	-10,072
<b>Total</b>	<b>-6,308</b>	<b>-286</b>	<b>9</b>	<b>-784</b>	<b>-7,369</b>	<b>-156</b>	<b>660</b>	<b>-3,020</b>	<b>-9,885</b>

Recognised deferred tax liability is arising mainly from revaluation of property, plant and equipment. Deferred tax liability is initially recognised against equity (revaluation reserve) upon revaluation of PPE (see also 5.1 and 17). Corresponding release of recognised deferred tax liability is recognised in OCI and subsequently recycled to retained earnings.

In 2020 the Group reassessed the probability of generation of sufficient taxable profits prior to their expiry and recognised de-

ferred tax assets of EUR 187 thousand arising from part of the tax losses carried forward that are expected to be utilised in 2021. Recognised deferred tax asset relates mainly to tax losses to be utilised in Czech Republic and Germany. Deferred tax liability relates to temporary differences in PPE mainly in Czech Republic, Slovakia and Hungary.

In addition to recognised deferred tax liability, the Group also has unrecognised deferred tax assets mainly attributable to following:

<i>In thousands of EUR</i>	Note	2020	2019
<b>Unrecognised deferred tax asset resulting from:</b>			
Fair value of hedging derivatives (to be recognised against equity)	31	34	25
Provisions and other temporary differences		50	40
Accumulated tax losses		2,497	2,835
<b>Unrecognised deferred tax asset</b>		<b>2,581</b>	<b>2,900</b>

No deferred tax assets arising from these temporary differences has been recognized in the financial statements as it is either not probable that sufficient taxable profits will be generated prior to the expiry of unused tax losses or as the Group is not able to reliably assess the amounts and timing of future taxable profits.

The potential deferred tax assets have been calculated using the tax rates valid in individual countries where accumulated tax losses arise (Czech Republic, Slovakia, Germany, Netherlands, Switzerland, Australia and Hungary).

As of 31 December 2020 the Group has unused tax losses carry forward of EUR 13,419 thousand for which no deferred tax assets have been recognised. Out of these tax losses, EUR 603 thousand expire in 2021, EUR 5,904 thousand expire in the period 2022-2024, EUR 3,460 thousand expire in the period 2025-2030 and EUR 3,452 thousand have an unlimited expiry date.

As of 31 December 2019 the Group had unused tax losses carry forward of EUR 13,879 thousand. Out of these tax losses, EUR 1,002 thousand were to expire in 2020, EUR 7,080 thousand in the period 2021-2024, EUR 525 thousand in the period 2025-2027 and EUR 5,272 thousand had an unlimited expiry date.

## 23. Inventories

<i>In thousands of EUR</i>	2020	2019
Goods	1,010	1,213
<b>Inventories</b>	<b>1,010</b>	<b>1,213</b>

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

The cost of inventories recognized as an expense in Raw materials and consumables used during the year in respect of continuing operations amounted to EUR 4,468 thousand (31 December 2019: EUR 9,764 thousand).

## 24. Trade and Other Receivables, Loans to Related Parties and Prepayments

### Trade and other receivables, prepayments

<i>In thousands of EUR</i>	Note	2020	2019
Trade receivables (gross)		4,835	5,401
Other than trade receivables		0	2,361
Loans provided to related parties	37	1,137	1,027
Fair value of derivatives	35	0	197
Less credit loss allowance	15	-173	-172
<b>Total financial assets with trade and other receivables</b>		<b>5,799</b>	<b>8,814</b>
Advances paid – current and non current		1,624	2,810
VAT receivables		349	359
Prepayments		260	268
<b>Total non-financial assets with trade and other receivables</b>		<b>2,233</b>	<b>3,437</b>
<b>Total trade and other receivables, loans to related parties and prepayments</b>		<b>8,032</b>	<b>12,251</b>

Trade receivables of EUR 4,835 thousand (2019: EUR 5,401 thousand) include mainly current and overdue receivables from sale of electricity, O&M services and sales of technologies.

Other receivables at 31 December 2019 included also receivables of EUR 1,016 thousand which were withheld back by ČEZ Prodej a.s. in relation to SPV 11 case for which no ECL provision has been created as at 31 December 2019. The receivables have been fully settled in 2020.

Current and non-current advances paid of EUR 1,624 thousand (2019: EUR 2,810 thousand) include mainly paid non-current advances relating to Resolar provision of EUR 506 thousand (2019: EUR 524 thousand) which will be settled upon liquidation of panels in accordance with requirement of EU and Czech regulation in 2030, see also Note 30, and other current advance for goods and services of EUR 1,007 thousand (2019: 1,544 thousand).

Receivables of EUR 224 thousand were written off during 2020 (2019: EUR 0 thousand).

Loans provided to related parties represent mainly loans provided to Solar Age Investments B.V. and other related parties that are not eliminated in the consolidation of PENV. For more information on related party transactions, see also Note 37.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allow-

ance for all trade receivables, other receivables, and receivables from related parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of customers/counterparty over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The credit loss allowance for trade receivables and other receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due, adjusted for forward looking information.

The credit loss allowance for Loans provided to related parties is determined according to internal analysis of recoverability of Loans provided to related parties, based on this analysis no ECL provisions were created as at 31 December 2020 and 31 December 2019.

<i>In thousands of EUR</i>	31 December 2020				31 December 2019			
	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
<b>Trade receivables</b>								
Current	0.10%	2,455	-3	2,452	0.10%	1,961	-2	1,959
Less than 30 days overdue	0.5%	718	-4	714	0.40%	350	-1	349
30 to 90 days overdue	1%	764	-8	756	0.75%	922	-7	915
90 to 360 days overdue	2.50%	514	-13	501	2.00%	764	-15	749
Over 360 days overdue	specific	384	-145	239	specific	1,403	-146	1,257
<b>Total for trade receivables</b>		<b>4,835</b>	<b>-173</b>	<b>4,662</b>		<b>5,400</b>	<b>-171</b>	<b>5,229</b>
<b>Other receivables</b>	0,10%	0	0	0	0,10%	2,362	-1	2,361
<b>Total</b>		<b>4,835</b>	<b>-173</b>	<b>4,662</b>		<b>7,762</b>	<b>-172</b>	<b>7,590</b>

Specific ECL for receivables overdue for more than 360 days as at 31 December 2020 and 2019 is based on present value of future cash flow of related receivables.

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

<i>In thousands of EUR</i>	2020	2019
<b>Allowance for credit losses on trade and other receivables as at 1 January</b>	<b>172</b>	<b>71</b>
New originated	1	95
Changes in estimates and assumptions	2	0
Total credit loss allowance charge in profit or loss for the period	3	95
Foreign exchange movements	-2	6
<b>Allowance for credit losses on trade and other receivables as at 31 December</b>	<b>173</b>	<b>172</b>

## 25. Assets and Liabilities Arising from Contracts with Customers

The Group has recognised following assets and liabilities arising from contracts with customers:

<i>In thousands of EUR</i>	2020	2019
Current contract assets from contracts with customers	1,025	322
Loss allowance	-	-
<b>Total current contract assets</b>	<b>1,025</b>	<b>322</b>
Contract liabilities – advances from customers	836	781
<b>Total current contract liabilities</b>	<b>836</b>	<b>781</b>

Contract assets represents un-invoiced part of recognised revenue based on progress towards complete satisfaction. Invoiced amount of contract assets is reclassified to trade receivable upon its invoicing.

At 31 December 2020 the most significant part of the contract asset was represented by Lord Howie project of EUR 263 thousand EUR (2019: EUR 0)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk

characteristics and the days outstanding as unbilled. The contract assets relate to unbilled work in progress and have substantially similar risk characteristics as the trade receivables for the same types of contracts.

The expected loss rates are based on the past data collected over a period of 36 month (2019: 36 months) prior to the end of the reporting period and the corresponding historical losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells its goods

and services to be the most relevant indicators, and accordingly adjusts the historical loss rates based on expected changes in these variables.

The credit loss allowance for contract assets as at 31 December 2020 is determined according to provision matrix presented in the table below.

<i>In thousands of EUR</i>	31 December 2020				31 December 2019			
	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
<b>Contract assets</b>								
Outstanding as unbilled for less than 90 days	0.2%	1,025	0	1,025	0.2%	322	0	322
<b>Total</b>	<b>0.2%</b>	<b>1,025</b>	<b>0</b>	<b>1,025</b>	<b>0.2%</b>	<b>322</b>	<b>0</b>	<b>322</b>

## 26. Liquid Assets

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:

<i>In thousands of EUR</i>	2020	2019
Cash and cash equivalents	9,869	12,404
Cash with restriction on disposition	4,109	2,698
Money in transit	2	-26
Cash on hand	22	28
Precious metals	288	-
<b>Liquid assets</b>	<b>14,290</b>	<b>15,104</b>

Cash with restriction on disposition includes mainly DSRA (debt service reserve accounts) and MRA (maintenance reserve accounts) for Czech, Slovak, Hungarian and Australian SPVs (2019: only Czech and Slovak SPV) and guarantees issued. Balances at bank as at 31 December 2020 includes also loan proceeds drawn connected to financing of Australian projects of EUR 4,410 thousand that will be released in line with construction milestones of the related projects that is expected early 2021 (2019: EUR 0), and therefore are included in Cash and cash equivalents.

Part of the movement on Cash with restriction on disposition related to operating activities of the Group in 2020 in amount of EUR 144 thousand (2019: EUR 276 thousand) was presented as Change in trade and other receivables. Movement in Cash with restriction on disposition relating to borrowings of EUR -1,268 thousand (2019: EUR 980 thousand) was presented in Cash flows from financing activities.

## 27. Capital and Reserves

### Share capital and share premium

#### Ordinary shares

<i>In shares</i>	2020	2019
On issue at 1 January	60,000,000	60,000,000
On issue at 31 December – fully paid	60,000,000	60,000,000

The Company's issued 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.

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.

#### Ordinary shares

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

## Treasury shares

At 31 December 2020 treasury shares included 8,784,000 ordinary shares of the Company (2019: 8,834,409 ordinary shares) owned directly by the Company. These ordinary shares carry no voting rights at the Shareholders Meeting.

Movement in share capital can be analysed as follow:

Share premium represents the excess of contributions received over the nominal value of shares issued. Proceeds from allocation of treasury shares to employees in excess to nominal value of shares are also recorded in Share premium. Nominal value of sold treasury shares is recorded against Treasury shares reserve.

<i>In thousands of EUR</i>	Ordinary shares	Share premium	Treasury shares	Total
<b>At 1 January 2019</b>	<b>600</b>	<b>23,760</b>	<b>-90</b>	<b>24,270</b>
Treasury shares allocated	-	-	2	2
<b>At 31 December 2019</b>	<b>600</b>	<b>23,760</b>	<b>-88</b>	<b>24,272</b>
Treasury shares allocated	-	186	1	187
<b>At 31 December 2020</b>	<b>600</b>	<b>23,946</b>	<b>-87</b>	<b>24,459</b>

As of 31 December 2020 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.	21,775,116	36.29%	21,775,116	42.52%
Solar Power to the People Cooperatief U.A.	20,843,375	34.74%	20,843,375	40.70%
Photon Energy N.V.	8,784,000	14.64%	-	0.00%
Free float	8,597,509	14.33%	8,597,509	16.79%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,216,000</b>	<b>100.00%</b>

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%	-	0.00%
Free float	8,056,050	13.43%	8,056,050	15.74%
<b>Total</b>	<b>60,000,000</b>	<b>100.00%</b>	<b>51,165,591</b>	<b>100.00%</b>

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

Mr. Michael Gartner indirectly owns 42.52% of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 40.70% of votes, via Solar Power to the People Coöperatief U.A. and directly 0.18% of votes at the Shareholders Meeting.

On 21 November 2013 the management board of Photon Energy N.V. resolved to issue to its at this time shareholder Solar Age Investments BV (SAI) 10,000,000 shares in the share capital of the Company with a nominal value of EUR 0.01 each for a total subscription value of EUR 100,000. SAI settled the subscription consideration by offsetting an existing receivable against the Issuer. Subsequently, SAI transferred to PENV 10,000,000 exist-

ing shares (the "Treasury shares"), free of payment, out of its total shareholding of 38,263,074 shares. The net result of this transaction was that the Company's equity increased by 100,000 EUR. The number of issued shares of the Company increased from 50,000,000 to 60,000,000, while the number of outstanding shares remained unchanged at 50,000,000.

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

The other 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.

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019 Restated</b>
Statutory reserve fund	13	13
Revaluation reserve	40,679	29,220
Currency translation reserve	-2,580	930
Hedging reserve	-325	-187
Other capital funds	87	88
<b>Total reserves</b>	<b>37,874</b>	<b>30,064</b>

### Statutory reserve fund

The statutory reserve fund is a reserve fund previously 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 statutory reserve fund amounts to EUR 13 thousand at 31 December 2020 (2019: EUR 13 thousand).

### Revaluation reserve

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
Balance at beginning of year	29,220	22,935
Increase arising on revaluation of properties (Note 18)	17,665	9,333
Increase arising on revaluation of properties - DT recognised	-3,158	-784
<i>Increase arising on revaluation of properties net of deferred tax</i>	<i>14,507</i>	<i>8,549</i>
Move from revaluation reserve to retained earnings	-2,965	-2,264
Other movements	-82	0
<b>Balance at end of year</b>	<b>40,679</b>	<b>29,220</b>

The revaluation reserve arises on the revaluation of photovoltaic power plants (PVP). In 2020, the Group updated several assumptions in the DCF models which led to a net increase of fair value of property, plant and equipment by EUR 9,726 thousand (see also Note 5.1.), the net amount recognised in revaluation reserve resulting from this amounted to EUR 7,286 thousand.

During the year, the Group performed revaluations of newly connected power plants in Hungary resulting in an increase of the value of property, plant, and equipment by the total amount of EUR 7,938 thousand, net amount recognised in revaluation reserve resulting from this amounted to EUR 7,255 thousand, see also Note 5.1. and 18.

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 recycled to retained earnings in 2020 equals to EUR 2,965 thousand (2019: EUR 2,264 thousand).

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

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019</b>
Balance at beginning of year	930	698
Foreign currency differences arising from the translation of financial statements and foreign exchange gains or losses arising from net investments	-3,509	232
<b>Balance at end of year</b>	<b>-2,579</b>	<b>930</b>

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.

In accordance with accounting policies are foreign exchange gains or losses arising from net investments in foreign operations also recognised in other comprehensive income.

This reserve cannot be distributed.



## Derivatives hedging reserve

<i>In thousands of EUR</i>	2020	2019 Restated
Balance at beginning of year	-187	-197
Change in fair value of hedging derivatives – fully consolidated entities (Note 31)	-115	10
Share on change in fair value of hedging derivatives of JV	-23	0
<b>Balance at end of year</b>	<b>-325</b>	<b>-187</b>

Derivatives hedging reserve cannot be distributed.

### Other capital funds

In line with the acquisition of treasury shares free of charge in 2013 the Company recognised Other capital funds of EUR 100 thousand. Nominal value of sold treasury shares is recorded against Other capital funds .

### Dividends

There were no dividends declared and paid by the Company in 2020 and 2019.

## 28. Earnings Per Share

<i>In EUR</i>	2020	2019
Basic earnings per share	-0.167	-0.013
Diluted earnings per share	-0.145	-0.011
<b>Total comprehensive income per share</b>		
Basic TCI per share	0.041	0.159
Diluted TCI per share	0.035	0.135

### Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2020 was based on the loss attributable to ordinary shareholders of EUR -8,654 thousand (2019: loss EUR 683 thousand) and a weighted average number of ordinary shares outstanding of 52,201 thousand (2019: 51,116 thousand).

Share on profit of equity-accounted investees amounted to EUR 88 thousand (2019: EUR 2 thousand).

### Basic and diluted total comprehensive income per share

The calculation of total comprehensive earnings per share and diluted total comprehensive earnings per share at 31 December

2020 and 2019 was based on the total comprehensive income of EUR 2,123 thousand (2019: EUR 8,107 thousand) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 52,201 thousand (2019: of 51,116 thousand).

### Weighted average number of ordinary shares

There were no new shares issued in 2020 nor 2019. The number of shares at the year-end 2020 was 60,000,000.

## 29. 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.

<i>In thousands of EUR</i>	2020	2019 restated
<b>Non-current liabilities</b>		
Issued bonds	46,739	38,823
Long-term secured bank loans	44,143	37,589
Long term lease liability	1,936	2,251
Long-term portion of other loans	401	215
<b>Total</b>	<b>93,219</b>	<b>78,878</b>
<b>Current liabilities</b>		
Current portion of long-term secured bank loans, including accrued interest	6,008	3,731
Short-term lease liability	469	492
<b>Total</b>	<b>6,477</b>	<b>4,223</b>
<b>Total loans &amp; borrowings</b>	<b>99,696</b>	<b>83,101</b>

### Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these

liabilities are those that are reported as financing in the statement of cash flows:

<i>In thousands of EUR</i>	Borrowings	Issued bonds	Lease liabilities	Other liabilities from financing activities	Total
<b>Liabilities from financing activities at 1 January 2019 (Restated)</b>	<b>32,936</b>	<b>31,092</b>	<b>1,728</b>	<b>334</b>	<b>66,090</b>
<b>Cash flows</b>					
Loan drawdowns/New issues of bonds	20,996	7,584	0	0	28,580
Repayments of principal	-13,216	0	-185	-142	-13,543
Interest payments	-2,033	-2,450	-120	-28	-4,631
<b>Non-cash changes</b>					
Interest expense	1,785	2,900	120	28	4,833
New leases	0	0	898	0	898
Foreign exchange adjustments	852	-303	120	23	692
<b>Liabilities from financing activities at 31 December 2019</b>	<b>41,320</b>	<b>38,823</b>	<b>2,561</b>	<b>215</b>	<b>82,919</b>
<b>Cash flows</b>					
Loan drawdowns/New issues of bonds	16,579	7,684	0	186	24,449
Repayments of principal	-5,312	0	-325	0	-5,637
Interest payments	-1,938	-3,331	-123	-37	-5,429
<b>Non-cash changes</b>					
Interest expense	1,825	3,614	123	37	5,599
Foreign exchange adjustments	-2,323	-51	169	0	-2,205
<b>Liabilities from financing activities at 31 December 2020</b>	<b>50,151</b>	<b>46,739</b>	<b>2,405</b>	<b>401</b>	<b>99,696</b>

## Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of EUR	Currency	Nominal interest rate	Year of maturity	31 December 2020		31 December 2019	
				Credit limit	Utilised	Credit limit	Utilised
Secured bank loan (Raiffeisen)	CZK	3M PRIBOR + 3.7%	1.1.2023	14,736	14,736	17,704	17,704
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–3.1%	28.6.2024	3,066	3,066	3,884	3,884
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–2.9%	31.12.2024	3,335	3,335	4,107	4,107
Secured bank loan (K&H)	HUF	3M BUBOR + 2.2–2.5%	28.6.2034 31.3.2035	24,263	23,178	27,823	15,542
Secured bank loan (CIB)	HUF	3M BUBOR + 2.5%	31.12.2035	2,748	0*	0	0
Secured bank loan (Infra debt)	AUD	3M BBSW (min 0,5%) + 2,35-3,25%	31.12.2025	5,662	5,662**	0	0
Accrued fees and interest				-	174	-	83
<b>Total interest bearing liabilities</b>				<b>53,810</b>	<b>50,151</b>	<b>53,518</b>	<b>41,320</b>

\* The loans have not been drawn at 31 December 2020, see also Note 40 Subsequent events.

\*\* The loan represent amount drawn, but not yet released at 31 December 2020, see also Note 26 and Note 40.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are disclosed in Note 34.

All secured bank loans are pledged 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, see also Note 17.

In 2020, Photon Energy secured non-recourse project financing for its newly expanded Hungarian portfolio. The total amount withdrawn as of the year end 2020 equaled to HUF 3.65 billion (EUR 10.6 million). 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. In addition, Photon Energy secured non-recourse project financing for additional power plants in Hungary in the amount of HUF 1.00 billion (EUR 2.8 million) with CIB Bank, a subsidiary of the

Italian Intesa Sanpaolo Group and the second-largest commercial bank in Hungary, for a period of 15 years. The amount was not drawn down in the reporting period.

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.

### Compliance with Covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default.

The Group was in compliance with covenants at 31 December 2020 and 31 December 2019.

### Issued bonds

In thousands of EUR	Amortised amount		Fair value	
	2020	2019 Restated	2020	2019
<b>Non-current liabilities</b>				
EUR bond 2017/22	44,923	37,171	49,165	42,630
CZK bond 2016/23	1,816	1,652	2,051	1,960
<b>Total</b>	<b>46,739</b>	<b>38,823</b>	<b>51,216</b>	<b>44,590</b>

In October 2017, the Group has issued new EUR bonds with an annual coupon of 7.75% and maturity in October 2022. Outstanding nominal amount as of 31 December 2020 was EUR 45,000 thousand (2019: EUR 37,500 thousand). EUR bonds are traded

on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart.

CZK bond issued in October 2016 has an annual coupon of 6% and maturity date in October 2023, with an outstanding nominal amount of EUR 1,899 thousand as of 31 December 2020 (2019: EUR 1,766 thousand). CZK bonds are traded on the unregulated market segment of the Prague's Stock Exchange.

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 3% (2019: 3%) and are within level 2 of the fair value hierarchy.

#### Other long-term financing

Other long-term financing of EUR 401 thousand (2019: EUR 215 thousand) that includes mainly consumer loans received for car financing and other long-term liabilities.

## 30. Provisions

Movements in provisions for liabilities and charges are as follows:

<i>In thousands of EUR</i>	2020	2019 Restated
<b>Carrying amount as at 1 January</b>	<b>534</b>	<b>534</b>
Unwinding the present value discount	0	0
Foreign exchange impact	-14	0
<b>Carrying amount as at 31 December</b>	<b>520</b>	<b>534</b>

Provision for liabilities and charges includes provision for ecological liquidation and recycling of solar panels created in accordance with European directive and Czech legislation. For all solar panels purchased before 2013, all responsibilities connected to recycling of solar panels are with the PVP operators. In accordance with the legislation, the Group paid contribution to the selected provid-

er responsible for liquidation of solar panels of EUR 506 thousand (2019: EUR 524 thousand), paid contributions are presented as non-current advances paid in Other receivables – non-current, see Note 24. There are no similar obligations connected to the liquidation of solar panels in Slovakia, Hungary nor Australia.

## 31. Trade and Other Payables

<i>In thousands of EUR</i>	Note	2020	2019
Trade payables		3,669	3,484
Derivatives	33	410	0
Other payables		2,649	3,478
<b>Total financial liabilities with trade and other payables</b>		<b>6,728</b>	<b>6,962</b>
Payables to employees		410	416
Payables to health and social authorities		0	10
Other taxes		124	0
<b>Total non-financial liabilities with trade and other payables</b>		<b>534</b>	<b>427</b>
<b>Total trade and other payables</b>		<b>7,262</b>	<b>7,389</b>

Trade payables of EUR 3,669 thousand (2019: EUR 3,484 thousand) include mainly regular trade payables and payables for supply of goods and services to the Group.

## 32. Current Tax Liability

Other liabilities in amount of EUR 630 thousand represent payable for corporate income and other taxes (2019: EUR 125 thousand) less any tax advances paid. This liability relates mainly to the Czech SPVs, selected SK SPVs and one Hungarian entity.

## 33. Derivative Financial Instruments

<i>In thousands of EUR</i>	31 December 2020		31 December 2019	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
<b>Interest rate swaps, fair values, at the end of reporting period</b>				
Trading derivatives	0	-162	659	-329
Hedging derivatives	0	-248	0	-133
<b>Value of interest rate swaps</b>	<b>0</b>	<b>-410</b>	<b>659</b>	<b>-462</b>
<b>Net value of interest rate swaps</b>	<b>0</b>	<b>-410</b>	<b>197</b>	<b>0</b>

Interest rate swaps are derivative financial instruments entered into by the Group are generally concluded with financing banks on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

In accordance with accounting policies described in note 4.3.3, changes in fair value of derivatives for which no hedge accounting is in place are recognized in profit and loss, changes in fair value of hedging derivatives are recognized in other comprehensive income.

## 34. Financial Risk Management

The major financial risks faced by the Company are those related to credit exposures, exchange rate and interest rate. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. These risks are managed in the following manner.

### 34.1 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 table below shows liabilities at 31 December 2020 and 31 December 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are settled on net basis. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

### 31 December 2020

<i>In thousands of EUR</i>	<b>Carrying amount</b>	<b>1 – 12 months</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>	<b>Contractual cash flows</b>
<b>Financial liabilities</b>						
Secured bank loans	50,151	7,747	7,834	24,144	19,255	58,980
Bonds	46,739	3,601	48,592	1,990		54,183
Lease liability	2,405	469	350	909	1,039	2,767
Other LT loans	401	267	134			401
Trade and other payables	6,852	6,852				6,852
Derivatives	410	410				410
<b>Total future payments, including future principal and interest payments</b>	<b>106,958</b>	<b>19,346</b>	<b>56,910</b>	<b>27,043</b>	<b>20,294</b>	<b>123,593</b>

### 31 December 2019

<i>In thousands of EUR</i>	<b>Carrying amount</b>	<b>1 – 12 months</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>	<b>Contractual cash flows</b>
<b>Non-derivative financial liabilities</b>						
Secured bank loans (current/non-curr.)	41,320	6,965	7,375	25,098	23,474	62,912
Bonds	38,823	3,012	3,012	42,367		48,391
Lease liability	2,561	328	351	1,047	1,267	2,993
Other LT loans	273	182	91			273
Trade and other payables	6,962	6,962				6,962
<b>Total future payments, including future principal and interest payments</b>	<b>89,939</b>	<b>17,449</b>	<b>10,829</b>	<b>68,512</b>	<b>24,741</b>	<b>121,531</b>

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

## 34.2 Credit Risk

### Exposure to Credit Risk

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

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

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 with rating by S&P between A- and BBB+.

IFRS 9 allows entities to apply a 'simplified approach' for trade receivables and contract assets. The simplified approach allows entities to recognise lifetime expected losses on all these assets without the need to identify significant increases in credit risk.

For trade and other receivables, receivables from related and contract assets that do not contain a significant financing component, the Group recognises a lifetime expected loss allowance.

The Group applies a provision matrix that applies the relevant loss rates to the trade receivable balances. See also Note 24 for more.

## 34.3 Interest Rate Risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the

Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates. 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.

<i>In thousands of EUR</i>	<b>Demand and less than 1 month</b>	<b>From 1 to 6 months</b>	<b>From 6 to 12 months</b>	<b>More than 1 year</b>	<b>Not specified</b>	<b>Total</b>
<b>31 December 2020</b>						
Total financial assets	19,801	0	0	0	3,067	22,868
Total financial liabilities	6,739	50,207	67	47,006	2,405	106,424
<b>Net interest sensitivity gap at 31 December 2020</b>	<b>13,062</b>	<b>-50,207</b>	<b>-67</b>	<b>-47,006</b>	<b>662</b>	<b>-83,556</b>
<b>31 December 2019</b>						
Total financial assets	21,558	0	0	0	322	21,880
Total financial liabilities	6,970	41,358	46	39,005	2,561	89,940
<b>Net interest sensitivity gap at 31 December 2019</b>	<b>14,588</b>	<b>-41,358</b>	<b>-46</b>	<b>-39,005</b>	<b>-2,239</b>	<b>-68,060</b>

Actual interest expense related to bank loans and borrowings incurred by the Company in 2020 was EUR 5,543 thousand (2019: EUR 4,726 thousand (2018: EUR 1,833 thousand) related to the loans drawn in the amount of EUR 50,151 thousand (31 December 2019: EUR 41,320 thousand. Information on variable interest rates for all bank loans received is included in Note 29.

At 31 December 2020, if interest rates at that date had been 100 basis points lower (2019: 100 basis points lower) with all other variables held constant, profit for the year would have been EUR

500 thousand (2019: EUR 413 thousand) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 100 basis points higher (2019: 100 basis points higher), with all other variables held constant, profit would have been EUR 500 thousand (2019: EUR 413 thousand) lower, mainly as a result of higher interest expense on variable interest liabilities.

Bonds issued bear fixed interest rate risk and therefore are not subject to interest rate risk.

### 34.5 Currency Risk

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

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

<i>In thousands of EUR</i>	<b>At 31 December 2020</b>				<b>At 31 December 2019</b>			
	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Derivatives</b>	<b>Net position</b>	<b>Monetary financial assets</b>	<b>Monetary financial liabilities</b>	<b>Derivatives</b>	<b>Net position</b>
EUR	3,486	-57,156	-102	-53,772	2,976	-53,035	-133	-50,192
CZK	6,004	-16,005	-162	-10,163	7,163	-18,456	330	-10,963
HUF	6,330	-23,178	-146	-16,994	11,003	-18,146	-	-7,143
AUD	6,460	-10,095	-	-3,635	25	-426	-	-401
CHF	15	-	-	15	-	-	-	-
PLN	904	-	-	904	-	-	-	-
<b>Total</b>	<b>23,199</b>	<b>-106,434</b>	<b>-410</b>	<b>-83,645</b>	<b>21,167</b>	<b>-90,063</b>	<b>197</b>	<b>-68,699</b>

Derivatives presented above are monetary financial assets or monetary financial liabilities, but are presented separately in order to show the Group's gross exposure. The Group has only interest rate derivatives, there are no FX derivatives.

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

In thousands of EUR	At 31 December 2020		At 31 December 2019	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
EUR strengthening by 10% (2019: strengthening by 10%)	0	0	0	0
CZK strengthening by 10% (2019: strengthening by 10%)	909	15	4,551	-30
HUF strengthening by 10% (2019: strengthening by 10%)	1,532	29	649	0
AUD strengthening by 10% (2019: strengthening by 10%)	330	0	36	0
<b>Total</b>	<b>2,771</b>	<b>44</b>	<b>5,236</b>	<b>-30</b>

## 35. Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- ▶ **Level 1** are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- ▶ **Level 2** measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- ▶ **Level 3** measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measure-

ment. The significance of a valuation input is assessed against the fair value measurement in its entirety.

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.

### 35.1 Recurring Fair Value Measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

In thousands of EUR	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Precious metals	288	-	-	288	-	-	-	-
Derivatives	-	-	-	-	-	197	-	197
<b>Non financial assets</b>								
Property, plant and equipment	-	-	126,330	126,330	-	-	102,009	102,009
<b>Total assets recurring FV measurement at 31 December</b>	<b>288</b>	<b>-</b>	<b>126,330</b>	<b>126,618</b>	<b>-</b>	<b>197</b>	<b>102,009</b>	<b>102,206</b>
<b>Financial liabilities</b>								
Derivatives	-	410	-	410	-	-	-	-
<b>Total assets recurring FV measurement at 31 December</b>	<b>-</b>	<b>410</b>	<b>-</b>	<b>410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows:

**31 December 2020:**

<i>In thousands of EUR</i>	Fair value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of FV measurement
<b>Non financial assets</b>						
Property, plant and equipment	126,330	DCF	Note 5.1	See below	See below	See below
<b>Total assets recurring FV measurement at 31 December</b>	<b>126,330</b>					

**31 December 2019:**

<i>In thousands of EUR</i>	Fair value	Valuation technique	Inputs used	Range of inputs	Reasonable change	Sensitivity of FV measurement
<b>Non financial assets</b>						
Property, plant and equipment	102,009	DCF	Note 5.1	See below	See below	See below
<b>Total assets recurring FV measurement at 31 December</b>	<b>102,009</b>					

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 relevant discount rates (Levered Cost of Equity). The risk profile is represented by a discount rate (Levered Cost of Equity). 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 its unique capital structure.

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

The used Levered Cost of Equity rates to discount estimated cash flows, vary between countries from 7% to 11% for 2020 (2019: 7% to 11%).

**Sensitivity analysis of DCF for power plants – change in Levered Cost of Equity**

The below analysis shows impact of change in the used Levered Cost of Equity rates by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2020:

<i>In thousands of EUR</i>	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-1,914	-3.8%	2,542	5.1%
CZ power plants	-5,606	-10.6%	6,914	13.0%
SK power plants	-690	-4.5%	792	5.2%

The below analysis shows impact of change in the used Levered Cost of Equity rates by +/-3% on the enterprise/entity value in absolute and relative figures as of 31.12.2019:

<i>In thousands of EUR</i>	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-1,950	-6.1%	2,738	8.6%
CZ power plants	-4,986	-9.5%	6,301	12.0%
SK power plants	-807	-4.4%	959	5.2%

### Sensitivity analysis of DCF for power plants – change in production output

The below analysis shows impact of change in production output by +/-2% on the enterprise/entity value in absolute and relative figures as of 31.12.2020:

<i>In thousands of EUR</i>	<b>Production +2%</b>	<b>Production +2% in %</b>	<b>Production -2%</b>	<b>Production -2% in %</b>
HU power plants	907	1.8%	-931	-1.9%
CZ power plants	962	1.8%	-962	-1.8%
SK power plants	386	2.5%	-386	-2.5%

The below analysis shows impact of change in production output by +/-2% on the enterprise/entity value in absolute and relative figures as of 31.12.2019:

<i>In thousands of EUR</i>	<b>Production +2%</b>	<b>Production +2% in %</b>	<b>Production -2%</b>	<b>Production -2% in %</b>
HU power plants	296	0.9%	-369	-1.2%
CZ power plants	930	1.8%	-930	-1.8%
SK power plants	359	1.9%	-359	-1.9%

### 35.2 Assets and Liabilities Not Measured at Fair Value but for Which Fair Value is Disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

<i>In thousands of EUR</i>	<b>2020</b>				<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>								
<b>Financial assets at AC</b>								
Trade and other receivables	-	4,662	-	4,662	-	5,230	-	5,230
Loans provided	-	1,137	-	1,137	-	1,027	-	1,027
Other	-	17,069	-	17,069	-	15,623	-	15,623
<b>Total assets</b>	-	<b>22,868</b>	-	<b>22,868</b>	-	<b>21,880</b>	-	<b>21,880</b>
<b>Financial liabilities</b>								
<b>Borrowings</b>								
Bank loan	-	50,151	-	50,151	-	41,320	-	41,320
Issued bonds	-	51,216	-	51,216	-	44,591	-	44,591
Lease liabilities	-	2,405	-	2,405	-	2,743	-	2,743
Other non-current liabilities	-	401	-	401	-	273	-	273
<b>Other financial liabilities</b>								
Trade and other payables	-	6,728	-	6,728	-	6,962	-	6,962
<b>Total liabilities</b>	-	<b>110,901</b>	-	<b>110,901</b>	-	<b>95,889</b>	-	<b>95,889</b>

All financial assets and financial liabilities have been defined to Level 2.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

#### Financial Assets Carried at Amortised Cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instru-

ments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

#### Liabilities Carried at Amortised Cost

The fair value of issued bonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques.

## 36. Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 Financial Instruments classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily

measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.

The following table provides a reconciliation of financial assets with these measurements:

### 31 December 2020:

<i>In thousands of EUR</i>	<b>FVTPL (mandatory)</b>	<b>AC</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	9,893	9,893
Liquid assets with restriction on disposition	-	4,109	4,109
Other financial assets	2,042	-	2,042
Contract asset	-	1,025	1,025
Trade and other receivables	-	4,662	4,662
Loans provided	-	1,137	1,137
<b>Total financial assets</b>	<b>2,042</b>	<b>20,826</b>	<b>22,868</b>

As of 31 December 2020, all of the Group's financial liabilities except for derivatives were carried at AC.

### 31 December 2019:

<i>In thousands of EUR</i>	<b>FVTPL (mandatory)</b>	<b>AC</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	-	12,406	12,406
Liquid assets with restriction on disposition	-	2698	2698
Other financial assets	-	-	-
Contract asset	-	322	322
Trade and other receivables	-	5,230	5,230
Loans provided	-	1,027	1,027
Other	197	-	197
<b>Total financial assets</b>	<b>197</b>	<b>21,683</b>	<b>21,880</b>

As of 31 December 2019, all of the Group's financial liabilities except for derivatives were carried at AC.

## 37. Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been elimi-

nated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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.

At 31 December 2020, the outstanding balances with related parties were as follows:

<i>In thousands of EUR</i>	Note	Parent companies	Joint ventures	Key management personnel
Gross amount of trade receivables	24	-	72	-
Loans issued	24	1,137	-	420
Investments in JV	8	-	2,641	-

Loans issued to related parties include loans to Solar Age Investments B.V. and Solar Power to the People U.A. which are short term for a period of up to 12 month and bear interest rate of 3%.

At 31 December 2019, the outstanding balances with related parties were as follows:

<i>In thousands of EUR</i>	Note	Parent companies	Joint ventures	Key management personnel
Loans issued	24	1,027	-	233
Investments in JV	8	-	2,666	-

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

<i>In thousands of EUR</i>	Note	Parent companies	Joint ventures	Key management personnel
Revenue from services rendered		-	72	-
Purchases of raw materials and consumables		-	-	-
Purchases of raw materials and consumables – activated		-	-	-
– Interest income	16	27	-	8

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

<i>In thousands of EUR</i>	Note	Parent companies	Joint ventures	Key management personnel
Purchases of raw materials and consumables		-	48	-
Purchases of raw materials and consumables – activated		-	451	-
– Interest income	16	26	-	4

There are no other rights and obligations connected to related parties at 31 December 2020 nor 31 December 2019.

### Key Management Compensation

Key management includes Directors and Senior management. Members of the board of directors did not receive any compensation during 2020 nor 2019 for their duties serving on the board of directors for the Group of entities. Furthermore, no emoluments of managing directors, including pension obligations were charged to the Company. No service contracts with the Company nor any of its Subsidiaries have been provided to a member of the Board of Directors for benefits upon termination of employment. Mr Georg Hotar receives a regular salary as an employee in his function as managing director of Global Investment Protection AG in Switzerland and Mr Gartner receives a regular salary as an

employee in his function as managing director of Photon Energy Australia Pty Ltd. in Australia. These compensations are in no direct relation to their Board of Director functions. The overall cost of compensations for the key management from their employment relations with the Company or its subsidiaries amounted to EUR 717 thousand in 2020 (2019: EUR 654 thousand). The agreements between the key management with the Company or its Subsidiaries do not foresee any stock option plans, severance payments, company pension plans or other deferred compensation. Termination period of the agreements is up to six months. There are no commitments and contingent obligations towards key management personnel at 31 December 2020 nor 31 December 2019.

## 38. Group Entities

### Subsidiaries and joint ventures

The following entities were in the Group as at 31 December 2020:

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 Energy Operations NL B.V. (former Photon Directors B.V.)	100%	NL	Full Cons.	PEONV
3 Photon Energy Engineering B.V. (PEEBV)	100%	NL	Full Cons.	PENV
4 Photon Energy Operations N.V. (PEONV)	100%	NL	Full Cons.	PENV
5 Photon Remediation Technology N.V. (PRTNV)	100%	NL	Full Cons.	KORADOL
6 Photon Energy Australia Pty Ltd.	100%	AU	Full Cons.	PENV
7 Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	AU	Equity	PENV
8 Photon Energy AUS SPV 1 Pty. Ltd.	100%	AU	Full Cons.	PENV
9 Leeton Solar Farm Pty Ltd (former Photon Energy AUS SPV 2 Pty. Ltd.)	100%	AU	Full Cons.	PENV
10 Fivebough Solar Farm Pty Ltd. (former Photon Energy AUS SPV 3 Pty. Ltd.)	100%	AU	Full Cons.	PENV
11 Photon Energy AUS SPV 4 Pty. Ltd.	100%	AU	Full Cons.	PENV
12 Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AU	Equity	PENV
13 Photon Energy AUS SPV 6 Pty. Ltd.	51%*	AU	Equity	PENV
14 Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	AU	Equity	PENV
15 Photon Energy Operations Australia Pty.Ltd.	100%	AU	Full Cons.	PEONV
16 Photon Energy Engineering Australia Pty Ltd	100%	AU	Full Cons.	PEEBV
17 Photon Remediation Technology Australia Pty Ltd.	100%	AU	Full Cons.	PRTNV
18 Photon Energy SGA Pty. Ltd.	100%	AU	Full Cons.	PENV
19 Photon Water Australia Pty. Ltd.	100%	AU	Full Cons.	PENV
20 Global Investment Protection AG (GIP)	100%	CH	Full Cons.	PENV
21 ALFEMO AG (ALFEMO)	100%	CH	Full Cons.	PENV
22 KORADOL AG (KORADOL)	100%	CH	Full Cons.	PENV
23 Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Full Cons.	PENV
24 Photon SPV 1 s.r.o.	100%	CZ	Full Cons.	KORADOL
25 Photon SPV 11 s.r.o.	100%	CZ	Full Cons.	KORADOL
26 Photon Energy Operations CZ s.r.o. (PEOCZ) <sup>1</sup>	100%	CZ	Full Cons.	PEONV
27 Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
28 Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
29 Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
30 Photon Remediation Technology Europe s.r.o. (former Charles Bridge s.r.o.)	100%	CZ	Full Cons.	PENV
31 Photon Energy Solutions s.r.o. (PESZ)	100%	CZ	Full Cons.	PENV
32 Photon Energy Projects s.r.o. (PEP)	100%	CZ	Full Cons.	PENV
33 Photon Energy Cardio s.r.o.	100%	CZ	Full Cons.	PEOCZ
34 Photon Maintenance s.r.o. (former The Special One s.r.o.)	100%	CZ	Full Cons.	PENV
35 Photon Energy Technology EU GmbH	100%	DE	Full Cons.	PENV
36 Photon Energy Corporate Services DE GmbH	100%	DE	Full Cons.	PENV
37 Photon Energy Engineering Europe GmbH	100%	DE	Full Cons.	PEEBV
38 EcoPlan 2 s.r.o.	100%	SK	Full Cons.	PENV
39 EcoPlan 3 s.r.o.	100%	SK	Full Cons.	PENV
40 Fotonika s.r.o.	100%	SK	Full Cons.	PENV
41 Photon SK SPV 1 s.r.o.	50%	SK	Equity	PENV
42 Photon SK SPV 2 s.r.o.	100%	SK	Full Cons.	PENV
43 Photon SK SPV 3 s.r.o.	100%	SK	Full Cons.	PENV
44 Solarpark Myjava s.r.o.	50%	SK	Equity	PENV
45 Solarpark Polianka s.r.o.	50%	SK	Equity	PENV
46 SUN4ENERGY ZVB s.r.o.	100%	SK	Full Cons.	PENV
47 SUN4ENERGY ZVC s.r.o.	100%	SK	Full Cons.	PENV
48 ATS Energy, s.r.o.	100%	SK	Full Cons.	PENV
49 Photon Energy Operations SK s.r.o.	100%	SK	Full Cons.	PEONV
50 Photon Energy HU SPV 1 Kft. b.a	100%	HU	Full Cons.	ALFEMO
51 Fertod Napenergia-Termelo Kft.	100%	HU	Full Cons.	ALFEMO
52 Photon Energy Operations HU Kft.	100%	HU	Full Cons.	PEONV
53 Photon Energy Solutions HU Kft.	100%	HU	Full Cons.	PENV
54 Future Solar Energy Kft	100%	HU	Full Cons.	ALFEMO
55 Montagem Befektetési Kft.	100%	HU	Full Cons.	ALFEMO

Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner
56 Solarkit Befektetési Kft.	100%	HU	Full Cons.	ALFEMO
57 Energy499 Invest Kft.	100%	HU	Full Cons.	ALFEMO
58 SunCollector Kft.	100%	HU	Full Cons.	ALFEMO
59 Green-symbol Invest Kft.	100%	HU	Full Cons.	ALFEMO
60 Ekopanel Befektetési és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
61 Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
62 Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
63 Öregfal Kft.	100%	HU	Full Cons.	ALFEMO
64 European Sport Contact Kft.	100%	HU	Full Cons.	ALFEMO
65 ALFEMO Alpha Kft.	100%	HU	Full Cons.	ALFEMO
66 ALFEMO Beta Kft.	100%	HU	Full Cons.	ALFEMO
67 ALFEMO Gamma Kft.	100%	HU	Full Cons.	ALFEMO
68 Archway Solar Kft.	100%	HU	Full Cons.	PENV
69 Barbican Solar Kft.	100%	HU	Full Cons.	ALFEMO
70 Belsize Solar Kft.	100%	HU	Full Cons.	ALFEMO
71 Blackhorse Solar Kft.	100%	HU	Full Cons.	ALFEMO
72 Caledonian Solar Kft	100%	HU	Full Cons.	ALFEMO
73 Camden Solar Kft	100%	HU	Full Cons.	ALFEMO
74 Hampstead Solar Kft.	100%	HU	Full Cons.	ALFEMO
75 Ráció Master Oktatási	100%	HU	Full Cons.	ALFEMO
76 Aliqoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
77 MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Full Cons.	ALFEMO
78 PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Full Cons.	ALFEMO
79 Optisolar Kft.	100%	HU	Full Cons.	ALFEMO
80 Ladány Solar Alpha Kft.	100%	HU	Full Cons.	ALFEMO
81 Ladány Solar Beta Kft.	100%	HU	Full Cons.	ALFEMO
82 Ladány Solar Gamma Kft.	100%	HU	Full Cons.	ALFEMO
83 Ladány Solar Delta Kft.	100%	HU	Full Cons.	ALFEMO
84 ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
85 ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Full Cons.	ALFEMO
86 ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
87 Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
88 VENTITERRA ALFA Kft.	100%	HU	Full Cons.	ALFEMO
89 VENTITERRA BETA Kft.	100%	HU	Full Cons.	ALFEMO
90 Hendon Solar Kft	100%	HU	Full Cons.	ALFEMO
91 Mayfair Solar Kft.	100%	HU	Full Cons.	ALFEMO
92 Holborn Solar Kft.	100%	HU	Full Cons.	ALFEMO
93 Photon Energy Peru S.C.A.	100%	PE	Full Cons.	GIP & PENV
94 Solar Age Polska S.A. (former EKTALION INVESTMENTS S.A.)	100%	PL	Full Cons.	PENV
95 Photon Energy Polska Sp. Z o.o. (former Holbee Investments Sp. z o.o.)	100%	PL	Full Cons.	PENV
96 Photon Energy Operations PL Sp. z o.o. (former Timassile Investments Sp. z o.o.)	100%	PL	Full Cons.	PEONV
97 Stanford Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
98 Halton Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
99 Aldgate Solar Srl	100%	RO	Full Cons.	PEP & PES CZ
100 Holloway Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
101 Moorgate Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
102 Redbridge Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
103 Watford Solar Srl	100%	RO	Full Cons.	PEP & PES CZ
104 Becontree Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
105 Greenford Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
106 Chesham Solar Srl.	100%	RO	Full Cons.	PEP & PES CZ
107 Photon Energy Romania SRL	100%	RO	Full Cons.	PENV & PEONL
108 PE SOLAR TECHNOLOGY LTD.	100%	UK	Full Cons.	PENV

\* The Group does not have a control over the entity as all decision have to be done unanimously.

**Notes:**

**Country of registration:**

AU = Australia

DE = Germany

PE = Peru

SK = Slovakia

CH = Switzerland

HU = Hungary

PL = Poland

UK = United Kingdom

CZ = Czech Republic

NL = Netherlands

RO = Romania

**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.

PEP & PES CZ – Photon Energy Projects s.r.o. owns 95% and Photon Energy Solution s.r.o. owns 5%

The following entities were in the Group 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)	100%	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%	AU	Equity	PENV
8 Photon Energy AUS SPV 1 Pty. Ltd.	100%	AU	Full Cons.	PENV
9 Photon Energy AUS SPV 2 Pty. Ltd.	100%	AU	Full Cons.	PENV
10 Photon Energy AUS SPV 3 Pty. Ltd.	100%	AU	Full Cons.	PENV
11 Photon Energy AUS SPV 4 Pty. Ltd.	100%	AU	Full Cons.	PENV
12 Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	25%	AU	Equity	PENV
13 Photon Energy AUS SPV 6 Pty. Ltd.	51%*	AU	Equity	PENV
14 Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	25%	A	Equity	PENV
15 Photon Energy Operations Australia Pty.Ltd.	100%	AU	Full Cons.	PEONV
16 Photon Energy Engineering Australia Pty Ltd	100%	AU	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) <sup>1</sup>	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. (former Charles Bridge s.r.o.)	100%	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 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 Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
58 Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
59 Tataimmo Kft	100%	HU	Full Cons.	ALFEMO

Name	% of share capital held by the holding company	Country of registration	Consolid. method	Legal Owner	
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	Aliqoté 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 Energiatanemelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
83	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
84	ZUGGÓ-DÜLŐ Energiatanemelő 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.	100%	PE	Full Cons.	GIP
90	PE SOLAR TECHNOLOGY LTD.	100%	UK	Full Cons.	PENV

\* The Group does not have a control over the entity as all decisions have to be done unanimously.

Other consolidated subsidiaries (special purpose entities) exist as at 31 December 2020 and 2019, where the holding company has control but does not have any ownership or direct voting rights.

See also Note 2.4.1. Significant estimates made in relation to consolidation of special purpose entities.

The following entities are included:

Name	% of Consolidated share	% of Ownership share	Country of registration	Legal Owner	
1	Kaliopé 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 since 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.



## 39. Contingent Assets and Liabilities, Commitments

### Legal Proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

### Assets Pledged and Restricted

At 31 December 2020 and 2019 the Group has the assets pledged as collateral and included in Note 18.

## 40. Subsequent Events

### Long-term Financing Secured for Additional 17.6 MWp in Hungary

During the reporting period, the Company had closed its first long-term non-recourse project financing agreement with CIB Bank, a subsidiary of the Italian Intesa Sanpaolo Group and the second largest commercial Hungarian bank, for Hungarian PV power plants with a combined capacity of 3.5 MWp, for a period of 15 years. The financing for these five power plants amounted to HUF 1.0 billion (EUR 2.8 million).

Shortly after the reporting period, the Company closed, in addition, a long-term non-recourse project financing agreement with CIB Bank for ten PV power plants with a capacity of 14.1 MWp in total. The financing will be HUF 4.6 billion (EUR 12.9 million). Draw down of both financing amounts has happened in Q1 2021. As of the date of this report both financing facilities have been fully drawn down by the borrowers.

### Photon Energy N.V. Made Debut on the Regulated Markets of the Warsaw and Prague Stock Exchanges

The admission to listing and trading of the Company's shares on the regulated markets of the Warsaw Stock Exchange and Prague Stock Exchange followed the approval of the Company's securities prospectus by the Dutch regulator, (Autoriteit Financiële Markten, the AFM) on 14 December 2020, allowing for the transfer of shares from the unregulated stock markets NewConnect (WSE) and Free Market.

The trading of the shares commenced on 5 January 2021 under the ISIN code NL0010391108; the listings did not involve any issuance of new shares.

### Admission to Listing and Trading of the Company's Shares on the Quotation Board of the Frankfurt Stock Exchange

Following a successful application submitted by Baader Bank, trading of the Company's shares commenced on the Quotation Board of the Open Market of the Frankfurt Stock Exchange (FSX) under the identification number 'A1T9KW' and ISIN code NL0010391108 on 11 January 2021.

### Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. The parent company has issued guarantees in total amount of EUR 16,245 thousand EUR (2019: EUR 88 thousand) to subsidiaries creditors. Bank accounts restricted due to guarantees are included in restricted cash presented in Note 26.

The listing on the Frankfurt Stock Exchange enables investors from the Eurozone to trade the Company's shares without currency risk. The listing did not involve any issuance of new shares.

### Further Investment in RayGen

In April 2021, Photon Energy Group participated in Raygen Resources Pty Ltd. ('RayGen') capital increase, with an equity investment of AUD 3 million, maintaining a 9% stake in the technology company. The Group entered a strategic partnership, where Photon Energy acts as a project developer and EPC contractor in the projects supplied by RayGen, and announced its initial investment in the Melbourne-based company in April 2020. RayGen technology tackles the problem of intermittency of solar energy as it combines high efficiency concentrated PV generation with thermal absorption and storage, providing for the highest energy density of any solar technology available today.

### Exchange of Project Rights Concluded with Canadian Solar

In April 2021, the Group announced an agreement to exchange project rights with its development partner Canadian Solar. As a result, Photon Energy will continue developing the 160 MWp Maryvale Solar Farm independently, while further development of the Gunning Solar Farm and the Suntop2 Solar Farm will be handled by Canadian Solar. Of the three projects, Maryvale is in the furthest stages of development.

Under the terms of the agreement, Photon Energy has exchanged its 49% stake in the 220 MWp Gunning Solar Farm and 25% stake in the 200 MWp Suntop2 Solar Farm for Canadian Solar's stake in the Maryvale Solar Farm. The Group now possesses a 65% stake in the Maryvale Solar Farm and will work with its original local co-development partner (which owns the remaining 35% stake) to undertake preliminary design and grid connection studies, followed by a connection agreement which is expected to be reached within 12 months.

# **Standalone Financial Statements**

For the Year Ended 31 December 2020

## Company Balance Sheet as of 31 December 2020

(before profit appropriation)

<i>In thousands of EUR</i>	Note	31 December 2020	31 December 2019 Restated	1 January 2019 Restated
<b>Assets</b>				
<b>A. Fixed assets</b>		<b>59,235</b>	<b>53,927</b>	<b>45,025</b>
<b>I. Intangible fixed assets</b>		<b>30</b>	<b>0</b>	<b>0</b>
3. Concessions, licences and intellectual property		30	0	0
<b>II Tangible fixed assets</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>III Financial fixed assets</b>		<b>59,205</b>	<b>53,927</b>	<b>45,024</b>
1. Interests in group companies	42	32,685	25,957	44,941
2. Accounts receivable from group companies	43	26,520	27,970	83
<b>B. Current assets</b>		<b>56,665</b>	<b>50,887</b>	<b>38,790</b>
<b>II Accounts receivable</b>		<b>56,551</b>	<b>45,056</b>	<b>33,463</b>
1. Trade debtors	44	8,110	7,221	6,069
2. From group companies	43	47,169	36,680	23,608
4. Other accounts receivable	44	1,181	1,149	3,773
6. Prepayments and accrued income	44	91	6	12
<b>IV Cash at banks and in hand</b>	44	<b>114</b>	<b>5,831</b>	<b>5,328</b>
<b>Assets</b>		<b>115,900</b>	<b>104,814</b>	<b>83,815</b>
<b>Equity and liabilities</b>				
<b>A. Equity</b>	45	<b>63,077</b>	<b>60,342</b>	<b>45,727</b>
I. Called-up share capital		600	600	600
II. Share premium		37,057	36,871	36,871
III. Revaluation reserve		15,644	15,644	15,644
IV. Legal and statutory reserves		87	88	90
V Other reserves*		-184	921	921
VI Retained earnings		6,320	-7,679	-16,726
Profit for the year		3,639	13,986	8,417
Treasury shares		-87	-88	-90
<b>C. Long-term debt</b>	46	<b>48,803</b>	<b>40,951</b>	<b>33,015</b>
2. Other bonds and private loans		46,739	38,823	31,082
7. Accounts payable to group companies		2,064	2,128	1,933
<b>D. Current liabilities</b>	47	<b>4,020</b>	<b>3,521</b>	<b>5,073</b>
5. Trade creditors		237	155	73
7. Accounts payable to group companies		3,098	3,016	3,481
11. Other liabilities		402	140	1,333
12. Accruals and deferred income		283	210	186
<b>Equity and liabilities</b>		<b>115,900</b>	<b>104,814</b>	<b>83,815</b>

\*Revaluation reserve and the legal reserves are non-distributable

The notes on pages 130 to 144 are an integral part of these financial statements.

## Company Income Statement for the Financial Year Ended 31 December 2020

<i>In thousands of EUR</i>	1 January – 31 December 2020	1 January – 31 December 2019 Restated
Net turnover	2,771	2,324
Other operating income	0	5,445
<b>Total operating income</b>	<b>2,770</b>	<b>7,769</b>
Costs of raw materials and consumables	0	-2
Wages and salaries	-72	-68
Impairment of current assets	-214	11
Other operating expenses	-2,826	-3,384
<b>Total operating expenses</b>	<b>-3,111</b>	<b>-3,443</b>
Other interest income and similar income	1,339	1,724
Interest expense and similar expenses	-3,788	-3,057
<b>Results before tax</b>	<b>-2,790</b>	<b>2,081</b>
Taxes	0	1
Share in profit/loss of participations	6,429	10,993
<b>Net result after tax</b>	<b>3,639</b>	<b>13,986</b>

*The notes on pages 130 to 144 are an integral part of these financial statements.*

# Notes to the Company Financial Statements

For the Year Ended 31 December 2020

## 41. Accounting Information and Policies

### 41.1 Basis of Preparation

The company's financial statements of Photon Energy N.V., KvK 51447126, (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Photon Energy N.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in EUR thousand, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

### 41.2 Financial Fixed Assets

#### 41.2.1 Investments in Consolidated Subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it 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.

#### 1) Adjustments impacting the equity:

The effect of restatement in statement of financial position was as follows on amounts at 1 January 2019:

Balance sheet <i>In thousands of EUR</i>	1 January 2019 originally presented	Restatement/ Reclassification	1 January 2019 after restatement	Note
Accounts receivables – from group companies	8,042	15,770	23,812	Note 1
Retained earnings	-32,496	15,770	-16,726	
Treasury shares reserve	0	90	90	Note 2
Treasury shares held	0	-90	-90	

The effect of restatement in statement of financial position was as follows on amounts at 31 December 2019:

Balance sheet <i>In thousands of EUR</i>	31 December 2019 originally presented	Restatement/ Reclassification	31 December 2019 after restatement	Note
Accounts receivables – from group companies (current and non current)	42,043	22,607	64,650	Note 1
Other reserves	1,162	-241	921	
Retained earnings	-24,068	16,388	-7,679	
Other capital funds	0	88	88	Note 2
Treasury shares held	0	-88	-88	

Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries.

Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

### 41.3 Changes in Presentation of Financial Information

During the year, the Company has corrected classification and presentation of several items within statement of financial position and statement of profit and loss. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

The third statement of financial position as of 1 January 2019 is presented in these consolidated financial statements as a result of the described changes in presentation.

Profit & Loss <i>In thousands of EUR</i>	1 January – 31 December 2019 originally presented	Restatement	1 January – 31 December 2019 after restatement	Note
Share in profit/loss of participations	4,533	6,460	10,993	Note 1

**Note 1 - Release of impairment provisions to loans to group companies & unappropriated losses incorrectly recognized for participations with negative equity**

During 2019, Company performed restatement of the 2018 value of interest in group companies. This was done as the Company believed that prior accounting method was not appropriate in relation to reflection of net assets value of the loss-making participating interest. The Company created an impairment provision in the amount of negative net assets of participation by creating a allowance to the provided loans to participation. The correction of the wrongly booked values impacted the value of the participating interest by EUR 213 thousand (increase), retained earnings by EUR 7,664 thousand (decrease) and the allowances for the loans receivables from the participating interest by EUR 8,483 thousand (increase).

During 2020 the Company re-assessed the accounting treatment and concluded that previous treatment was not appropriate and restated the figures as at 1 January 2019 again.

In accordance with IFRS, the Company measures interest in group companies at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. In case the net asset value is negative

the Company considers the value of participation to be EUR 1. There are no obligations to cover the losses of the subsidiaries beyond the amount of unpaid share capital and therefore, the value of participations is not further increase by negative equity amounts.

In accordance with correct application of accounting policy, impairment provisions to accounts receivables from group companies are based on individual assessment of their recoverability taking into account their business plans and expected cash flows. Based on this re-assessment, the Company concluded that no impairment provisions were required as at 1 January 2019.

Based on this new re-assessment, the Company cancelled previously recorded restatement and released created provisions and restated amounts against retained earnings.

In accordance with correction of accounting treatment, the Company also corrected and released unappropriated losses incorrectly recognized in Share in profit/loss of participations that was booked in 2019 of EUR 6,460 thousand.

**Note 2 – Initial recognition of own shares acquired.**

The Company did not fully account for own shares acquired in 2013. See also consolidated financial statement, Note 4.18 and 27 for more information.

**2) Corrections impacting presentation in assets and liabilities:**

**The effect of reclassifications and corrections on statement of financial position at 1 January 2019:**

Assets <i>In thousands of EUR</i>	1 January 2019 originally presented	Note 3	Note 4	Note 5	Note 6	Note 7	1 January 2019 Restated
1. Interests in group companies	44,720	221					44,941
1. Trade debtors	10,834					-4,765	6,069
4. Other accounts receivable	0					3,773	3,773
6. Prepayments and accrued income	0			-1,014		1,026	12
IV Cash at banks and in hand	5,143					185	5,328

Liabilities <i>In thousands of EUR</i>	1 January 2019 originally presented	Note 3	Note 4	Note 5	Note 6	Note 7	1 January 2019 Restated
2. Other bonds and private loans	31,692		404	-1,014			31,082
5. Trade creditors	1,759	221	-404			-1,503	73
11. Other liabilities	0					1,333	1,333
12. Accruals and deferred income						186	186

### The effect of reclassifications and corrections on statement of financial position at 31 December 2019:

<b>Assets</b> <i>In thousands of EUR</i>	<b>31 December 2019 originally presented</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>31 December 2019 Restated</b>
1. Interests in group companies	25,661	296					25,957
2. Accounts receivable to group companies – non-current	0				27,970		27,970
1. Trade debtors	9,336			-960		-1,155	7,221
2. Accounts receivable to group companies – current	64,650				-27,970		36,680
4. Other accounts receivable	0					1,149	1,149
6. Prepayments and accrued income	0					6	6

<b>Liabilities</b> <i>In thousands of EUR</i>	<b>31 December 2019 originally presented</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>	<b>31 December 2019 Restated</b>
2. Other bonds and private loans	39,266		518	-960			38,824
5. Trade creditors	726	296	-518			-350	154
11. Other liabilities	0					140	140
12. Accruals and deferred income	0					210	210

**Note 3** – Part of Interests in group companies was previously classified in Trade creditors and other liabilities where it decreased their value. In restated statement of financial position the amount is correctly presented as Interests in group companies.

**Note 4** – Accrued interest related to issued bonds was previously presented in Trade creditors and other liabilities.

**Note 5** – Correction of presentation of refinancing fees that are correctly presented as a part of amortised amount of Other bonds and private loans, previously were presented in Trade creditors and other receivables.

**Note 6** – Long term part of provided loan to group companies – non-current was previously presented together with current part together and is now presented separately.

**Note 7** – Trade and other receivables originally presented included not only trade receivable, but also other accounts receivable and prepayments. In restated statement of financial position the amounts is correctly presented. Trade and other payables originally presented included not only trade payables, but also other liabilities and accruals and deferred income. In restated statement of financial position the amounts is correctly presented.

### 3) Presentation of company income statement

The effect of reclassifications in consolidated statement consolidated statement of profit and loss and other comprehensive income was as follows for 2019:

<b>Statement of comprehensive income</b> <i>In thousands of EUR</i>	<b>2019 originally presented</b>	<b>Note 8</b>	<b>2019 restated</b>
Other result after taxation	2,993	-2,993	0
Net turnover	0	2,324	2,324
Other operating income	0	5,445	5,445
Costs of raw materials and consumables	0	-2	-2
Wages and salaries	0	-68	-68
Impairment of current assets	0	11	11
Other operating expenses	0	-3,384	-3,384
Other interest income and similar income	0	1,724	1,724
Interest expense and similar expenses	0	-3,057	-3,057
Taxes	0	1	1

**Note 8** – The Company corrected presentation of income and expense recognised in profit and loss based on “nature of expense”.



## 42. Financial Fixed Assets

<i>In thousands of EUR</i>	31 December 2020	31 December 2019 Restated
Interests in group companies	32,685	25,957
	<b>32,685</b>	<b>25,957</b>

The movements of the Interests in group companies can be shown as follows:

<i>In thousands of EUR</i>	Note	Participating interests in group companies	Total
<b>Originally presented balance at 31 December 2018</b>		<b>44,720</b>	<b>44,720</b>
Restatement	41.3.2	221	221
<b>Restated balance 1 January 2019</b>		<b>44,941</b>	<b>44,941</b>
Share in result of participating interests	49	10,993	10,993
Other movements		404	404
Share in foreign currency translation differences in Interests in group companies		231	231
Derivatives		10	10
Sale of subsidiaries		-30,622	-30,622
<b>Restated balance as at 31 December 2019</b>		<b>25,957</b>	<b>25,957</b>
Share in result of participating interests	49	6,429	6,429
Other movements		-557	-557
Share in foreign currency translation differences in participating interest		-238	-238
Dividend payout		-948	-948
New investments		2,042	2,042
<b>Balance at 31 December 2020</b>		<b>32,685</b>	<b>32,685</b>

### 2020

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 measures interest in group companies at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. In case the net asset value is negative the Company considers the value of participation to be EUR 1.

There are no obligations to cover the losses of the subsidiaries beyond the amount of unpaid share capital and therefore, the value of participations is not further increase by negative equity amounts.

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

Name	Country of registration	Seat of the company	% of share capital held by the holding company	Consolid. method	Legal Owner
1 Photon Energy Operations NL B.V. (PEONL, former Photon Directors B.V.)	NL	Amsterdam	100%	Full Cons.	PEONV
2 Photon Energy Engineering B.V. (PEEBV)	NL	Amsterdam	100%	Full Cons.	PENV
3 Photon Energy Operations N.V. (PEONV)	NL	Amsterdam	100%	Full Cons.	PENV
4 Photon Remediation Technology N.V. (PRTNV)	NL	Amsterdam	100%	Full Cons.	KORADOL
5 Photon Energy Australia Pty Ltd.	AU	Sydney	100%	Full Cons.	PENV
6 Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	AU	Sydney	49%	Equity	PENV
7 Photon Energy AUS SPV 1 Pty. Ltd.	AU	Sydney	100%	Full Cons.	PENV
8 Leeton Solar Farm Pty Ltd (former Photon Energy AUS SPV 2 Pty. Ltd.)	AU	Sydney	100%	Full Cons.	PENV
9 Fivebough Solar Farm Pty Ltd. (former Photon Energy AUS SPV 3 Pty. Ltd.)	AU	Sydney	100%	Full Cons.	PENV
10 Photon Energy AUS SPV 4 Pty. Ltd.	AU	Sydney	100%	Full Cons.	PENV
11 Suntop Stage 2 Solar Farm Pty. Ltd. (former Mumbil Solar Farm Pty. Ltd.)	AU	Sydney	25%	Equity	PENV
12 Photon Energy AUS SPV 6 Pty. Ltd.	AU	Sydney	51%*	Equity	PENV
13 Maryvale Solar Farm Pty. Ltd. (former Photon Energy AUS SPV 10 Pty. Ltd.)	AU	Sydney	25%	Equity	PENV
14 Photon Energy Operations Australia Pty.Ltd.	AU	Sydney	100%	Full Cons.	PEONV
15 Photon Energy Engineering Australia Pty Ltd	AU	Sydney	100%	Full Cons.	PEEBV
16 Photon Remediation Technology Australia Pty Ltd.	AU	Sydney	100%	Full Cons.	PRTNV
17 Photon Energy SGA Pty. Ltd.	AU	Sydney	100%	Full Cons.	PENV
18 Photon Water Australia Pty. Ltd.	AU	Sydney	100%	Full Cons.	PENV
19 Global Investment Protection AG (GIP)	CH	Zug	100%	Full Cons.	PENV
20 ALFEMO AG (ALFEMO)	CH	Zug	100%	Full Cons.	PENV
21 KORADOL AG (KORADOL)	CH	Zug	100%	Full Cons.	PENV
22 Photon Energy Corporate Services CZ s.r.o.	CZ	Prague	100%	Full Cons.	PENV
23 Photon SPV 1 s.r.o.	CZ	Prague	100%	Full Cons.	KORADOL
24 Photon SPV 11 s.r.o.	CZ	Prague	100%	Full Cons.	KORADOL
25 Photon Energy Operations CZ s.r.o. (PEOCZ) <sup>1</sup>	CZ	Prague	100%	Full Cons.	PEONV
26 Photon Energy Control s.r.o.	CZ	Prague	100%	Full Cons.	PEOCZ
27 Photon Energy Technology CEE s.r.o.	CZ	Prague	100%	Full Cons.	PEEBV
28 Photon Water Technology s.r.o.	CZ	Prague	65%	Full Cons.	PENV
29 Photon Remediation Technology Europe s.r.o. (former Charles Bridge s.r.o.)	CZ	Prague	100%	Full Cons.	PE NV
30 Photon Energy Solutions s.r.o. (PES CZ)	CZ	Prague	100%	Full Cons.	PENV
31 Photon Energy Projects s.r.o. (PEP)	CZ	Prague	100%	Full Cons.	PENV
32 Photon Energy Cardio s.r.o.	CZ	Prague	100%	Full Cons.	PEOCZ
33 Photon Maintenance s.r.o. (former The Special One s.r.o.)	CZ	Prague	100%	Full Cons.	PENV
34 Photon Energy Technology EU GmbH	DE	Neuenhagen**	100%	Full Cons.	PENV
35 Photon Energy Corporate Services DE GmbH	DE	Neuenhagen**	100%	Full Cons.	PENV
36 Photon Energy Engineering Europe GmbH	DE	Neuenhagen**	100%	Full Cons.	PEEBV
37 EcoPlan 2 s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
38 EcoPlan 3 s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
39 Fotonika s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
40 Photon SK SPV 1 s.r.o.	SK	Bratislava	50%	Equity	PENV
41 Photon SK SPV 2 s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
42 Photon SK SPV 3 s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
43 Solarpark Myjava s.r.o.	SK	Bratislava	50%	Equity	PENV
44 Solarpark Polianka s.r.o.	SK	Bratislava	50%	Equity	PENV
45 SUN4ENERGY ZVB s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
46 SUN4ENERGY ZVC s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
47 ATS Energy, s.r.o.	SK	Bratislava	100%	Full Cons.	PENV
48 Photon Energy Operations SK s.r.o.	SK	Bratislava	100%	Full Cons.	PEONV
49 Photon Energy HU SPV 1 Kft. b.a	HU	Budapest	100%	Full Cons.	ALFEMO
50 Fertod Napenergia-Termelo Kft.	HU	Budapest	100%	Full Cons.	ALFEMO

Name	Country of registration	Seat of the company	% of share capital held by the holding company	Consolid. method	Legal Owner
51 Photon Energy Operations HU Kft.	HU	Budapest	100%	Full Cons.	PEONV
52 Photon Energy Solutions HU Kft.	HU	Budapest	100%	Full Cons.	PENV
53 Future Solar Energy Kft	HU	Budapest	100%	Full Cons.	ALFEMO
54 Montagem Befektetési Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
55 Solarkit Befektetési Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
56 Energy499 Invest Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
57 SunCollector Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
58 Green-symbol Invest Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
59 Ekopanel Befektetési és Szolgáltató Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
60 Onyx-sun Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
61 Tataimmo Kft	HU	Budapest	100%	Full Cons.	ALFEMO
62 Öreghal Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
63 European Sport Contact Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
64 ALFEMO Alpha Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
65 ALFEMO Beta Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
66 ALFEMO Gamma Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
67 Archway Solar Kft.	HU	Budapest	100%	Full Cons.	PENV
68 Barbican Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
69 Belsize Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
70 Blackhorse Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
71 Caledonian Solar Kft	HU	Budapest	100%	Full Cons.	ALFEMO
72 Camden Solar Kft	HU	Budapest	100%	Full Cons.	ALFEMO
73 Hampstead Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
74 Ráció Master Oktatási	HU	Budapest	100%	Full Cons.	ALFEMO
75 Aligoté Kereskedelmi és Szolgáltató Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
76 MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
77 PROMA Mátra Ingatlanfejlesztési Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
78 Optisolar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
79 Ladány Solar Alpha Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
80 Ladány Solar Beta Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
81 Ladány Solar Gamma Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
82 Ladány Solar Delta Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
83 ÉGÉSPART Energiatermelő és Szolgáltató Kft	HU	Budapest	100%	Full Cons.	ALFEMO
84 ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kft	HU	Budapest	100%	Full Cons.	ALFEMO
85 ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	HU	Budapest	100%	Full Cons.	ALFEMO
86 Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
87 VENTITERRA ALFA Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
88 VENTITERRA BETA Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
89 Hendon Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
90 Mayfair Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
91 Holborn Solar Kft.	HU	Budapest	100%	Full Cons.	ALFEMO
92 Photon Energy Peru S.C.A.	PE	Lima	100%	Full Cons.	GIP & PENV
93 Solar Age Polska S.A. (former Ektalion Investments S.A.)	PL	Warszawa	100%	Full Cons.	PENV
94 Photon Energy Polska Sp. Z o.o. (former Holbee Investments Sp. z o.o.)	PL	Warszawa	100%	Full cons.	PENV
95 Photon Energy Operations PL Sp. z o.o. (former Timassile Investments Sp. z o.o.)	PL	Łódz	100%	Full cons.	PEONV
96 Stanford Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESZCZ
97 Halton Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESZCZ
98 Aldgate Solar Srl	RO	Bucharest	100%	Full cons.	PEP & PESZCZ
99 Holloway Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESZCZ
100 Moorgate Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESZCZ
101 Redbridge Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESZCZ

Name	Country of registration	Seat of the company	% of share capital held by the holding company	Consolid. method	Legal Owner
102 Watford Solar Srl	RO	Bucharest	100%	Full cons.	PEP & PES CZ
103 Becontree Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PES CZ
104 Greenford Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PES CZ
105 Chesham Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PES CZ
106 Photon Energy Romania SRL	RO	Bucharest	100%	Full cons.	PENV & PEONL
107 PE Solar Technology Ltd.	UK	London	100%	Full Cons.	PENV

\* The Group does not have a control over the entity as all decision have to be done unanimously

\*\* Neuenhagen bei Berlin

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

The parent entity is not liable for the deficits of its subsidiaries and therefore no liability resulting from this has been recognized.

The parent company has issued guarantees in total amount of EUR 16,245 thousand EUR (2019: EUR 88 thousand) to subsidiaries creditors.

## 2020 Developments

During 2020, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- ▶ Photon Remediation Technology Australia Pty Ltd.
- ▶ Photon Energy SGA Pty. Ltd.
- ▶ Aldgate Solar SRL
- ▶ Becontree Solar SRL
- ▶ Chesham Solar SRL
- ▶ Greenford Solar SRL
- ▶ Halton Solar SRL
- ▶ Holloway Solar SRL
- ▶ Moorgate Solar SRL
- ▶ Redbridge Solar SRL
- ▶ Stanford Solar SRL
- ▶ Watford Solar SRL
- ▶ Photon Energy Romania SRL
- ▶ Hendon Solar Kft.
- ▶ Mayfair Solar Kft.
- ▶ Holborn Solar Kft.

## 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.

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

## Acquisitions of Subsidiaries

During 2020, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- ▶ Photon Energy Polska Sp. z o.o.
- ▶ Photon Energy Operations PL Sp. z o.o.

The total consideration paid for acquiring of the entities' shares equaled to EUR 3 thousand. The acquired entities did not have any significant assets or liabilities.

The above mentioned entities incurred a loss of EUR 84 thousand in 2020.

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

## Other Developments in 2020

- ▶ On 12 November 2020, Photon Energy N.V. became 1% shareholder of Photon Energy Peru SAC, (PER)
- ▶ On 17 August 2020, The Special One s.r.o. was successfully renamed to Photon Maintenance s.r.o., (CZE)
- ▶ On 9 July 2020, Photon Directors B.V. was successfully renamed to Photon Energy Operations NL B.V., (NED)
- ▶ On 16 April 2020, Ektalion Investments S.A. was successfully renamed to Solar Age Polska S.A. (POL)

- ▶ On 20 April 2020, Holbee Investments Sp. Z o.o. was successfully renamed to Photon Energy Polska Sp. Z o.o. (POL)
- ▶ On 25 February 2020, AUS SPV 2 was successfully renamed to Leeton Solar Farm Pty Ltd. (AUS)
- ▶ On 25 February 2020, AUS SPV 3 was successfully renamed to Fivebough Solar Farm Pty Ltd. (AUS)

There were no other changes in the group structure during 2020.

### 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

## 43. Accounts Receivable from Group Companies

<i>In thousands of EUR</i>	<b>31 December 2020</b>	<b>31 December 2019 Restated</b>
Accounts receivable from group companies – non current	26,520	27,970
Accounts receivable from group companies –current	47,169	36,680
<b>Total loans provided</b>	<b>73,689</b>	<b>64,650</b>

Movement schedule for loans provided:

<i>In thousands of EUR</i>	<b>2020</b>	<b>2019 Restated</b>
<b>Opening balance</b>	<b>64,650</b>	<b>23,608</b>
Newly provided loans	47,498	59,184
Accrued interest	1,194	129
Loans repayments/transfers	-39,235	-18,403
FX differences	-418	133
<b>Closing balance</b>	<b>73,689</b>	<b>64,650</b>

The Company corrected the amount of long term loan of EUR 27,970 thousand as at 31 December 2019 which was incorrectly presented as short term loan.

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 subsidiar-

ies. Interest charged by PENV to its subsidiaries is 3% and the loans have mostly a short-term character.

The credit loss allowance for Loans provided to related parties is determined according to internal analysis of recoverability of these loans. Based on this analysis no ECL provisions were created as at 31 December 2020 and 31 December 2019.

## 44. Current Assets

<i>In thousands of EUR</i>	<b>31 December 2020</b>	<b>31 December 2019 Restated</b>
Trade debtors	8,110	7,221
Receivables from group companies	47,169	36,680
Other accounts receivable	1,181	1,149
Prepayments and accrued income	91	6
<b>Cash at banks and in hand</b>	<b>114</b>	<b>5,831</b>
<b>Total current assets</b>	<b>56,665</b>	<b>50,887</b>

Trade receivables fall due in less than one year, unless otherwise disclosed below.

The fair value of the receivables approximates the book value, due to their short-term character.

Trade debtors at 31 December 2020 include trade receivables from companies within the Group of EUR 8,110 thousand (2019: EUR 7,221 thousand).

Other accounts receivable include mainly short term assets of EUR 936 thousand (2019: EUR: 873 thousand).

Receivables from related parties (Georg Hotar and Michael Gartner) of EUR 398 thousand (2019: EUR 187 thousand) are also included in trade debtors as well, see also note 37 of consolidated financial statements Related parties. Interest charged on these loans is 3% and the loans have mostly a short-term character.

## 45. Shareholders' Equity

### 45.1 Reconciliation of Movement in Capital and Reserves

<i>In thousands of EUR</i>	Note	Issued share capital	Share premium	Currency translation reserve	Hedging reserve	Revaluation reserve	Treasury shares reserve	Own treasury shares	Retained earnings	Unappropriated result	Total equity
<b>Balance at 1 January 2019</b>		<b>600</b>	<b>36,871</b>	<b>688</b>	<b>233</b>	<b>15,644</b>	<b>0</b>	<b>0</b>	<b>-32,496</b>	<b>8,417</b>	<b>29,957</b>
Restatement	41.3	-	-	-	-	-	90	-90	15,770	-	15,770
<b>Restated balance at 1 January 2019</b>	<b>41.3</b>	<b>600</b>	<b>36,871</b>	<b>688</b>	<b>233</b>	<b>15,644</b>	<b>90</b>	<b>-90</b>	<b>-16,726</b>	<b>8,417</b>	<b>45,727</b>
Foreign currency translation differences in participating interest	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	8,417	-8,417	-
Derivatives	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	630	-	630
Actual result	-	-	-	-	-	-	-	-	-	13,986	13,986
Transfer of own shares	-	-	-	-	-	-	-2	2	-	-	-
<b>Restated balance at 31 December 2019</b>	<b>41.3</b>	<b>600</b>	<b>36,871</b>	<b>688</b>	<b>233</b>	<b>15,644</b>	<b>88</b>	<b>-88</b>	<b>-7,679</b>	<b>13,986</b>	<b>60,342</b>
Foreign currency translation differences in participating interest	-	-	-	-1,094	-	-	-	-	-	-	-1,094
Transfer to retained earnings	-	-	-	-	-	-	-	-	13,986	-13,986	-
Derivatives	-	-	-	-	-10	-	-	-	-	-	-10
Other movements	-	-	-	-	-	-	-	-	14	-	14
New shares placed with premium	-	-	186	-	-	-	-1	1	-	-	186
Actual result	-	-	-	-	-	-	-	-	-	3,639	3,639
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>600</b>	<b>37,057</b>	<b>-406</b>	<b>223</b>	<b>15,644</b>	<b>87</b>	<b>-87</b>	<b>6,320</b>	<b>3,639</b>	<b>63,077</b>

## 45.2 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.

### Treasury Shares

At 31 December 2020 treasury shares included 8,784,000 ordinary shares of the Company (2019: 8,834,409 ordinary shares) owned directly by the Company. These ordinary shares carry no voting rights at the Shareholders Meeting.

Share premium represents the excess of contributions received over the nominal value of shares issued. Proceeds from subsequent sale of treasury shares in excess to nominal value of shares to employees are also recorded in Share premium. Nominal value of sold treasury shares is recorded against Treasury shares reserve.

### Movement schedule of retained earnings:

<i>In thousands of EUR</i>	
<b>Balance at 1 January 2019</b>	<b>-32,496</b>
Restatement	15,770
<b>Restated balance 31 December 2018</b>	<b>-16,726</b>
Restated movements in 2019	9,030
<b>Restated closing balance 31 December 2019</b>	<b>-7,679</b>
Movements in 2020	7,540
<b>Closing balance 31 December 2020</b>	<b>6,320</b>

The Company performed restatement of the 2018 and 2019 value of the participating interest which impacted amount of retained

### 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 2020 (31 December 2019: EUR 15,644 thousand). For more information see consolidated financial statements Note 27.

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to EUR -406 thousand as of 31 December 2020 (31 December 2019: EUR 688 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to EUR 223 thousand at 31 December 2020 (31 December 2019: EUR 233 thousand), see also Note 27 of consolidated financial statements.

### Unappropriated Result

To the General Meeting of Shareholders the following appropriation of the result 2020 will be proposed: the profit of EUR 3,639 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

earnings as at 31 December 2018 and 2019, see also Note 41.3 for more information.

### Reconciliation of consolidated group equity with company equity

<i>In thousands of EUR</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Group equity</b>	<b>40,075</b>	<b>37,843</b>
Non-controlling interest	121	83
<b>Group equity attributable to owners of the Company</b>	<b>40,196</b>	<b>37,926</b>
Non-attributable losses of financial interest recognised in equity*	22,881	22,416
<b>Shareholders' equity (Company)</b>	<b>63,077</b>	<b>60,342</b>



<i>In thousands of EUR</i>	31 December 2020	31 December 2019
<b>Group total comprehensive income</b>	<b>2,084</b>	<b>8,064</b>
Profit/loss attributable to non-controlling interest	38	43
<b>Group total comprehensive income attributable to the owners of the company</b>	<b>2,122</b>	<b>8,107</b>
Non-attributable losses of financial interest recognised in profit and loss**	1,517	5,879
<b>Net result (Company)</b>	<b>3,639</b>	<b>13,986</b>

\*Non-attributable losses of financial interest recognised in equity relate to negative net assets of participations which are included in consolidated equity at their value but are not recognised in standalone financial statement of the Company, due to the fact, that value of the participation is set at EUR 1, see also Note 42.

\*\* Non-attributable losses of financial interest recognised in profit and loss relate to losses for the current period of participations which are included in consolidated profit/loss but are not recognised in standalone financial statement of the Company, due to the fact, that value of the participation is set at EUR 1

## 46. Long-Term Debt

<i>In thousands of EUR</i>	31 December 2020	31 December 2019 Restated
Other bonds	46,739	38,823
Accounts payable to group companies	2,064	2,128
<b>Total long term debt</b>	<b>48,803</b>	<b>40,951</b>

All Long term liabilities are due within period 1 to 5 years.

### Other bonds

<i>In thousands of EUR</i>	31 December 2020	31 December 2019 Restated
EUR bond 2017/2022	44,923	37,171
CZK bond 2016/2023	1,816	1,652
<b>Total</b>	<b>46,739</b>	<b>38,823</b>

Movement schedule for issued bonds:

<i>In thousands of EUR</i>	2020	2019 Restated
<b>Opening balance</b>	<b>38,823</b>	<b>31,082</b>
Newly issued bonds	7,684	7,584
Accrued interest	3,614	2,900
Coupon paid	-3,331	-2,450
FX differences	-51	-303
<b>Closing balance</b>	<b>46,739</b>	<b>38,823</b>

In October 2017, the Group has issued new EUR bonds with an annual coupon of 7.75% and maturity in October 2022. Outstanding nominal amount as of 31 December 2020 was EUR 45,000 thousand (2019: 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 nominal

amount of EUR 1,899 thousand as of 31 December 2020 (2019: EUR 1,766 thousand). Issued bond at 31 December 2020 were previously presented in nominal amount. Correction relating to correct presentation of accrued interest of EUR 518 thousand and prepaid bond fees of EUR 960 thousand were done, see also Note 41.3.

Movement schedule for non current liabilities:

<i>In thousands of EUR</i>	2020	2019 Restated
<b>Opening balance</b>	<b>2,128</b>	<b>1,933</b>
New loans provided	-	1,958
Transfer/repayment of loans	-	-1,788
FX revaluation	-64	25
<b>Closing balance</b>	<b>2,064</b>	<b>2,128</b>

## 47. Current Liabilities

<i>In thousands of EUR</i>	31 December 2019	31 December 2019 Restated
Accounts payable from group companies	3,098	3,016
Trade payables	237	155
Other liabilities	403	140
Accruals and deferred income	283	210
<b>Total current liabilities</b>	<b>4,020</b>	<b>3,521</b>

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.

## 48. Financial Instruments

### 48.1 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.

### 48.2 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.

Fair value of long term liabilities to group companies is close to the carrying amount.

Fair value of issued bonds is disclosed below:

#### Issued bonds

<i>In thousand of EUR</i>	Amortised amount		Fair value	
	2020	2019 Restated	2020	2019
<b>Non-current liabilities</b>				
EUR bond 2017/22	44,923	37,171	49,165	42,630
CZK bond 2016/23	1,816	1,652	2,051	1,960
<b>Total</b>	<b>46,739</b>	<b>38,823</b>	<b>51,216</b>	<b>44,590</b>

## 49. Share in Results from Participating Interests

An amount of EUR 6,429 thousand (profit) of share in results from participating interests relates to group companies (2019: profit of EUR 10,993 thousand).

## 50. Employee Benefits and Information

The company has only 1 employee (2019: 1 employee).

The two members of the board of directors are not employees of the Company and did not receive any compensation during 2020 nor 2019 for their duties serving on the board of directors for the Group of entities.

More information on management compensation is included in Note 37 of consolidated financial statements and Note 52 of standalone financial statements.

## 51. 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 PricewaterhouseCoopers to the Company in 2020:

### 2020:

<i>In thousands of EUR</i>	<b>PricewaterhouseCoopers Accountants N.V.</b>	<b>Other PricewaterhouseCoopers firms and affiliates</b>	<b>Total</b>
Statutory audit of annual accounts	80	90	170
Other audit procedures	0	0	0
Tax services	0	0	0
Other non-audit services	0	0	0

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:

<i>In thousands of EUR</i>	<b>Grant Thornton Accountants en Adviseurs B.V.</b>	<b>Other Grant Thornton member firms and affiliates</b>	<b>Total</b>
Statutory audit of annual accounts	33	88	121
Other audit procedures	0	0	0
Tax services	0	0	0
Other non-audit services	0	0	0

## 52. Related Parties

### 52.1 Transactions with Key Management Personnel

#### Key Management Personnel Compensation

Key management personnel did not obtain any compensation for their activity for Photon Energy N.V. in 2020 nor 2019. Further information on key management compensation is included in the consolidated financial statements for 2020, Note 37.

#### Key Management Personnel and Director

As at 31 December 2020 the directors of the Company control 84.44% (2019: 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, 17 April 2021

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

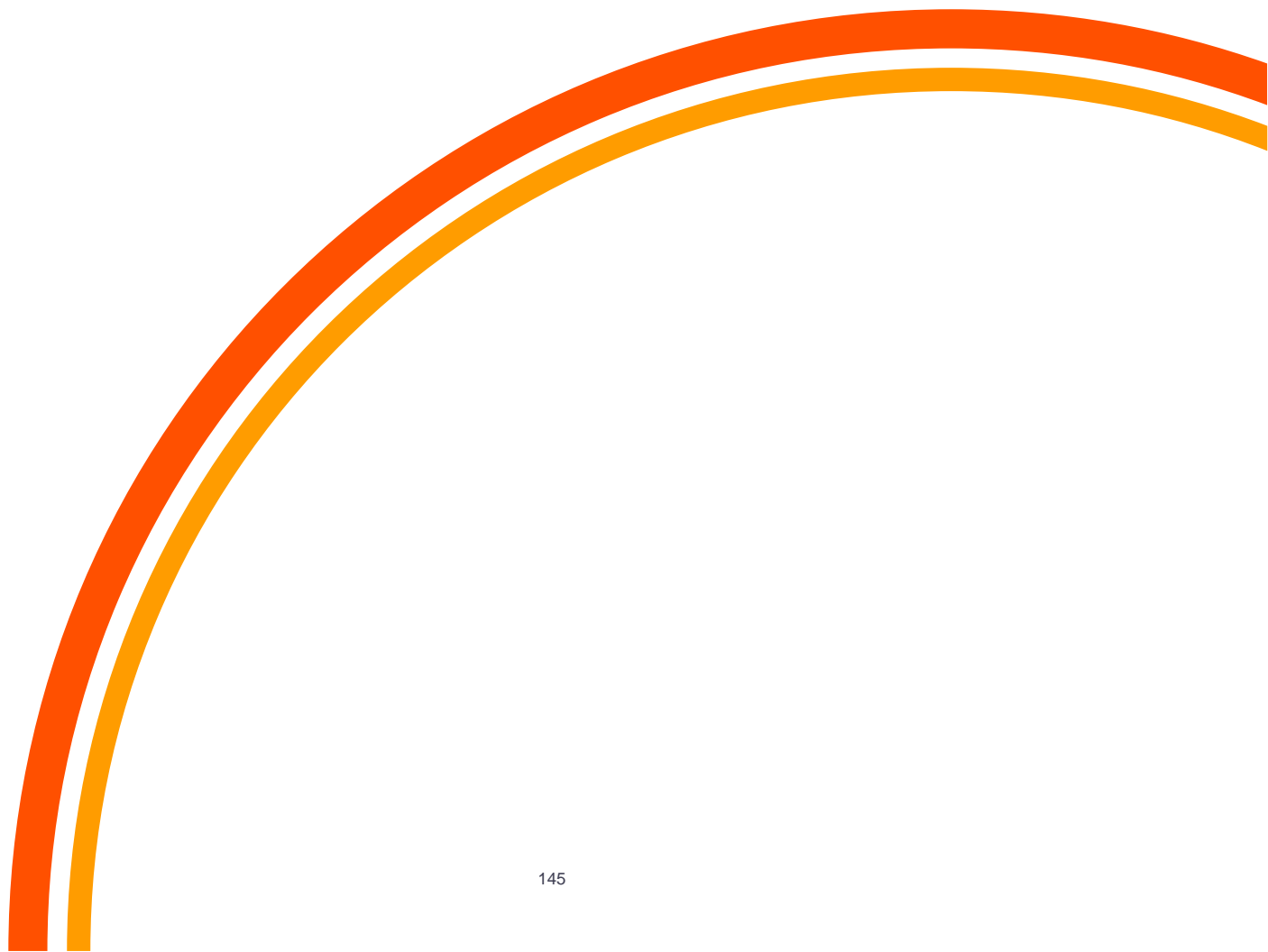
The Supervisory Board:

Marek Skreta, Chairman

Bogusława Skowroński, Member

Original signed.

# 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. Independent Auditor's Report**

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



## *Independent auditor's report*

To: The general meeting of shareholders and the supervisory board of Photon Energy N.V.

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### *Report on the financial statements 2020*

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#### *Our opinion*

In our opinion:

- The consolidated financial statements of Photon Energy N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended 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 company financial statements of Photon Energy N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2020 of Photon Energy N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The standalone financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company income statement for the financial year ended 31 December 2020;
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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*PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands*

*T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)*

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## *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

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

## *Independence*

We are independent of Photon Energy N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

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## *Our audit approach*

### *Overview and context*

Photon Energy N.V. is a joint-stock company 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. The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries), therefore we considered our group audit scope and approach as set out in the section ‘The scope of our group audit’. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.4 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of photovoltaic power plants and revenue recognition from construction contracts, we considered these matters as key audit matters as set out in the section ‘Key audit matters’ of this report.

Other areas of focus, that were not considered as key audit matters, related to the impact of COVID-19, the valuation of derivatives and consolidation of special purpose entities.

We considered the impact of the COVID-19 pandemic on the company and took that into account in our audit approach, including our scoping, materiality and risk assessment. The global COVID-19 pandemic and related government restriction measures had limited impact on the financial performance of Photon Energy N.V. given the positive cash flows from operations. We also considered the risk of fraud inherent to increased remote working. In terms of the execution of our audit, we considered the impact of the travel and other restrictions on the review and supervision of our teams.



Our teams worked remotely, supported by video meetings and PwC’s digital tooling. We increased the frequency of communication between the teams and the board of directors. While maintaining compliance with local health regulations, we performed sufficient physical checks of inventory and documents.

We ensured that the audit team had the appropriate skills and competences which are needed for the audit of photovoltaic power business. We therefore included experts and specialists in the areas of information technology, taxation and valuation in our team. We also involved forensic specialists in our assessment of fraud risk factors.

The outline of our audit approach was as follows:



**Materiality**

- Overall materiality: € 180,000

**Audit scope**

- We conducted audit work at the head office of the Group.
- All components were included in the scope of the audit.

**Key audit matters**

- Valuation of the photovoltaic power plants
- Recognition of revenue from construction contracts

**First-year audit consideration**

After our appointment as the Company’s auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We looked at where and how this affected the Company’s and the Group’s financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor’s files and discussed the outcome thereof. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the board of directors.

**Materiality**

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below.



These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

<b>Overall group materiality</b>	€180,000
<b>Basis for determining materiality</b>	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 2.2% of EBITDA.
<b>Rationale for benchmark applied</b>	We used EBITDA as the primary benchmark, based on our analysis of the common information needs of users of the financial statements. On this basis, we consider EBITDA to be an important metric for the financial performance of the profit-oriented company, more clearly representing the operating performance of the Group compared to the highly volatile profit before tax of recent years.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements above € 18,000 identified during our audit as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *The scope of our group audit*

Photon Energy N.V. is the parent company of a group of entities operating in the Czech Republic, Hungary, Slovakia, Australia and some other countries. The financial information of this group is included in the consolidated financial statements of Photon Energy N.V. refer to Note 38 of the consolidated financial statements for the details Group structure.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level.

We conducted audit work over the financial statements as a whole, including all components and covered all significant financial statements line items and transactions of the Group.

The Group accounting function is centralized in Prague and the Group is managed as a single operating unit with multiple segments. The Group applies a centralized IT system for its business processes and final reporting.

By performing the procedures above, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the consolidated financial statements.



### *Our focus on the risk of fraud and non-compliance with laws and regulations*

We assessed and responded to the risk of fraud and non-compliance with laws and regulations within our audit procedures of the financial statements. In this context and with reference to the sections on responsibilities in this report, our objectives are the following.

#### *Our objectives*

In respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

In respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the board of directors with the oversight of the supervisory board.

#### *Our risk assessment*

We obtained an understanding of the entity and its environment, including the entity's internal controls. We made enquiries of management, the audit committee and the board of directors. In addition, we considered other external and internal information.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Fraud risk factors are events or conditions, which indicate an incentive or pressure, an opportunity, or an attitude or rationalisation to commit fraud. We together with our forensic specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as the financial reporting framework, tax and pension laws and regulations, as well as solar energy laws and regulations.

As in all our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud. We refer to the key audit matters, that are examples of our approach related to areas of higher risk due to accounting estimates where the board of directors makes significant judgments.



*Our response to the risks identified*

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.

We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by Photon Energy N.V., including retrospective reviews of prior year’s estimates, classification and capitalization of expenses. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information. We also incorporated an element of unpredictability in our audit.

We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we re-evaluated our assessment of fraud risk and its resulting impact on our audit procedures.

With respect to the risk of fraud in revenue our audit procedures included, among others, an evaluation of the methodology and accounting policy used by the Group for determining the revenue, accompanied by inspection of selected revenue transactions to supporting evidence based on certain qualitative and quantitative criteria. In relation to revenue from construction contracts, please refer to procedures performed summarised in ‘Key Audit Matters’ section below.

We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements. As to the other laws and regulations, we inquired with the board of directors and the supervisory board as to whether the entity is compliant with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

<i>Key audit matter</i>	<i>Our audit work and observations</i>
<p><b>Valuation of photovoltaic power plants</b> <i>Refer to Notes 5.1 and 18 to the consolidated financial statements for the related disclosure.</i></p> <p>As at 31 December 2020 photovoltaic plants represents more than 70% of the total assets of the Group. The Group measures photovoltaic power plants at fair values less depreciation in accordance with IAS 16 Property, plant and equipment and IFRS 13 Fair Value</p>	<p>Among other audit procedures, we performed an evaluation of the Group’s accounting policy and method for valuation of photovoltaic power plants. We checked the appropriateness of the method used under IAS 16</p>



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**Key audit matter**

Measurement which are determined by income approach as photovoltaic power plants market prices are not available. Under this approach the fair value of photovoltaic power plants is based on the Discounted Cash Flow model (DCF).

This valuation is significant to our audit due to complexity and high judgement applied within the assessment process. Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a specific country and based on the expected after-tax cost of debt and expected cost of equity. The cash flow projections were prepared for 20 years in Czech Republic, 15 years in the Slovak Republic and 25 years in Hungary, equal to the duration of the feed-in-tariffs of the projects. Significant assumptions used in the models are the following:

- production volume;
- operating and capital expenditures;
- discount rates.

Measurement using the DCF model is subject to an increased valuation risk as there is a reduced scope for objectivity due to a lack of active market which requires significant management judgment, estimates and assumptions, as such inherently susceptible to the risk of material misstatement.

Applied measurement methods materially impact the net assets and total comprehensive income for the year. Therefore, we consider valuation of photovoltaic power plants to be a key audit matter.

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**Our audit work and observations**

Property, plant and equipment, IFRS 13 Fair Value Measurement and industry norms. We assessed the competence, capabilities and experience of the management to prepare the valuation and verified their qualifications.

Further, we challenged management's assumptions with reference to the internal and external supporting information noting the assumptions used fell within an acceptable range.

Expected volume of electricity production for selected power plants is agreed to the independent yield studies considering a seasonality factor. We also inspected the technical documentation for the sampled historic production volumes.

On a sample basis we inspected the technical documentation for historic operating and capital expenses. Expected operating and capital expenditures are compared to the external studies and market average considering the size of the selected power plants.

We, together with our valuation experts evaluated the reasonableness and appropriateness of the discount rates based on inputs independently sourced from market data and comparable companies. We tested the sensitivity of changes in the significant assumptions and evaluated their impact on the DCF model.

We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Notes 5.1 and 18 to the consolidated financial statements).

Our audit procedures did not result in any material findings with respect to the valuation of photovoltaic power plants and related disclosures at 31 December 2020.



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**Key audit matter**

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**Our audit work and observations**

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**Recognition of revenue from Construction contracts**

*Refer to Notes 4.11 and 9 to the consolidated financial statements for the related disclosure.*

In 2020 about 20% of the Group's revenue is generated from construction contracts. Under IFRS 15 the Group recognised such revenue over time. Contract revenue includes the initial amount agreed in the contract plus any variations to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in profit or loss in proportion to the stage of completion of the performance obligation. 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 which can be a matter of judgement. 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.

The assessment method includes significant management judgement involved and estimation uncertainty, which materially impact results of the Group's operations. In particular the assessment of the cost to complete of the respective performance obligation.

Therefore, we consider recognition of revenue from construction contracts to be a key audit matter.

Our audit procedures included, among others, an evaluation of the Group's methodology and accounting policy for determining the revenue. We verified that the recognition of revenue is prepared in accordance with IFRS 15 and consistent with the industry norms.

We performed retrospective review of completed construction contracts in relation to expected results included in determination of the estimates in prior years.

Further, on the basis of quantitative and qualitative criteria we examined selected construction contracts and obtained evidence on current progress of the projects towards complete satisfaction of the performance obligation. On a sample basis we compared budget to actuals and investigated variations. We reconciled elements of the cost to complete with the selected contracts and purchase orders. Consistency of progress of completion of the selected projects is verified with the quarterly reports and management approval of milestones.

We recalculated the mathematical accuracy of the completion stage and the amount of revenue recognized in 2020 based on the proportion of cost incurred to the total services to be rendered.

We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Notes 4.11 and 9 to the consolidated financial statements).

Our procedures did not result in any material findings with respect to the construction contracts revenue in 2020.

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## ***Report on the other information included in the annual report***

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In addition to the financial statements and our auditor's report thereon, the annual report contains other information (the 'Other Information') that consists of:

- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- Photon Energy Group, Financial Information, Facts & Figures, Letter from the management, Company Profile, Management report including Directors' report and Supervisory board report.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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## ***Report on other legal and regulatory requirements***

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### ***Our appointment***

We were appointed as auditors of Photon Energy N.V. by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 4 December 2020.

### ***No prohibited non-audit services***

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

### ***Services rendered***

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 51 to the financial statements.



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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the board of directors and the supervisory board for the financial statements***

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors 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, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors 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.

The supervisory board is responsible for overseeing the Company's financial reporting process.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 17 April 2021  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.G.J. Gerritsen RA



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## ***Appendix to our auditor's report on the financial statements 2020 of Photon Energy N.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- 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 intentional 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 the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the 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.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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



In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.