Photon Energy Group

Photon Energy N.V.

Annual Report 2020

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Available online at photonenergy.com

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

Photon Energy Group

As of April 2021

Clean energy and water. The fundamentals of life.

At Photon Energy Group, we are dedicated to ensuring that everyone has access to clean, affordable energy and water. We deploy technology to provide these fundamentals and help build a thriving, sustainable world. We take a holistic approach to our work, within our companies and as a group, offering solutions that can be delivered separately or as an integrated package. This allows us to meet the complete needs of our customers and takes us closer to our vision of a world where energy and water – the fundamentals of life – are clean, safe and accessible to all.

Photon Energy

Our solar power solutions and services cover the entire lifecycle of photovoltaic power plants.

Photon Water

We offer comprehensive clean water solutions, from treatment services to the management of wells and other resources.

130+
employees

Shares traded in
Poland & the Czech Republic

Active in
17 countries

420+ MWp
PV projects in development

74.7 MWp
proprietary portfolio

70.0 GWh of clean
energy produced in 2020

300+ MWp
O&M portfolio

605 ha of lakes
and ponds managed

CO_2 savings of
29,799 tonnes in 2020

Financial Information

In thousands	EUR		PLN		CZK	
	2020	2019	2020	2019	2020	2019
Revenue	**28,258**	**30,154**	**127,254**	**129,605**	**753,435**	**774,118**
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	8,440	7,943	38,007	34,140	225,032	203,914
Results from operating activities (EBIT)	-142	5,381	-639	23,128	-3,786	138,142
Profit / loss before taxation (EBT)	-6,528	988	-29,397	4,245	-174,052	25,353
Profit / loss	-8,693	-726	-39,145	-3,122	-231,765	-18,645
Other comprehensive income	10,777	8,790	48,531	37,780	287,342	225,658
Total comprehensive income	**2,084**	**8,064**	**9,385**	**34,659**	**55,563**	**207,013**
Non-current assets	135,053	108,654	615,893	462,462	3,544,466	2,760,898
Current assets	23,851	28,364	108,770	120,725	625,969	720,729
Of which Liquid assets	14,290	15,104	65,168	64,287	375,041	383,793
Total assets	158,904	137,018	724,663	583,187	4,170,435	3,481,627
Total equity	**40,075**	**37,843**	**182,757**	**161,071**	**1,051,768**	**961,592**
Current liabilities	15,205	12,336	69,341	52,505	399,055	313,458
Non-current liabilities	103,624	86,839	472,565	369,611	2,719,612	2,206,579
Operating cash flow	5,561	6,164	25,043	26,494	148,270	158,243
Investment cash flow	-20,171	-14,410	-90,835	-61,936	-537,810	-369,940
Financial cash flow	12,097	11,715	54,476	50,352	322,536	300,750
Net change in cash	**-2,513**	**3,469**	**-11,317**	**14,910**	**-67,003**	**89,057**
EUR exchange rate – low	–	–	4.425	4.242	26.135	25.41
EUR exchange rate – average	–	–	4.503	4.298	26.663	25.67
EUR exchange rate – end of period	–	–	4.560	4.256	26.245	25.41
EUR exchange rate – high	–	–	4.622	4.390	27.365	25.92

Note:

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

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

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

Facts & Figures

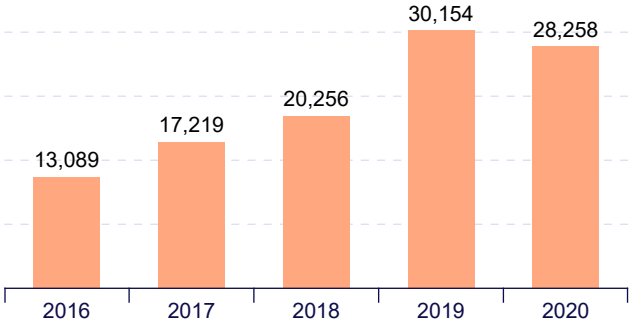
We closed 2020 with total revenues amounting to EUR 28.258 million, representing a 6.3% decrease YoY. Despite lower revenues in the sale of technology (-27.8% YoY), an area in which conditions remained challenging due to the coronavirus crisis, there was a robust 17.6% increase in revenues from the sale of electricity. We also managed to raise our EBITDA to EUR 8.440 million (+6.3% YoY) thanks to a more favourable revenue mix and an improvement on the gross margin across all activities.

During the year, we continued our capacity expansion, mainly expressed in a growing headcount, which is crucial for the development of existing business lines as well as new activities.

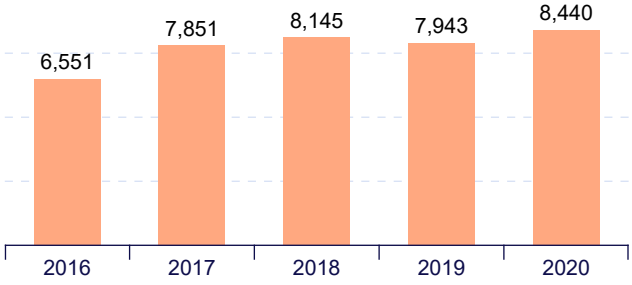
Increased financial expenses linked to the development of PV power plants led to an EBIT loss of EUR 0.142 million, compared to a profit of EUR 5.382 million in 2019. Our business model involves significant bank financing at the project level, where debt/equity ratios reach up to 80/20. Non-recourse financing is aligned with the life cycle of power plants and is long-term, with tenors of up to 15 years. Thus a higher level of debt is expected in our industry.

Following the connection of new PV plants in Hungary, our total comprehensive income in 2020 amounted to EUR 2.084 million compared to EUR 8.064 million in 2019. The adjusted equity ratio remained at the sound level of 29.0%.

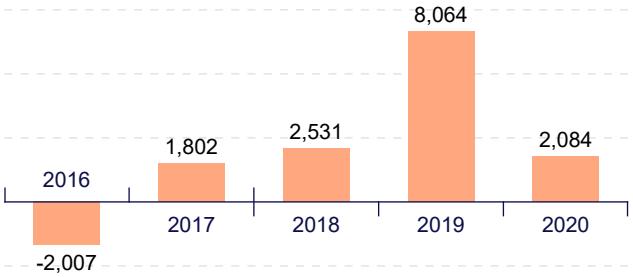
Total Revenues *(In thousands of EUR)*



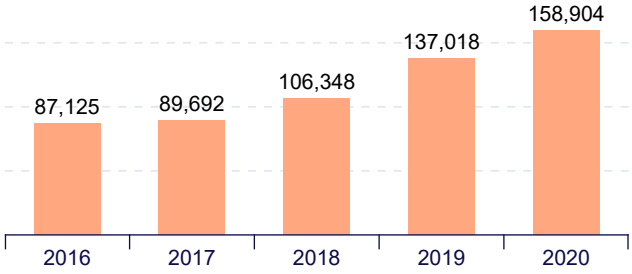
EBITDA *(In thousands of EUR)*



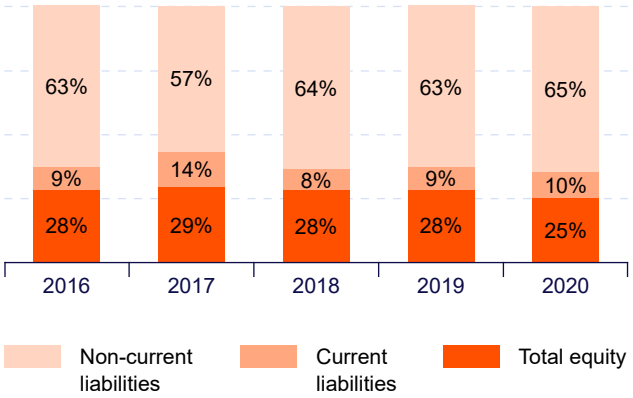
Total Comprehensive Income *(In thousands of EUR)*



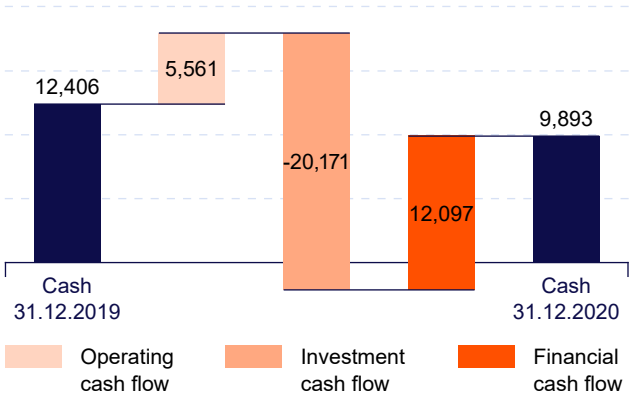
Total Assets *(In thousands of EUR)*



Breakdown of Liabilities & Equity



Cash Flow Profile in 2020 *(In thousands of EUR)*



Letter from the Management

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

Dear Stakeholders,

2020 was a year unlike many others. Although we will never be able to predict the future, we can strive for the adaptability that will prepare us for whatever it might bring. We believe that our achievements last year stand as a testament to our ability to thrive despite unpredictable, unprecedented circumstances.

In 2020, the pandemic had basically no impact on our electricity generation, as well as on our EPC (Engineering, Procurement and Construction) and O&M (Operations & Maintenance) business segments. A record of 70.0 GWh of green energy was produced, PV power plants with a combined capacity of 23.0 MWp were built for our proprietary portfolio in Hungary and were successfully refinanced for the long-term on a non-recourse project-level basis. This will free up substantial liquidity that will allow us to continue our plans for ongoing growth as we further expand our portfolio. In the town of Leeton, Australia, our first two utility-scale power plants with a combined capacity of 14.6 MWp were brought to the commissioning stage. These are the two largest projects to be added to our portfolio and our first merchant projects providing competitive energy into the Australian energy market. Together they are expected to generate approximately 27.8 GWh of clean energy per year. During the year, we also completed the construction of a hybrid solar and battery storage system on Lord Howe Island, a UNESCO World Heritage Site. The 1.2 MWp solar PV array with 3.2 MWh Lithium-ion battery storage and micro-grid will generate and store enough energy to cover more than two thirds of the island's electricity needs, leading to a more resilient and environmentally sustainable power supply. Our operations and maintenance division also made significant progress last year, and now oversees solar assets with combined capacity of more than 300 MWp.

On the project development front, despite more difficult market entry conditions because of travel restrictions, we managed to increase our development pipeline for PV projects to a combined capacity of over 200 MWp in Hungary, Romania and Poland, where we are in the position of building several power plants in 2021. We also continued challenging and transforming the renewables industry, as illustrated by our recently concluded strategic investments. After an initial investment in April 2020, we have just announced our participation in for a capital increase in RayGen, a company specialising in high-efficiency concentrated PV generation with thermal absorption and storage. This technology promises to be a significant step forward in improving the economics of solar PV and power storage, especially as the demands for long duration storage are increasing. In December 2020, we also participated in the second equity financing round for Lerta, a Polish company, which develops virtual power plant technologies and services.

Photon Water has also made a major step forward in the Australian market with a trial phase remediation project for the Australian Government, Department of Defense to remove PFAS contamination from soil and ground water without the need for pumping and surface treatment or disposal processes using our (patent pending) nano-remediation process. In addition, our teams made great progress in water treatment and other areas of industrial and water quality processes using ultrasound.

2020 was eventually a crucial year for us in terms of our presence on capital markets. Our share listings were successfully transferred from alternative markets to the main (regulated) markets of the Warsaw and Prague Stock Exchanges, as well as to the Quotation Board of the Frankfurt Stock Exchange. The aim of these transfers was to widen our investor base across Europe and to stimulate trading liquidity.

In a consolidation of our experience and expertise, we embarked on an exciting new path in combining solar energy, energy storage and water technologies to create more wide-ranging, adaptable water and energy solutions. This was an important step in expanding our project development pipeline and strengthening our overall business in 2020. Our teams' hard work resulted in a spectacular year; we stand amazed and grateful for this accomplishment.

Financial Metrics

We closed 2020 with total revenues amounting to EUR 28.258 million, representing a 6.3% decrease YoY. Despite lower revenues in the sale of technology (-27.8% YoY), an area in which conditions remained challenging due to the coronavirus crisis, there was a robust 17.6% increase in revenues from the sale of electricity. We also managed to raise our EBITDA to EUR 8.440 million (+6.3% YoY) thanks to a more favourable revenue mix and an improvement on the gross margin across all activities. During the year, we continued our capacity expansion, mainly expressed in a growing headcount, which is crucial for the development of existing business lines as well as new activities.

Increased financial expenses linked to the development of PV power plants led to an EBIT loss of EUR 0.142 million, compared to a profit of EUR 5.382 million in 2019. Our business model involves significant bank financing at the project level, where debt/equity ratios reach up to 80/20. Non-recourse financing is aligned with the life cycle of power plants and is long-term, with tenors of up to 15 years. Thus a higher level of debt is expected in our industry.

Following the connection of new PV plants in Hungary, our total comprehensive income in 2020 amounted to EUR 2.084 million compared to EUR 8.064 million in 2019. The adjusted equity ratio remained at the sound level of 29.0%.

Outlook for 2021

During the coming year, we will remain focused on our strategic goal to develop, design and construct new projects for our proprietary portfolio with a clear focus on Australia, Hungary, Poland and Romania, where we have made strong progress and embarked on a path of dynamic growth. In Australia, we have just announced an exchange of project rights with our development partner Canadian Solar. As a result, we will continue developing the 160 MWp Maryvale Solar Farm with an increased 65% stake in the project, while further development of Gunning Solar Farm and Suntop2 Solar Farm will be handled by Canadian Solar. Of the three projects, Maryvale is in the furthest stage of development and we are very excited to advance the project to construction phase. Finally, we see significant potential to expand in the field of water treatment technology, with likely applications including contaminated land remediation and water management. Our Photon Water business line currently accounts for less than 10% of our revenue, but developments like these are expected to contribute to its significant growth in the near future.

Reporting on Sustainability

The pandemic has reminded us how the biggest crises demand an ambitious, global response. It has driven us to confront the threat of climate change more forcefully and to consider how, much like the COVID-19, it will inevitably alter our lives. In 2020, the foundations were laid for strategic management, controlling and reporting that are fully geared to sustainability. We have just released our first sustainability report, which formally expresses our commitment to delivering sustainable outcomes. Providing an overview of our efforts to integrate ESG into our organization, the report is set to provide clarity and guidance on sustainably integrated procedures and an overall embedded sustainable way of thinking.

We take our commitment to our employees, business partners, customers, bond- and shareholders very seriously and look to 2021 and beyond with the utmost confidence in our ability to meet or exceed those commitments.

Thank you all for your continued support, and for the trust you have placed in Photon Energy Group.

Amsterdam, April 2021

Board of Directors

Michael Gartner, Director

Georg Hotar, Director

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Photon Energy Group

Company Profile

Who We Are

Delivering the Fundamentals of Life

We deliver solar energy and clean water solutions around the world.

Our solar power services are provided by **Photon Energy.** Since its foundation in 2008, Photon Energy has built and commissioned solar power plants with a combined capacity of over 100 MWp, and has power plants with a combined capacity of 74.7 MWp in its proprietary portfolio. Photon Energy is currently developing projects with a combined capacity of 428 MWp in Australia, Hungary, Poland and Romania and provides operations and maintenance services for over 300 MWp worldwide.

Our second major business line, **Photon Water,** provides clean water solutions including treatment and remediation services, as well as the development and management of wells and other water resources.

Photon Energy N.V., the holding company for Photon Energy Group, is listed on the Warsaw, Prague and Frankfurt Stock Exchanges.

We are headquartered in Amsterdam, with offices in Australia, South America and across Europe.

Our Values

Innovation
We think creatively to deliver solutions and actualise our vision.

Safety
We prioritise the health and well-being of everyone impacted by our work.

Sustainability
We understand the importance of foresight and long-term thinking.

Community
We believe it is our responsibility to enrich every community we are a part of.

Integrity
We operate with honesty and respect, and we never compromise our values.

Contact Details

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

Our Business Model

Photon Energy

Our services cover the entire lifecycle of photovoltaic systems.

Project Development

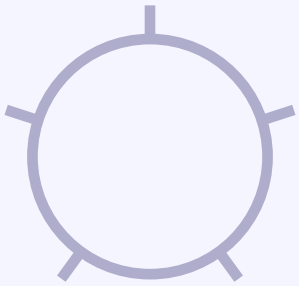
We acquire **projects of all sizes,** at all stages of development, and guide them to completion.

Operations & Maintenance

We provide a full range of O&M services, including **monitoring** and **inverter maintenance**.

EPC Solutions

We design and build **on- and off-grid** installations, including **battery storage solutions.**



Investments

We invest in PV power plants for the **sustainable** production and sale of **solar energy.**

Technology

We procure and trade **PV components** to fit any project's location, design and budget.

Photon Water

Our comprehensive services and solutions help to make clean water accessible to everyone.

Treatment

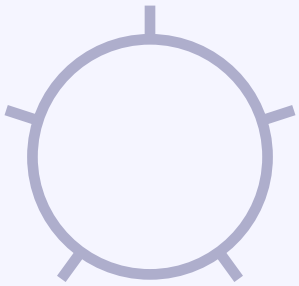
We deliver treatment solutions including potable and wastewater treatment, hazardous liquid waste and industrial water treatment.

Remediation

We offer a range of remediation services, including our unique nanoremediation solution, to eliminate contaminants from water and soil.

Wells & Resources

We provide complete services for wells and water resources, from planning and design to maintenance and decommissioning.



Research & Development

We work with leading academic institutions and participate in governmental research programmes to develop cutting-edge clean water solutions.

Resource Management

We help our customers make the best use of their water resources, lakes and ponds.

Our Team

As of 31 December 2020

136	38	33%	21
Employees	Average age	Female employees	Nationalities

'I've been able to challenge myself through projects ranging from roof-mounted PV systems to cutting-edge water treatment technologies.'

Mylène Turban
Project Engineer

'I've had many opportunities for professional development, going from operator to sales manager to managing director.'

Jan Černý
Managing Director, Monitoring & Control

'I'm proud to be part of a company whose work I really believe in.'

Nikolett Barna
Accountant

'I am lucky to work with like-minded people and leaders with a global mindset, who understand the importance of energy transition.'

Leo Williams
Origination Manager

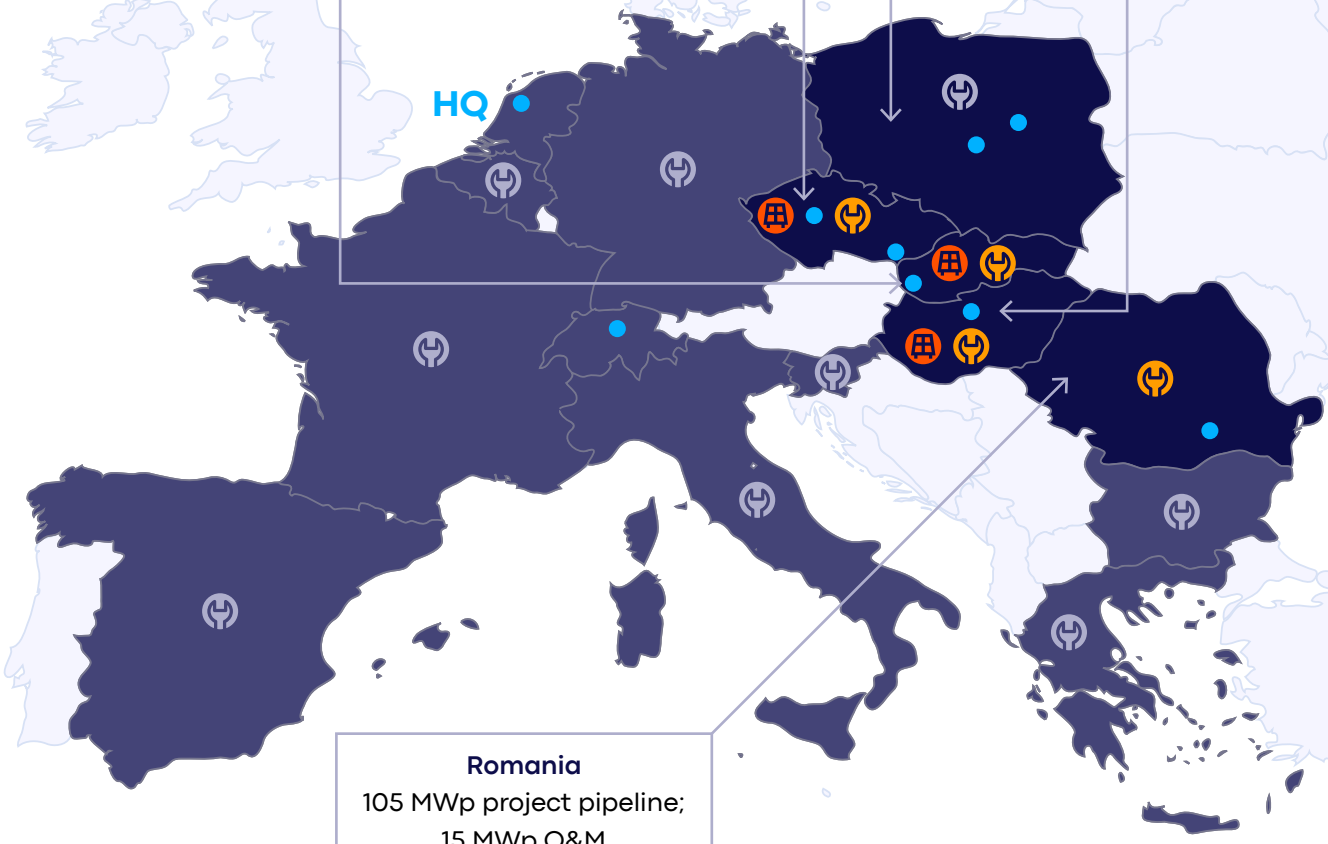
Global Presence

Poland
25 MWp project pipeline

Slovakia
11 proprietary power plants (10.5 MWp); 21 MWp O&M

Czech Republic
11 proprietary power plants (15.0 MWp); 143 MWp O&M

Hungary
61 proprietary power plants (49.1 MWp); 97 MWp project pipeline; 77 MWp O&M



Romania
105 MWp project pipeline; 15 MWp O&M

Australia
1 proprietary power plant (0.1 MWp); 14.6 MWp at the commissionning stage; 4.5 MWp O&M

- Power Plants Owned by Photon Energy Group
- O&M Services for Power Plants
- Inverter Maintenance Services
- Offices

Leadership

Georg Hotar CEO and Co-founder

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

Michael Gartner CTO and Co-founder

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

Clemens Wohlmuth CFO

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

Supervisory Board and Audit Committee

Marek Skreta

Marek is the chairman of the Photon Energy Group supervisory board and a member of the audit committee. He is the co-founder and CEO of P4 Wealth Management in Zurich and serves as a member of the board and head advisor at R2G in Prague, a private investment platform which he helped to establish. Prior to this, he was a managing director at UBS Switzerland AG and a director at Credit Suisse in Zurich. His earlier professional experience included providing advisory services to family offices and private equity funds on investments in the CEE region and M&A transactions.

Bogusława Skowroński

Bogusława is a member of the Photon Energy Group supervisory board and chairman of the audit committee. She is an entrepreneur, technology start-up ecosystem builder, VC and angel investor. She has gained financial experience in organizations such as Union Bank of Switzerland, European Bank for Reconstruction and Development and Capital Solutions proAlfa, a company which she founded. She is an active member of the Polish capital market and has advised many companies on their strategies and transactions. She co-founded MIT Enterprise Forum CEE, an equity-free startup acceleration program.

History

2008

Photon Energy is founded. We are listed on the NewConnect market of the Warsaw Stock Exchange.

2009

We construct our first PV projects, including our first proprietary power plant in the Czech Republic.

2010

We construct plants with a combined capacity of 32 MWp in the Czech Republic and Slovakia and expand our proprietary portfolio to 20 MWp.

2011

We construct new plants in Germany, Italy and Slovakia.

2012

We establish our office in Australia and our new corporate HQ in the Netherlands.

2013

We place our first EUR corporate bond, traded on the Frankfurt Stock Exchange.

2014

We install our first solar storage battery system in Australia and add five countries to our O&M portfolio.

2015

We hit the 1 MWp mark for power plants commissioned in Australia and 150 MWp for O&M services provided in Europe and Australia.

2016

We commission four power plants in Australia. Our shares are listed in Prague, along with a 6% corporate bond.

2017

We establish our office in Budapest and grow our project pipeline in Hungary. We expand our vision to include clean water solutions with the founding of our second business line, Photon Water.

2018

We conclude a co-development financing deal with Canadian Solar for 1.14 GWp in Australia. Our first Hungarian plants are connected to the grid. We repay our first EUR Bond and the target volume for our second EUR Bond is subscribed to in full.

2019

We complete the roll-out of rooftop solar systems across 30 ALDI locations. We successfully sell our stakes in two utility-scale projects co-developed with Canadian Solar. We build 20 plants in Hungary with a total capacity of 20 MWp.

2020

Our proprietary portfolio reaches 74.7 MWp, and we provide services to clients with over 300 MWp. We revitalise our brand, bringing Photon Energy and Photon Water under the banner of Photon Energy Group.

Highlights of 2020

Grid Connections and Refinancing in Hungary

Hungary is one of our most rapidly growing markets, and in 2020 we constructed and commissioned 23 PV power plants across the country with a total capacity of 23.0 MWp, expanding our current installed base in Hungary to 49.1 MWp.

We also completed a long-term financing agreement on a non-recourse project-level basis with CIB Bank in Hungary, thanks to which our Hungarian portfolio is now fully refinanced. This will free up substantial liquidity that will allow us to continue our plans for ongoing growth as we further expand our portfolio.

Lord Howe Island

Photon Energy completed construction on a hybrid solar and battery storage system on Lord Howe Island, a UNESCO World Heritage Site in Australia. The system was specially designed for this remote location and has been integrated with the local microgrid and diesel generators that currently form the main power source for the island's community.

The 1.2 MWp solar PV array with 3.2 MWh Lithium-ion battery storage will generate and store enough energy to cover more than two thirds of the island's electricity needs, leading to a more resilient and environmentally sustainable power supply, greatly reducing its reliance upon diesel-generated power.

Share Listing on Regulated Markets

In January 2021 we were proud to announced that Photon Energy Group finalised the process of listing its shares on the regulated markets of the Warsaw and Prague stock exchanges. The Warsaw Stock Exchange is the largest securities exchange in Central and Eastern Europe and organises trading on one of the fastest growing capital markets in Europe. The admission to listing and trading of the company's shares on the Quotation Board of the Frankfurt Stock Exchange followed a week later.

Going forward, we anticipate that these listings will help stimulate trading liquidity and diversify our investor base by providing investment opportunities to a wide range of institutional and retail investors across Europe.

Leeton Solar Farms

We completed the construction of the first two utility-scale power plants to be added to our Australian proprietary portfolio. The PV power plants, with a combined capacity of 14.6 MWp, are located on the outskirts of Leeton, New South Wales, in the heart of the Murrumbidgee Irrigation Area. This is an area of significant energy use, traditionally importing energy from large coal power plants hundreds of kilometres away.

The project debt for the development of these plants has been financed by Infradebt, a boutique Infrastructure fund manager. These projects represent a significant step in the region's transition away from fossil fuels, with the total annual energy production for the new power plants forecast to be 27.8 GWh.

Nanoremediation Trial with the Australian Department of Defence

Photon Water is at the forefront of the effort to address the impacts of per- and polyfluorinated substances (PFAS). Our unique nanoremediation solution was devised to break down PFAS within groundwater without the need for pumping and surface treatment or disposal processes.

In September we announced an exciting new contract with the Australian Department of Defence for a trial of this proprietary technology. The Jervis Bay Range Facility within HMAS Creswell and Marine Park was selected as the location for the trial, which we believe will confirm the efficacy of our technology in in-situ PFAS removal.

Project Pipeline Expansion in New European Markets

Project development is a crucial part of Photon Energy's business model and vision for the future. In 2020 we continued to expand our project pipeline in Hungary, where we have developed a 99.3 MWp project pipeline. We also entered two key European markets, Romania and Poland.

Thanks to the understanding of these markets provided by our local teams, in combination with the company's global expertise, we were able to build an impressive pipeline of 37.0 MWp in Poland and 117.2 MWp in Romania.

Trusted Media Partner

At Photon Energy Group, we have always seen it as our duty to be a trusted media partner. In 2020, we actively expanded upon our ongoing partnerships with journalists covering energy, finance and sustainability-related topics, with Poland being a new addition to our target media markets.

Our stories were covered by a wide range of European and Australian media outlets, from specialised energy news websites to popular daily newspapers. Additionally, we worked closely with industry associations and NGOs to promote solar energy as a future-proof energy source and to share our industry know-how with our customers and partners. We continued to operate with honesty and in full transparency, with our CEO Georg Hotar giving several interviews about our ongoing projects and future plans, and our representatives sharing their expertise in response to media enquiries throughout the year.

To read our past articles and press releases, please visit **photonenergy.com/news.**

4 March 2020

BUDAPEST BUSINESS JOURNAL

Photon Energy commissions 8 PV power plants in Hungary

7 April 2020

pv magazine

Photon Energy investiert in RayGen Resources

31 May 2020

RENEW ECONOMY

Photon secures finance for two “merchant” solar farms in NSW

3 June 2020

pv magazine

Photon Energy is wasting no time, wins Wodonga small-scale solar tender

4 June 2020

BUDAPEST BUSINESS JOURNAL

Photon Energy begins construction of 10 PV plants in Püspökladány

17 August 2020

Renewables Now

Photon Energy comes for piece of Polish solar, names country head

30 September 2020

WARSAW BUSINESS JOURNAL

Photon Water launches groundwater remediation trial project in Australia

26 November 2020

ekonom

Emigranty nakopl solární boom. Postaví obří elektrárny v Austrálii

17 December 2020

Bloomberg

Photon Energy Secures Long-term Financing for Five PV Power Plants in Hungary

5 January 2021

PARKIET

Photon Energy: Firma już na rynku głównym

Australia

A Year of Milestones

2020 was a pivotal year for Photon Energy Group in Australia, with continued expansion and exciting new developments. We launched our Photon Water business line, which was awarded a trial contract for a PFAS remediation project with the Australian Department of Defence. RayGen became Photon Energy Group's first investment into a solar technology company, with the goal of developing global projects suitable for the roll-out of RayGen's unique solar power and electricity storage technology. Our Photon Energy team successfully rolled out another 1.2 MWp of commercial rooftop solar systems, and we completed the construction of two utility-scale solar plants with a combined capacity of 14.6 MWp near Leeton, New South Wales. We also completed a hybrid battery system on Lord Howe Island, a UNESCO World Heritage Site, which will reduce the island's reliance upon diesel power by two thirds.

Looking forward to 2021, we are adjusting our strategy as the trend toward vertical integration among retailers, generators and systems integrators intensifies. The evolving landscape of the solar market presents opportunities through a decreasing number of competitors, increased

barriers to entry and restructuring. These changes are a golden opportunity for agile players like Photon Energy to increase our market share. In addition, as of February 2021 our 100% subsidiary Photon Energy SGA Pty Ltd has been accepted by the Australian Energy Market Operator as a Small Generation Aggregator and can now aggregate small generators up to 5 MWp, and in some cases up to 30 MWp, and sell energy directly into the National Energy Market (NEM) without the need to contract with an energy retailer.

This creates opportunities for innovative business models, including the oversizing of rooftop power plants that sell electricity into the NEM, reinforcing Photon Energy's 'build, own and operate' model as an Independent Power Producer, as well as the aggregation of multiple generators and batteries into Virtual Power Plants, which also participate in the NEM. This enables us to create new assets and long-term recurring revenue streams in line with our global strategy.

By the end of 2020, our team in Sydney had grown to twenty-four associates, covering engineering, technical and administration, allowing us to provide a full suite of products and services.

This growth, and the continued expansion of our business in Australia, continued despite the challenges of the COVID-19 pandemic; a reflection of the fact that renewable energy – particularly solar and batteries – is the fastest growing sector within the global energy industry.

We look forward to the exciting times ahead in Australia and beyond, bringing us closer to our vision of clean energy and water for everyone.

Hungary

An Expanding Market

Hungarian solar energy market continued to grow in 2020. At the end of the year, there were PV power plants in operation across the country with a combined capacity of over 2 GWp, and this growth will continue going forward, mainly driven by an auction mechanism for renewable energy sources, which commenced in late 2019 As such, the Hungarian government will continue to announce auctions through its energy and public utility regulatory authority, with two auctions expected to take place every year, for approximately 390 GWh per annum and with a budget of 800 million HUF. In addition, Hungary continues to expand its cross-border connectivity with neighboring countries. Several domestic and foreign investors have taken interest in the expanding market, and it has become one of Photon Energy's key markets, with significant expansion of our Hungarian portfolio in the past year.

In 2020 we built power plants with a combined capacity of 23.0 MWp: 5.4 MWp in Tata, 2.1 MWp in Mályi and 1.4 MWp in Kunszentmárton, with the remaining 14.1 MWp capacity in the municipality of Püspökladány. The large scale of the project in Püspökladány brought unforeseen challenges, which required ingenuity and innovation to resolve. The logistics involved with construction were more complex than usual, even requiring the construction of a new road in order to transport building materials to the location. Also, due to the COVID-19 pandemic the administration process with the authorities and DSOs was significantly slower than normal. However, despite these challenges, the plants were built and connected to the grid in only four months. We're incredibly proud of the hard work of our team in Hungary, and we're committed to ensuring that the successful execution of this project represents the first of many.

Partnerships

Innovating with RayGen and Lerta

2020 in retrospect was a year of innovation at Photon Energy. In order to keep pace with the dynamic and rapidly-changing global PV market, the company entered strategic partnerships with innovative technology companies RayGen and Lerta.

RayGen delivers a low cost and highly scalable implementation of concentrated solar PV and energy storage, particularly in utility scale projects in regions with high direct normal irradiation. RayGen's technology consists of heliostats and tower receivers (up to a height of only 40 meters) converting sunlight directly into electricity and heated water. This energy is stored as cold and hot water, which drives a Rankine cycle engine over the temperature differential to produce on-demand electricity. This technology promises to be a significant step forward in improving the economics of solar PV and power storage, especially as demand for long duration storage is increasing. Chemical batteries are often too expensive in on-grid applications of over two hours of storage capacity. Photon Energy is actively developing projects around Australia and internationally for RayGen. Under the terms of the agreement, Photon Energy will act as a project developer and EPC contractor and – where suitable – as an equity investor in the projects, which will be supplied by RayGen. The partnership includes the development of a 100 MWp / 1000 MWh solar-plus-storage project.

The partnership with Lerta, a Polish next-generation energy company is expected to help Photon Energy deploy PV assets profitably at standard electricity market prices. In turn, our capabilities will help Lerta strengthen their business in the Polish market and expand its activities in Hungary and Romania, two of Photon Energy's key markets.

As part of these strategic partnerships, Photon Energy has also made minority equity investments in both companies.

Research and Development

Trial Project for Nanoremediation Technology

Photon Water made substantial advances in its research and development efforts on its proprietary patent-pending nano-remediation technology, which has already been deployed across multiple contaminated sites internationally, including encouraging results in breaking down per and polyfluorinated substances (PFAS) within groundwater.

PFAS are globally emerging pollutants with uncertain health and environmental impacts. PFAS compounds have been produced commercially since the 1950s and are thermally stable and highly soluble. They exist in multiple forms and are often present in combination with other contaminants. To date more than 4,700 PFAS compounds have been identified. They have been used in non-stick cookware, products treating clothing and furniture, adhesives and in fire suppressant chemicals due to their water, oil and heat resistance properties. PFAS substances are highly stable in the environment and are very mobile in ground water and soils to contaminate rivers, lakes and drinking water sources.

As a result of these efforts, Photon Water entered into a contract with the Australian Department of Defence to commence a trial phase of its PFAS remediation program. This program is designed to demonstrate the in-situ removal of PFAS from groundwater without the need for pumping and surface treatment or disposal processes.

The Department of Defence works closely with industry and research partners to better understand PFAS management and remediation options.

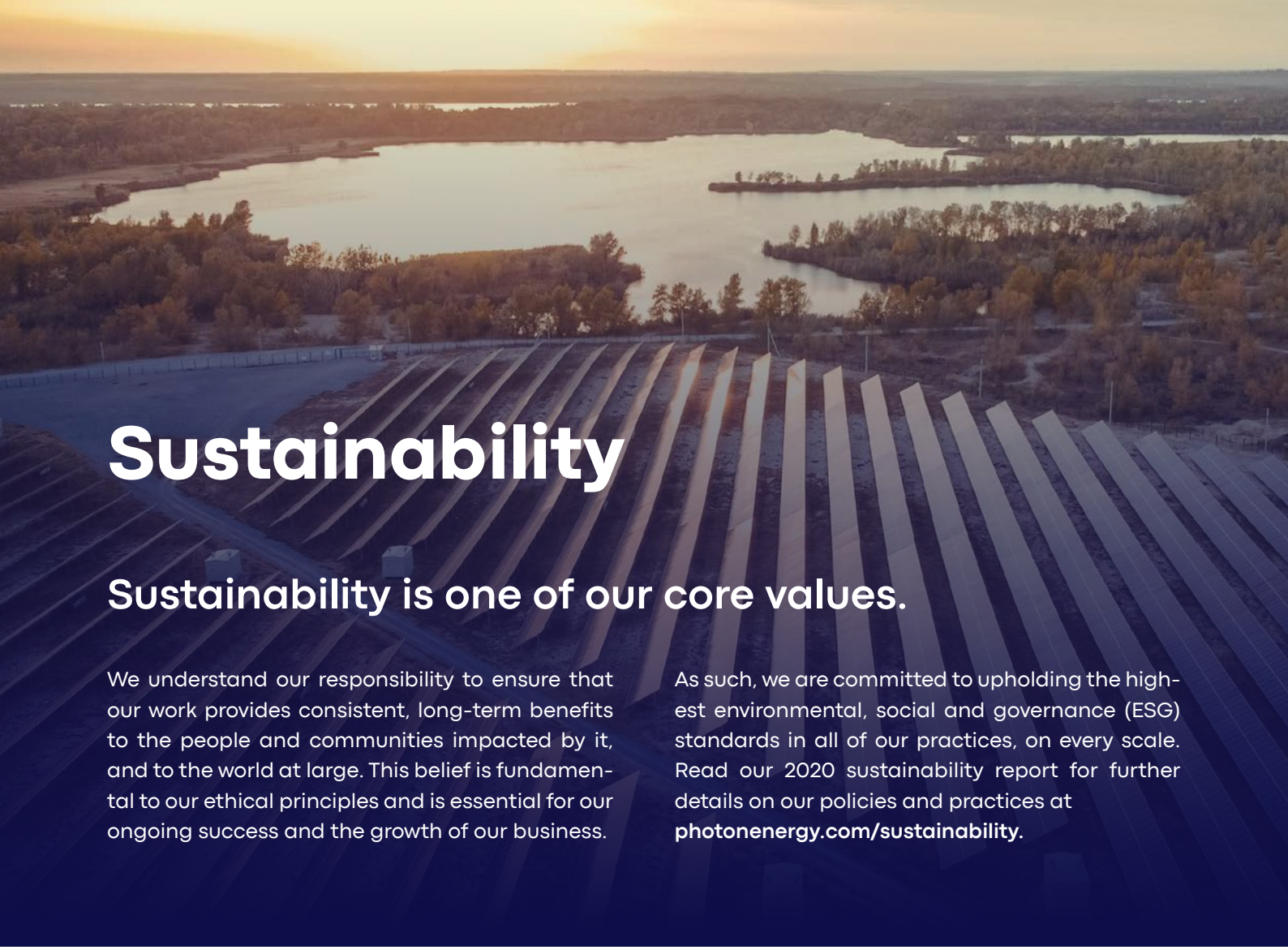
PFAS contamination can be found in surface and ground water associated with the chemical industry, textile manufacturing, oil refining, civil and military sites (particularly airports), landfills and other industrial locations.

High concentrations of PFAS are also found around firefighting training grounds and sites where major fires have been extinguished using firefighting foams containing PFAS. The widespread contamination of drinking water also poses a serious problem for water utilities serving their communities.

Increasingly, PFAS contamination has become a matter of significant public concern and scrutiny in North America and Australia, where regulators are reviewing PFAS discharge and contamination levels in drinking water and food. The European Union is also starting to address this problem, and on 1 July 2020 Denmark became the first EU member state to ban the use of PFAS in food contact paper and board materials.

Photon Energy Group

Management Report



Sustainability

Sustainability is one of our core values.

We understand our responsibility to ensure that our work provides consistent, long-term benefits to the people and communities impacted by it, and to the world at large. This belief is fundamental to our ethical principles and is essential for our ongoing success and the growth of our business.

As such, we are committed to upholding the highest environmental, social and governance (ESG) standards in all of our practices, on every scale. Read our 2020 sustainability report for further details on our policies and practices at **photonenergy.com/sustainability.**

Environment

All of our work – 100% of our revenue – is connected to activities creating sustainable value to the environment. In 2020, our solar power plants generated **70.0 GWh of clean electricity** – corresponding to the energy needs of around 18,900 households – and **29,799 tonnes of CO_2 emissions were avoided.**

Our work also includes ongoing **research and development** in the field of clean water technology, and our services include a unique **nanoremediation** solution, to address the growing problem of per- and polyfluorinated substances (PFAS) in groundwater, as well as other contaminants.

Environmental Commitments

- All of our field operations are subject to local environmental regulations, which we strictly adhere to.
- When disposing of waste, all recyclable materials such as metal, wood, plastic, glass and paper are sorted and recycled.
- We never use chemical fertilisers or pesticides for landscape management.
- For the cleaning of PV panels, we use only demineralised water, never chemical agents.
- When clearing land to construct new power plants, we conduct in-depth biodiversity studies and implement measures to ensure that any unavoidable impact is minimised or reversed.
- We follow all local guidelines and regulations regarding community involvement and consultation.
- When working with subcontractors, we prioritise local suppliers so as to have a positive impact on the local economy through job creation.

Social Conduct

We are proud to have built a dynamic, diverse team of colleagues, comprised of 21 nationalities in locations around the world. This vibrant community is one of our greatest strengths, and we are dedicated to its continued enrichment.

Our dedication to community extends beyond our company: one of our guiding principles is to prioritise the well-being of everyone impacted by our work.

Social Commitments

- We have stringent health and safety policies and procedures in places, and all employees are responsible for complying with any applicable laws and regulations. As a result of our rigorous practices and standards, we had no serious accidents in 2020.
- We embrace all forms of diversity and provide equal employment opportunities without regard to gender, race, religion, disability, sexual orientation or age.
- We provide an open, inclusive and non-retaliatory work environment, and discrimination of any kind is not tolerated. We ensure that all employees are treated equally and objectively in opportunity and remuneration, using merit-based criteria.
- We understand our obligation to protect the privacy of our customers, suppliers and employees. We have strict policies and procedures in place to ensure that sensitive data is protected. This includes electronic data stored in our systems.

Corporate Governance

Good corporate governance is essential to our sustainability because it creates an atmosphere of trust and allows us to build solid, lasting relationships with all of our stakeholders, from suppliers to investors.

As Photon Energy Group continues to grow, we are committed to maintaining our focus on the responsible management of our operations and affairs at a corporate level.

Governance Commitments

- We have an independent supervisory board and audit committee in place to provide guidance and oversight to the management board on the general affairs of the company.
- As a listed company, we apply the Dutch Corporate Governance Code and Warsaw Stock Exchange Best Practices.
- We are committed to ensuring that all employees, customers and suppliers act in an ethical manner and that stakeholders are never subject to unethical behaviours such as corruption, bribery or extortion. We have an anti-corruption policy in place, and all employees are required to read and sign our insider trading policy when they begin employment.

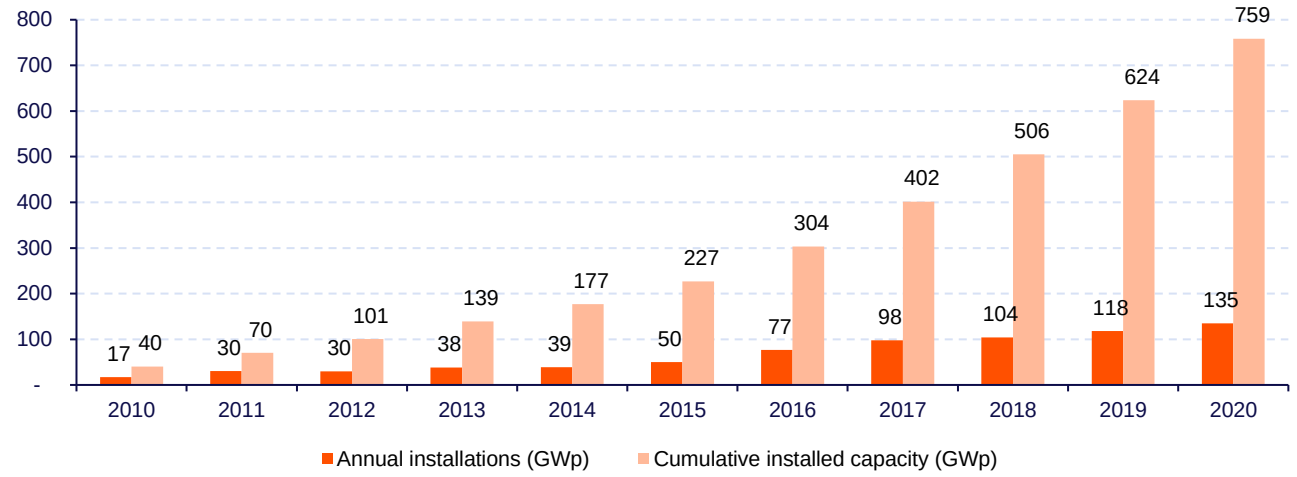
Market Description and Positioning

Global Market and Regional Trends in 2020[1]

In the last 15 years, PV technology has shown ever-increasing market growth thanks to technology and price development, and has gone from being a niche technology mostly used for electricity production, either in outer space or in remote terrestrial locations, to a mainstream energy source. Solar PV alone accounts for 60% of all renewable capacity additions through 2025, with wind providing another 30%.

The year 2020 saw 135 GWp of new solar generation capacity deployed, in comparison to 118 GWp in 2019, bringing the total cumulative installed capacity to approximately 759 GWp. In 2020, the PV market grew by 14% year-to-year.

Evolution of Global Annual and Cumulative Installed Capacity, 2010–2020 (GWp)



China has remained the global leader in terms of PV capacities installed in 2020 with around 40 GWp of new PV assets added, compared to 30.1 GWp the previous year. The pipelines for both subsidy-free and auctioned projects ballooned in 2020, resulting in a 33% growth year-on-year despite short-term supply chain disruption delaying module procurement for some developers.

The European Union ranked second with around 18.2 GWp[2] of annual installations in 2020, an 11% improvement over the 16.2 GW deployed in the previous year.

Solar PV power in the European Union has shown strong resilience in 2020 despite the many negative impacts of COVID-19. Surprisingly, demand for solar power technology in the European Union did not decrease but rather increased notably in 2020. 2020 was the second-best year ever for solar in the EU, only topped by 2011, when 21.4 GWp was installed.

The broadening acknowledgment of solar PV's benefits can also be observed in another trend: in 2020, 22 out of the 27 EU member states installed more solar technology than the year before, compared to 21 out of 28 in 2019. All this has resulted in the European Union increasing the cumulative installed solar power capacity by 15% to 137.2 GWp by end of 2020.

Germany installed 4.8 GWp, enough to again become the largest solar market in Europe, a position it has held for most of the past 20 years. The other top 5 include the Netherlands (2.8 GWp); last year's market-leader Spain (2.6 GWp); Poland, which more than doubled its annual solar deployment (2.2 GWp); and France (0.9 GWp). In total, the European Union's top 5 solar markets were responsible for 74% of the 2020 installed capacity in the region.

According to Solar Power Europe, solar power is often cheaper than any other power generation source, and its attractiveness is only increasing as the cost-reduction curve continues at a much faster pace than for any other technology. Another major factor for the growth of solar in the EU today is the nearing deadline for member states to meet their binding national renewable energy targets. At the same time, EU countries have already started to prepare for their compliance with the Clean Energy Package's 32% renewables target by 2030.

The robust growth of the European PV industry in 2020 was supported by: tenders that showed utility-scale solar is able to win technology-neutral tenders over all other power generation technologies; the development of self-consumption and storage attracting prosumers that are looking to reduce their electricity bills; new business models that are enabled by digitalisation, such as peer-to-peer electricity supply.

After a 2020 that produced yet another record year for solar installations despite the disruption of COVID-19, BNEF expect this record to be shattered in 2021 with the first 150+ GWp year for additions. Module prices, ending 2020 at 20 U.S. cents per watt, will fall again to an average 18 U.S. cents per watt, as the supply of key materials like suitable glass is increased. That fresh gain in price-competitiveness, and the new taste among lenders and investors for unsubsidised projects, could result in new PV additions ranging from 163 to 221 GWp in 2021.

[1] Source BloombergNEF, the Company's own research.

[2] Source Solar Power Europe.

Photon Energy's Geographical Presence

All in all, Photon Energy has built and commissioned more than **100 MWp** of PV power plants across 6 countries and has more than **300 MWp** of PV power plants under O&M management across two continents.

The portfolio of power plants owned directly or indirectly by Photon Energy N.V. at the end of the reporting period (i.e. as of 31 December 2020), consisted of 61 power plants; in the Czech Republic (15.0 MWp), Slovakia (10.4 MWp), Hungary (49.1 MWp) and Australia (0.1 MWp) with a total installed capacity of 74.7 MWp.

The Company's total O&M portfolio at the end of December 2020 could be broken down geographically into 142.8 MWp in the Czech Republic, 77.1 MWp in Hungary, 20.8 MWp in Slovakia, 21.3 MWp in France, 15.0 MWp in Romania, 14.0 MWp in Italy, 10.2 MWp in Belgium, 1.8 MWp in Germany, 4.5 MWp in Australia and 2.0 MWp in Slovenia, with a total capacity of 309.4 MWp (an increase from 275.5 MWp at the end of 2019).

Overview of Photon Energy's Markets at the End of 2020

In MWp		Proprietary Portfolio	O&M Services
Czech Republic		15.0	142.8
Hungary		49.1	77.1
Slovakia		10.4	20.8
Australia		0.1	4.5
France			21.3
Romania			15.0
Italy			14.0
Belgium			10.2
Slovenia			2.0
Germany			1.8
Total		**74.7**	**309.4**

The principal markets in which the Group currently operates and develops projects are the Czech Republic, Hungary, Slovakia, Australia, Romania and Poland.

Czech Republic

In 2020, the PV market in the Czech Republic reached a total of 51.4 MWp[3], representing a significant growth compared to the 25.1 MWp installed in 2019 (+104% YoY). The average installed capacity of projects increased from 7.3 kWp to 8.3 kWp.

1,373 commercial rooftop projects were installed, with a total capacity of 28.8 MWp. Most were created thanks to the support that companies could draw from the Operational Program Entrepreneurship and Innovation for Competitiveness. Over CZK 116 million (compared to CZK 40 million in 2019) was paid out as support for business entities for the installation of photovoltaics last year.

This growing interest was also confirmed last year in the segment of small rooftop power plants in private homes. According to data from the Ministry of the Environment for the New Green Savings Program (NZÚ), 4,846 applications for support for the installation of solar power plants with a total installed capacity of 22.6 MWp were approved last year. This is almost a twofold increase compared to 2019, when solar power plants with a total output of 12.0 MWp were built. Despite the increase in the installation of PV power plants in recent years, the Czech Republic is lagging behind neighbouring countries. The Czech Republic has around 2,130 MWp of installed PV capacity, with no significant additions since 2010, when the country reached its national solar target of 1,695 MWp.

Slovakia

Slovakia's additional capacity was almost non-existent, with 3.0 MWp installed in 2020. The country's cumulative capacity amounted to around 535 MWp at the end of December 2020. However, changes may take place in the near future as the Slovak Electricity Transmission System (SEPS) [4] operator, together with representatives of the Ministry of Economy and the Ministry of Finance, just announced the official end of the 'stop-stav' (standstill) in Slovakia, which made it impossible to connect new energy sources (and thus develop green energy) in Slovakia.

Australia

The growth of Australia's renewable energy industry showed no sign of slowing in 2020 as increased support from state and territory governments saw numerous records set across the large- and small-scale sectors. The industry passed a significant milestone in 2020, with more than a quarter of the country's total electricity generation coming from renewable sources for the first time[5].

The country's cumulative capacity amounted to approximately 18.6 GWp at the end of 2020, compared to around 14.6 GWp at the end of December 2019.

The small-scale solar sector (systems up to 100 kWp) recorded its fourth-straight record-breaking year in 2020, with 3 GWp installed, easily surpassing 2019's record of 2.2 GWp. The 378,451 systems installed in 2020 was also a record, overtaking the previous best, set in 2012.

The medium-scale solar sector (systems between 100 kWp and 5 MWp) added 117 MWp of new capacity in 2020, which was a strong result considering the impact that the COVID-19 pandemic had on the Australian small business community.

After setting new records in each of the previous two years, the growth of the large-scale solar sector (systems larger than 5 MWp) slowed in 2020 with 893 MWp added (2,200 MWp was added in 2019) as policy uncertainty and grid-connection issues began to have an impact. However, the sector still accounted for more than two-thirds of all large-scale projects commissioned in 2020.

Poland[6]

The Polish PV market has grown exponentially in recent years. In 2020, the total capacity of new installations more than doubled from the previous year, with a massive 2.2 GWp installed (compared to 972 MWp in 2019, which was itself a four-fold increase

[3] Source Czech Solar Association.

[4] Slovak Solar Association.

[5] Source Clean Energy Council report 2021.

[6] Source Solar Power Europe, Company own research.

from 2018).The backbone for the continued strong growth of solar in Poland is self-consumption, founded on a favourable policy net-metering/feed-in framework for prosumers. Most Polish solar systems are smaller than 1 MWp, with the bulk installed in the micro-generation segment (under 50 kWp), adding up to around 350,000 systems by the end of 2020. Beyond net-metering and FiTs, Poland offers further financial incentives, including reduced VAT and income taxes, and low-interest loans. The micro-generation segment is complemented by the annual RES auction scheme launched in 2016 and a newly developing PPA segment that just saw the first few systems installed.

The country's cumulative capacity amounted to around 3,600 MWp at the end of December 2020.

Romania[6]

The country's cumulative installed capacity totalled approximately 1,400 MWp at the end of December 2020, with no capacity added compared to the end of 2019. Most of this capacity comes from megawatt-scale PV plants built under the country's now-expired green certificates scheme. Green certificates were only granted to companies that connected their PV projects to the grid before 31 January 2016. However, several recent developments indicate positive changes are on the way. In 2020, the power purchase agreement (PPA) model entered the regulatory framework in Romania, to support the country's strategy of increasing energy independence by 2030.

Hungary[6]

Hungary saw around 650 MWp of PV capacity deployed in 2020, compared to 653 MWp in 2019. At the end of December 2020, the country's cumulative installed PV capacity stood at around 2,100 MWp. This year's growth was mainly driven by large-scale solar projects developed under the FIT scheme (KÁT), now replaced by the new Renewable Energy Support Scheme, METÁR, which came into force in 2017, and by an auction mechanism for renewable energy sources, which commenced in late 2019. The new scheme allows large energy producers, with over 1 MWp of planned project capacity, to compete for a premium support if they participate and win the tender. The government will continue to announce auctions through the Hungarian Energy and Public Utility Regulatory Authority. Two auctions are expected every year, with each to be around 390 GWh/annum and with a budget of HUF 800 million. The Hungarian PV market is very active, with several domestic and foreign investors. The Hungarian grid network upgrade (the local TSO, MAVIR) is supported by the Hungarian government to follow the demand. Hungary continues to expand its cross-border connectivity with neighbouring countries.

Competition

The Group's competitive landscape is comprised of the internal PV departments of large utilities companies, as well as independent competitors or new entrants that may compete broadly with the Group or in limited segments of its market.

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

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

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

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

The Group believes that is able to differentiate itself from its competitors on the markets where it operates by, among other things:

- Applying its 12-years of experience to the development and delivery of products and professional services and achieve service differentiation by providing a personalised, intelligent customer experience, simplifying the complexity of the operating environment.
- Continuing to design and develop solutions targeted specifically to the PV industry.
- Innovating in a changing market, with the development of solar-hybrid power solutions or off-grid solutions, as energy storage is increasingly important in regions with a high penetration of solar power to maintain a continuous and reliable electricity supply. The Group also develops solutions directly coupled with off-grid applications, such as on-site water pumping and filtration powered by solar energy, for which a growing demand is driven by a wide range of applications, from household to agriculture and irrigation.
- Providing scalable, integrated, yet modular services.

Proprietary PV Plants

The table below represents power plants owned directly or indirectly by Photon Energy N.V. in 2020.

Production Results in 2020

Project Name	Legal Entity	Capacity	Feed-in-Tariff*	Prod. 2020	Proj. 2020	*Perf.*	*% of Change 2020 vs. 2019*
Unit		kWp	per MWh, in 2020	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	EUR 560.23	2,533,440	2,299,957	10.2%	-1.7%
Zvíkov I	Photon SPV8 s.r.o.	2,031	EUR 560.23	2,368,378	2,040,446	16.1%	1.5%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	EUR 560.23	1,706,003	1,682,302	1.4%	-1.4%
Svatoslav	Photon SPV4 s.r.o.	1,231	EUR 560.23	1,199,967	1,218,992	-1.6%	-1.2%
Slavkov	Photon SPV6 s.r.o.	1,159	EUR 560.23	1,337,104	1,194,928	11.9%	-1.9%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	EUR 560.23	216,392	185,971	16.4%	-4.8%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	EUR 601.85	965,959	881,993	9.5%	-3.9%
Zdice I	Onyx Energy I s.r.o.	1,499	EUR 560.23	1,725,258	1,485,803	16.1%	0.9%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	EUR 560.23	1,753,034	1,487,868	17.8%	0.1%
Radvanice	Photon SPV11 s.r.o.	2,305	EUR 560.23	2,479,235	2,276,677	8.9%	-5.1%
Břeclav rooftop	Photon SPV1 s.r.o.	137	EUR 560.23	159,365	130,531	22.1%	23.3%
Total Czech PP		**14,996**		**16,444,134**	**14,885,468**	**10.5%**	**-1.3%**
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	960,661	937,783	2.4%	2.3%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	974,833	940,961	3.6%	0.2%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	1,004,921	955,323	5.2%	-4.1%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	711,213	690,060	3.1%	-0.1%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	1,157,862	1,009,979	14.6%	-1.0%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	1,170,153	1,015,788	15.2%	-1.1%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	872,427	929,012	-6.1%	-5.0%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	866,422	927,763	-6.6%	-5.2%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	1,034,152	847,782	22.0%	1.8%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	978,243	954,852	2.4%	1.1%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	1,144,737	1,002,977	14.1%	3.8%
Total Slovak PP		**10,429**		**10,875,626**	**10,212,280**	**6.5%**	**-0.6%**
Tiszakécske 1	Ekopanel Befektetési Kft.	689	EUR 94.97	855,079	851,990	0.4%	-0.5%
Tiszakécske 2	Energy499 Invest Kft.	689	EUR 94.97	859,470	857,480	0.2%	-0.8%
Tiszakécske 3	Future Solar Energy Kft.	689	EUR 94.97	834,223	834,185	0.0%	0.1%
Tiszakécske 4	Green-symbol Invest Kft.	689	EUR 94.97	861,553	857,480	0.5%	-0.8%
Tiszakécske 5	Montagem Befektetési Kft.	689	EUR 94.97	845,733	851,990	-0.7%	-1.9%
Tiszakécske 6	Onyx-sun Kft.	689	EUR 94.97	857,044	857,480	-0.1%	-0.6%
Tiszakécske 7	Solarkit Befektetesi Kft.	689	EUR 94.97	856,465	851,365	0.6%	-0.3%
Tiszakécske 8	SunCollector Kft.	689	EUR 94.97	849,802	848,515	0.2%	-0.9%

Project Name	Legal Entity	Capacity	Feed-in-Tariff*	Prod. 2020	Proj. 2020	*Perf.*	*% of Change 2020 vs. 2019*
Unit		kWp	per MWh, in 2020	kWh	kWh	%	%
Almásfüzitő 1	Ráció Master Kft.	695	EUR 94.97	832,601	847,242	-1.7%	9.6%
Almásfüzitő 2	Ráció Master Kft.	695	EUR 94.97	812,649	846,643	-4.0%	9.3%
Almásfüzitő 3	Ráció Master Kft.	695	EUR 94.97	803,019	842,547	-4.7%	7.6%
Almásfüzitő 4	Ráció Master Kft.	695	EUR 94.97	838,208	849,279	-1.3%	8.6%
Almásfüzitő 5	Ráció Master Kft.	695	EUR 94.97	849,837	843,641	0.7%	8.8%
Almásfüzitő 6	Ráció Master Kft.	660	EUR 94.97	842,797	811,429	3.9%	8.8%
Almásfüzitő 7	Ráció Master Kft.	691	EUR 94.97	841,252	838,683	0.3%	8.6%
Almásfüzitő 8	Ráció Master Kft.	668	EUR 94.97	843,730	821,158	2.7%	7.8%
Nagyecsed 1	Mediator Ingatlanközvetítö Kft.	689	EUR 94.97	844,563	832,431	1.5%	98.2%
Nagyecsed 2	Aligoté Kft.	689	EUR 94.97	843,534	832,431	1.3%	96.0%
Nagyecsed 3	Proma Mátra Kft.	689	EUR 94.97	850,638	832,847	2.1%	98.3%
Fertod I	Fertod Napenergia-Termelo Kft.	528	EUR 94.97	680,039	617,105	10.2%	2.2%
Fertod II No 2	Photon Energy HU SPV 1 Kft.	699	EUR 94.97	881,177	840,431	4.8%	nm
Fertod II No 3	Photon Energy HU SPV 1 Kft.	699	EUR 94.97	881,500	840,431	4.9%	nm
Fertod II No 4	Alfemo Alpha Kft.	699	EUR 94.97	879,054	840,431	4.6%	nm
Fertod II No 5	Ráció Master Kft.	691	EUR 94.97	876,033	845,163	3.7%	nm
Fertod II No 6	Photon Energy HU SPV 1 Kft.	699	EUR 94.97	873,453	840,431	3.9%	nm
Kunszentmárton I No 1	Ventiterra Kft.	697	EUR 94.97	885,707	892,642	-0.8%	nm
Kunszentmárton I No 2	Ventiterra Kft.	697	EUR 94.97	879,637	892,779	-1.5%	nm
Kunszentmárton II No 1	Ventiterra Alpha Kft.	693	EUR 94.97	521,697	600,149	-13.1%	nm
Kunszentmárton II No 2	Ventiterra Beta Kft.	693	EUR 94.97	587,897	600,149	-2.0%	nm
Taszár 1	Optisolar Kft.	701	EUR 94.97	894,561	892,456	0.2%	nm
Taszár 2	Optisolar Kft.	701	EUR 94.97	902,080	892,456	1.1%	nm
Taszár 3	Optisolar Kft.	701	EUR 94.97	898,453	892,456	0.7%	nm
Monor 1	Photon Energy HU SPV 1 Kft.	688	EUR 94.97	846,661	859,230	-1.5%	nm
Monor 2	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	850,768	869,858	-2.2%	nm
Monor 3	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	849,069	869,858	-2.4%	nm
Monor 4	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	855,793	869,858	-1.6%	nm
Monor 5	Photon Energy HU SPV 1 Kft.	688	EUR 94.97	856,828	853,271	0.4%	nm
Monor 6	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	859,776	869,858	-1.2%	nm
Monor 7	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	869,024	869,858	-0.1%	nm
Monor 8	Photon Energy HU SPV 1 Kft.	696	EUR 94.97	854,896	869,858	-1.7%	nm
Tata 1	Tataimmo Kft.	672	EUR 94.97	837,341	861,188	-2.8%	na
Tata 2	ALFEMO Beta Kft.	676	EUR 94.97	735,103	765,090	-3.9%	na
Tata 3	ALFEMO Gamma Kft.	667	EUR 94.97	755,444	767,004	-1.5%	na
Tata 4	Tataimmo Kft.	672	EUR 94.97	845,176	881,182	-4.1%	na

Project Name	Legal Entity	Capacity	Feed-in-Tariff*	Prod. 2020	Proj. 2020	*Perf.*	*% of Change 2020 vs. 2019*
Unit		kWp	per MWh, in 2020	kWh	kWh	%	%
Tata 5	Öreghal Kft.	672	EUR 94.97	848,272	887,026	-4.4%	na
Tata 6	Tataimmo Kft.	672	EUR 94.97	855,506	889,404	-3.8%	na
Tata 7	European Sport Contact Kft.	672	EUR 94.97	848,062	880,454	-3.7%	na
Tata 8	Tataimmo Kft.	672	EUR 94.97	841,870	874,280	-3.7%	na
Malyi 1	Zuggo - Dulo Kft.	695	EUR 94.97	558,751	586,724	-4.8%	na
Malyi 2	Egespart Kft.	695	EUR 94.97	555,041	587,505	-5.5%	na
Malyi 3	Zemplenimpex Kft.	695	EUR 94.97	562,711	587,505	-4.2%	na
Puspokladány 1*	Ladány Solar Alpha Kft.	1,406	EUR 94.97	46,226	88,655	-47.9%	na
Puspokladány 2	Ladány Solar Alpha Kft.	1,420	EUR 94.97	68,031	123,537	-44.9%	na
Puspokladány 3	Ladány Solar Alpha Kft.	1,420	EUR 94.97	64,638	119,268	-45.8%	na
Puspokladány 4	Ladány Solar Beta Kft.	1,406	EUR 94.97	125,703	224,710	-44.1%	na
Puspokladány 5	Ladány Solar Beta Kft.	1,420	EUR 94.97	123,120	216,082	-43.0%	na
Puspokladány 6	Ladány Solar Beta Kft.	1,394	EUR 94.97	67,514	126,413	-46.6%	na
Puspokladány 7*	Ladány Solar Gamma Kft.	1,406	EUR 94.97	46,222	90,469	-48.9%	na
Puspokladány 8	Ladány Solar Gamma Kft.	1,420	EUR 94.97	65,969	119,904	-45.0%	na
Puspokladány 9	Ladány Solar Delta Kft.	1,406	EUR 94.97	68,505	129,738	-47.2%	na
Puspokladány 10	Ladány Solar Delta Kft.	1,420	EUR 94.97	64,838	119,268	-45.6%	na
Total Hungarian PP		**49,098**		**42,490,343**	**43,352,949**	**-2.0%**	**165.2%**
Symonston		144	EUR 182.23	169,277	179,613	-5.8%	6.1%
Total Australian PP		**144**		**169,277**	**179,613**	**-5.8%**	**6.1%**
Total		**74,667**		**69,979,380**	**68,630,309**	**2.0%**	**59.9%**

Notes:

Capacity: installed capacity of the power plant

Prod.: production in the reporting period.

Proj.: projection in the reporting period.

Perf.: performance of the power plant in the reporting period i.e. (production in 2020 / projection for 2020) – 1.

** The reported figures were calculated based on average exchange rates for the year 2020 (source European Central Bank) applied to applicable FIT for the year 2020. The FIT for Czech power plants connected in 2009 amounted to CZK 14,821, and to CZK 15,922 for power plants connected in 2010. The FIT for Hungarian power plants amounted to HUF 33,360 and for our Australian power plant to AUD 301.60.*

Group Structure

The following table presents the Group's structure (subsidiaries and joint-ventures) and the holding company's stake in the entities comprising the Group as of 31 December 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. (PEONL, 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)[1]	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.	PE NV
31	Photon Energy Solutions s.r.o. (PESCZ)	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
56	Solarkit Befektetesi Kft.	100%	HU	Full Cons.	ALFEMO

	Name	% of Share Capital Held by the Holding Company	Country of Registration	Consolid. Method	Legal Owner
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 Szolgaltató Kft.	100%	HU	Full Cons.	ALFEMO
61	Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
62	Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
63	Öreghal 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	Aligoté 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 & PESCZ
98	Halton Solar Srl..	100%	RO	Full cons.	PEP & PESCZ
99	Aldgate Solar Srl	100%	RO	Full cons.	PEP & PESCZ
100	Holloway Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
101	Moorgate Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
102	Redbridge Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
103	Watford Solar Srl	100%	RO	Full cons.	PEP & PESCZ
104	Becontree Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
105	Greenford Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
106	Chesham Solar Srl.	100%	RO	Full cons.	PEP & PESCZ
107	Photon Energy Romania SRL	100%	RO	Full cons.	PENV & PEONL
108	PE Solar Technology Ltd.	100%	UK	Full Cons.	PENV

Notes:

Country of registration:

AU – Australia
CH – Switzerland
CZ –Czech Republic
DE – Germany
HU – Hungary
NL – Netherlands
PE – Peru
PL – Poland
RO – Romania
SK – Slovakia
UK – United Kingdom

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 & PESCZ – Photon Energy Projects s.r.o. owns 95% and Photon Energy Solution s.r.o. owns 5%

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

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

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

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

List of Incorporated Subsidiaries

- On 18 February 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Stanford Solar Srl. In Romania.
- On 27 February 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Halton Solar Srl. In Romania.
- On 2 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Aldgate Solar Srl., Holloway Solar Srl., Moorgate Solar Srl., Redbridge Solar Srl., and Watford Solar Srl., all in Romania.
- On 4 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Becontree Solar Srl. in Romania.
- On 5 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Greenford Solar Srl. in Romania.
- On 6 March 2020, Photon Energy Projects, s.r.o. became 95% shareholder and Photon Energy Solutions, s.r.o. became 5% shareholder of Chesham Solar Srl. in Romania.
- On 19 May 2020, Photon Energy N.V. became 99% shareholder and Photon Directors B.V. (renamed to Photon Energy Operations NL B.V. on 9 July 2020) became 1% shareholder of Photon Energy Romania Srl..
- On 1 July 2020, Photon Remediation Technology N.V. became 100% shareholder of Photon Remediation Technology Australia Pty Ltd.
- On 19 November 2020, ALFEMO AG became 100% shareholder of Hendon Solar Kft. and Mayfair Solar Kft.
- On 25 November 2020, ALFEMO AG became 100% shareholder of Holborn Solar Kft.
- On 15 December 2020, Photon Energy N.V. became 100% shareholder of Photon Energy SGA Pty. Ltd.

Mergers

- None in 2020.

List of Liquidated Subsidiaries

- None in 2020.

List of Acquired Subsidiaries

- On 17 January 2020, Photon Energy N.V became 100% shareholder of Holbee Investments Sp. z o.o. and Photon Energy Operations N.V became 100% shareholder of Timassile Investments Sp. z o.o., both in Poland.

List of Disposed Subsidiaries

During 2020, the following subsidiaries were disposed out of the Group:

- On 25 September 2020, Photon Energy HU SPV 1 Kft. sold its 33.52% interests in P&P Solar Immo Kft.

Renaming

- On 1 January 2020, Charles Bridge Services s .r.o. was renamed to Photon Remediation Technology Europe s.r.o.
- On 25 February 2020, Photon Energy AUS SPV 2 Pty Ltd. was renamed to Leeton Solar Farm Pty Ltd. and Photon Energy AUS SPV 3 Pty Ltd. was renamed to Fivebough Solar Farm Pty Ltd.
- On 16 April 2020, Ektalion Investments S.A. was renamed to Solar Age Polska S.A. in Poland.
- On 20 April 2020, Holbee Investments Sp. Z o.o. was successfully renamed to Photon Energy Polska Sp. Z o.o. in Poland.
- On 9 June 2020, Timasile Investments was renamed to Photon Energy Operations PL Sp. Z o.o..
- On 9 July 2020, Photon Directors B.V. was renamed to Photon Energy Operations NL B.V.
- On 17 August 2020, The Special One s.r.o. was successfully renamed to Photon Maintenance s.r.o.

Other

- On 22 April 2020, the court maintaining the commercial register registered KORADOL AG as 100% shareholder of Photon SPV 1 s.r.o. in the Czech Republic (previously held 100% by Photon Energy NV). The change is valid as of 11 March 2020.
- On 9 July 2020, Photon Energy Operations N.V. became 100% shareholder of Photon Energy Operations NL B.V.
- On 30 October 2020, ALFEMO AG became 100% shareholder of Ladány Solar Alfa Kft, Ladány Solar Beta Kft,

Ladány Solar Gamma Kft and Ladány Solar Delta Kft (all previously held 100% by Photon Energy Projects s.r.o.).

- On 12 November 2020, Photon Energy N.V. became 1% shareholder of Photon Energy Peru SAC.

After the reporting period, the following events occurred from the beginning of the year 2021:

- On 5 February 2021, Photon Energy N.V. became 100% shareholder of Photon Water Australia Pty. Ltd.

Employees

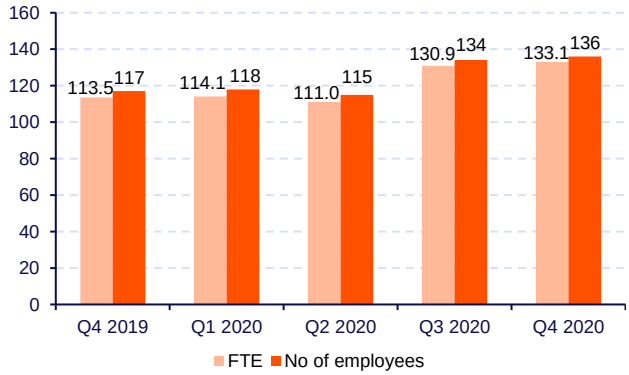
As of 31 December 2020, Photon Energy Group had 136 employees (compared to 117 employees as of 31 December 2019), which translates into 133.1 FTE[1] (compared to 113.5 FTE in 2019). This increase is connected to the expansion of our project development activities in new markets such as Poland and Romania and the growth of our engineering team in Australia.

Employee Share Purchase Programme

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

In 2020, employees were entitled, in line with the ESPP, to 62,866 shares (a value of EUR 104 thousand), compared to 140,734 shares (a value of EUR 89 thousand) in 2019. The Company expects to continue with the programme in 2021.

Total Number of Employees and Full-time Equivalent Employees Per Quarter



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

Statutory Bodies

Board of Directors as of 31 December 2020

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

Name	Position	Date of Birth	Start of Function
Georg Hotar	Director *(Bestuurder)*	21.04.1975	4 December 2020*
Michael Gartner	Director *(Bestuurder)*	29.06.1968	4 December 2020*

*Mr Hotar and Mr Gartner have been the Company's managing directors since 9 December 2010, however, new term of their office (previously unlimited and currently term of four years) has started on 4 December 2020, due to the changes in the Company's corporate structure.

Supervisory Board

On 4 December 2020, the shareholders of Photon Energy N.V. held an extraordinary general meeting in which they established a two-tier board structure comprised of the existing management board and a new supervisory board.

The supervisory board provides guidance and oversight to the management board on the general affairs of the company. They also serve as audit committee.

The supervisory board and audit committee is comprised of two members, Mrs. Boguslawa Skowronski and Mr. Marek Skreta, appointed to a four-year term of office.

These changes to the Company's corporate structure are connected to the transfer of its share listings from the alternative NewConnect and Free Market to the regulated (parallel) market of the Warsaw Stock Exchange and the standard market of the Prague Stock Exchange. The Company has implemented these changes in order to be in full compliance with the laws and regulations imposed on public companies as well as the best practices of the regulated markets.

As of today, the provisions in Dutch law, which are commonly referred to as the 'large company regime' (structuurregime), do not apply to the Company. The Company does not intend to voluntarily apply to the 'large company regime'.

More information can be found in the Supervisory Board report.

Directors' Report

The directors present their report together with the annual financial statements of Photon Energy N.V. (the "Company") for the year ended 31 December 2020.

Photon Energy N.V. (the "Company") is a joint-stock company incorporated under the laws of the Netherlands on 9 December 2010. The statutory seat of the Company is Barbara Strozzilaan 201, 1083HN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest jointly controlled entities.

The shares are held by the following shareholders as of 31 December 2020:

In shares	**No. of Shares**	**% of Capital**
Solar Future Cooperatief U.A.	21,775,116	*36.29%*
Solar Power to the People Cooperatief U.A.	20,843,375	*34.74%*
Photon Energy N.V.	8,784,000	*14.64%*
Free float	8,597,509	*14.33%*
Total	**60,000,000**	***100.00%***

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

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.

Developments in 2020

Result

The total equity attributable to the owners of the Company as at 31 December 2020 amounts to EUR 40,196 thousand (31 December 2019: EUR 37,926 thousand). The total result for the year 2020 amounts to a loss of EUR 8,693 thousand (2019: loss of EUR 726 thousand).

Revenues, Raw Materials and Consumables

Revenues in 2020 decreased to EUR 28,258 thousand compared to 2019, when the revenues amounted to EUR 30,154 thousand. In 2020, raw material and consumables decreased to 4,468 thousand from EUR 9,763 thousand in the financial year 2019.

The decrease in revenues is mainly a result of lower revenues in the sale of technology, , for which conditions remained challenging due to the coronavirus crisis, partly compensated by increase in sale of electricity.

Financial Income and Expenses

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

Other Comprehensive Income

Other comprehensive income includes mainly:

- the positive impact of the Group's PPE revaluation (positive effect of EUR 7,255 thousand coming from the newly connected power plants in Hungary, a EUR 7,286 thousand positive revaluation difference stemming from an adjustment to our portfolio revaluation model),
- the negative effect of the change in currency translation reserve amounting to EUR 3,509 thousand and change in the derivatives reserve (negative impact of EUR 138 thousand).

Non-current Assets

The increase in non-current assets to EUR 135,053 thousand compared to 2019, is mainly influenced by the activation of power plants in Hungary and the revaluation of the power plants in the Czech Republic and Slovakia compensated by the annual depreciation.

Current Assets

Current assets decreased in 2020 to EUR 24,095 thousand compared to 2019. This decrease was influenced mainly by decrease in trade and other receivables.

Total Liabilities

The total liabilities include primarily:

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

Non-current liabilities increased to EUR 103,624 thousand. The main driver of this increase was the increase in the bank loans coming from the new borrowings in Hungary and the increase of the EUR Bond. Total bank loans increased to EUR 50,151 thousand. Bond liability increased to EUR 46,739 thousand. The Group's current payables increased to EUR 15,204 thousand due increase in trade and other payables as at the year end. Increase in the current liabilities is mainly driven by the increase in current portion of loans payable within one year which is in line with overall increase in debt financing during the year.

Financial Instruments and Risk Management

In 2020, financial instruments were only used to mitigate risks and were not used for trading purposes. We refer to the notes in the financial statements for more details about the company's financial instruments.

Principle Risks

The Group has exposure to the following risks:

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

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

Sovereign Risk

The Company's results can be adversely affected by political or regulatory developments negatively impacting on the income streams of projects in the portfolio. A number of countries have already succumbed to retroactive measures reneging on existing agreements, guarantees and legislation by imposing levies, cancelling contracts or renegotiating terms unilaterally or by other measures reducing or in the worst case cancelling Feed in Tariffs (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.

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. The Company reflected this change in the DCF models for Czech SPVs already as of 30 September 2013. The fair value decrease was reflected in the value of assets, related deferred tax and other comprehensive income in 2013 financial statements.

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

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.

The transactions of the Group entities are denominated in CZK, EUR, AUD, CHF, and HUF mainly. 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.

Credit Risk

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

Trade and Other Receivables

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

Cash and Cash Equivalents

The Group held 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. The cash and cash equivalents, liquid assets with restriction on disposition and precious metals are held with banks and financial institution counterparties. Only those banks and financial institutions, which were approved by the members of the board of directors, can be used by the company.

Cash with restriction on disposition of EUR 4,109 thousand as at 31 December 2020 (2019: EUR 2,698 thousand) includes mainly DSRA and MRA (debt service restricted accounts and maintenance restricted accounts for Czech, Slovak, Hungarian and

Australian SPVs (2019: only Czech and Slovak SPV) and guarantees issued.

Liquidity Risk

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

Interest Risk

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

Slovak 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 contracts was one of conditions required by financing banks as defined in the Loan contracts.

The change in fair value of these derivatives is recognized via equity of the Company and the result is shown in hedging reserve of the Company's equity.

The Czech SPVs financed with RL 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.

COVID-19 Impact

COVID-19 impact is the impact 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 remain focused on minimizing the impact on the ongoing business as well as various growth initiatives. The extent of the negative impact will depend on the further nature and length of measures taken by the respective governments in the countries where the Group is active.

Capital Management

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

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

In thousands of EUR	**2020**	**2019**
Total liabilities	118,828	99,175
Less: cash and cash equivalents, cash with restriction on disposition and precious metals	14,290	15,104
Net debt	104,538	84,071
Total equity	40,075	37,843
Net debt to adjusted equity ratio at 31 December	**2.61**	**2.22**

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

Selected Indicators

Debt to Assets Ratio (Total Liabilities/Total Assets)

- 2020:0.75
- 2019: 0.72

Debt to Equity Ratio (Total Liabilities/Shareholders' Equity)

- 2020: 2.96
- 2019: 2.62

Current Ratio (Current Assets/Current Liabilities)

- 2020: 1.56
- 2019: 2.29

Solvency Ratio (Net Income + Depreciation/Current and Non Curent Liabilities)

- 2020: -0.32%
- 2019: 0,74%

Debt to assets ratio and debt to equity ratio increase mainly due to higher total liabilities (higher long term bank loans and bond volume).

Current Ratio decreased mainly due to increase in current liabilities at the year end. Increase in the current liabilities is mainly driven by the increase in current portion of loans payable within one year which is in line with overall increase in debt financing during the year.

Solvency ratio decrease mainly due to decrease in Net income.

Research and Development

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

Personnel

As of 31 December 2020, the number of staff employed by the Group was 136 (31 December 2019: 117). Management expects that the number of employees in 2021 will be higher compared to the current year.

Boards Composition

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

The current Board of Directors is comprised of two male members (100% male). The Company aims to have an adequate balanced composition of the Board of Directors. However, also in view of the limited size of the Board of Directors, the selection and appointment are primarily on expertise, experience, backgrounds and skills necessary for the position. With these considerations in mind, the Company will take gender diversity into account as much as possible in future appointments in accordance with article 2:276 paragraph 2 of the Dutch Civil Code, which aims at a representation of at least 30% of either gender in the Board of Directors.

The recently appointed Supervisory Board is comprised of two members, one male, one female (50% female). The selection and appointment was primarily based on expertise, experience, backgrounds, skills necessary for the position and taking gender diversity into consideration.

Strategy for 2021 and Beyond

The Group's focus for future growth lays on the established Australian and Hungarian markets and the newly added Polish and Romanian markets for the expansion of PV generation capacity. Further markets in Central Europe, Central and South America, the Middle East, and Africa remain under the Group's investigation.

The Group also intends to continue to disrupt and transform the PV industry. This is illustrated by the recent strategic investments concluded with RayGen (in April 2020 and in April 2021), a company specialized in high efficiency concentrated PV generation with thermal absorption and storage, and with Lerta at the end of the reporting period, developing Virtual Power Plant technologies and energy market services.

In addition, the Group's focus remains on expansion of operations & maintenance (O&M) solutions in Central Europe and Australia and selective entry to new markets following its customers, and development of various water treatment technologies and preparation for its commercialization.

The Group's strategic goals include:

- An increase in the production of clean energy by expanding the Group's global electricity generation capacity of the proprietary portfolio of photovoltaic power plants;
- the acquisition of new PV projects to develop, design and construct them for the proprietary portfolio supporting the growth of recurring revenue stream from clean electricity generation with a clear focus on Australia, Hungary, Poland and Romania;
- the expansion of the PPA-business and construction of commercial "behind-the-meter" PV projects for industrial customers and off-takers in Australia and in Europe;
- the Group intends to compete for PV projects, which aim to address the needs for provision of clean energy in locations which require tailor-made approach to design complete energy systems, which would combine generation of clean energy with energy storage solutions; such PV projects require an integrated approach in application of PV technology;
- the provision of O&M services allowing PV power plants to run smoothly at high generation levels and increasing revenues while reducing risks for the Group's customers;
- the procurement and trading of PV components through cooperation with PV technology manufacturers; and
- the remediation of contaminated sites and ground water pollution deploying water treatment technology with a focus on PFAS nano-remediation solutions.

Going Concern

Management Statement

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

In order to achieve positive results in the future, the Group continues to focus on making progress in Australia and Hungary, but is also very active in project development activities in new markets in Romania and Poland.

In addition to existing markets and products, the Group is also starting a new path, where solar energy, energy storage, and water technologies will be combined to adapt to a wide range of situations. The Group undertook important steps to strengthen its business and is looking forward to the opportunities in 2021 and beyond.

The Group is having healthy EBITDA and the losses are driven mainly by depreciation and financial expenses, leaving the Company with the positive Operational Cash Flow and significant net positive cash balance as at the year end.

Subsequent Events

Long-term financing secured for additional 17.6 MWp in Hungary

During the reporting period, the Company had closed its first longterm 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 amount was HUF 4.6 billion (EUR 12.9 million). Draw down of both financing amounts has happened in Q1 2021.

Photon Energy 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. 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.

Board of Directors Statement

The Board of Directors hereby represents, to the best of its knowledge, that the financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2020 are prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, liabilities, financial position and the result of the Company and its consolidated subsidiaries, and that the report of the Board of Directors for the year ended 31 December 2020 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2020 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2020, including a description of the key risks that the Company is confronted with.

Amsterdam, 17 April 2021

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

Supervisory Board Report

The Supervisory Board of Photon Energy N.V. was established by the resolution of the Extraordinary General Meeting on 4 December 2020. It is responsible for supervising and advising the Management Board. In exercising its role, the Supervisory Board follows the applicable law, the Articles of Association of the Company, the Dutch Corporate Code of Conduct, the Rules of Procedure of the Supervisory Board, and the Company's interests. It is a separate body that operates independently of the Management Board.

Composition

Name	Age	Gender	Nationality	Date of Initial Appointment	Current Term of Office	Function
Bogusława Skowroński	64	female	Swiss and Polish	4 December 2020	2024	Chairman of the Audit Committee
Marek Skreta	56	male	Swiss	4 December 2020	2024	Chairman of the Supervisory Board

Bogusława Skowroński

Member of the Supervisory Board and Chairman of the Audit Committee

Bogusława Skowroński is an entrepreneur, technology start-up ecosystem builder, VC and angel investor. She has gained financial experience in organizations such as Union Bank of Switzerland in Zurich, European Bank for Reconstruction and Development in London and Capital Solutions proAlfa in Warsaw, a company which she founded. She is an active member of the Polish capital market and has advised many companies on their capital market strategies and transactions. Mrs. Skowroński is a co-founder and a board member of MIT Enterprise Forum CEE, an equity-free start-up acceleration program, as well as Partner at FounderPartners, organization helping tech founders build a large business in the U.S. She has a Bachelor of Science in Engineering from the Massachusetts Institute of Technology and is a graduate of Harvard Business School.

Marek Skreta

Chairman of the Supervisory Board and Member of the Audit Committee

Marek Skreta is the co-founder and CEO of P4 Wealth Management in Zurich and serves as a member of the board and head advisor at R2G in Prague, a private investment platform which he helped to establish. Prior to this, he was a managing director at UBS Switzerland AG and a director at Credit Suisse in Zurich. His earlier professional experience included providing advisory services to family offices and private equity funds on investments in the CEE region and M&A transactions. Mr. Skreta earned his doctorate and Master's in Business Administration and International Relations at the University of St Gallen. He was also a visiting scholar and associate at Harvard University.

In accordance with the applicable law, the General Meeting may appoint the supervisory directors for a maximum of four years and his/her term of office shall lapse on the day of the annual General Meeting held in the fourth year after the year of his/her appointment. Both supervisory directors' terms currently expire in 2024. A supervisory director may be re-appointed once for another period of four years after which he/she may be re-appointed once for a maximum period of two years, which term may be extended once for a maximum period of two years. A supervisory director may serve for a maximum of 12 years in total.

The profile of the Supervisory Board member was prepared and adopted by the Supervisory Board on 31 March 2021 and is published on the Company's website. Both supervisory directors are independent within the meaning of the Dutch Corporate Code. The composition of the Supervisory Board also complies with the diversity requirement.

Role of the Supervisory Board

In accordance with the applicable law and the Rules of Procedure, the Supervisory Board is tasked with the supervision of the policies of the Management Board and the general course of affairs of the Company and its affiliated business. The supervision of the Management Board includes, inter alia, the strategy of the Company, the financial reporting process, functioning of internal risk management, maintenance of the Company's corporate governance structure, liaising with the Company's external auditor and supervision of preparation of annual accounts. Full account of the Supervisory Board responsibilities is given in Article IV of the Rules of Procedure, published on the Company's website. The Supervisory Board is authorized to inspect the books and records of the Company and the Management Board shall provide the Supervisory Board with information required for the performance of its duties.

Since the Supervisory Board was formed at the very end of the year 2020, its role in supervision of the policies of the Management Board and the general course of affairs of the Company was limited with respect to the applicable financial year. As of the beginning of 2021, the Supervisory Board has fully assumed its responsibilities.

Meetings

In accordance with the Article VII of the Rules of Procedure, the Supervisory Board meets whenever a supervisory director considers appropriate and as often as it is required for the proper performance of the Supervisory Board duties. In any event, the Supervisory Board shall meet at least once a year. The Supervisory Board may also adopt resolutions without holding a meeting provided that all supervisory directors have consented to this manner of adopting resolutions and the votes are cast in writing or by electronic means.

By means of a written resolution adopted in accordance with Article 7.9 of the Rules of Procedure on 4 December 2020, the Supervisory Board (i) created an Audit Committee; (ii) elected Mr. Skreta as chairman of the Supervisory Board and Mrs. Skowroński as chairman of the Audit Committee; and (iii) adopted the Rules of Procedure of the Supervisory Board and the Terms of Reference of the Audit Committee at its first meeting.

From January 2021 until the date of the publication of this report, the Supervisory Board has met four times, including (i) a meeting held on 15 January 2021 with external auditors discussing the audit plan and the risks, with the Supervisory Board performing the role of the Audit Committee; (ii) an introduction meeting, held on 9 February 2021 with the Management Board, which introduced the Supervisory Board to the general financial and legal affairs and business activities of the Company, as well as the responsibilities of a supervisory director; (iii) a meeting held on 17 February 2021 with the Management Board and the CFO, who presented the financial plan for 2021; and (iv) a meeting held on 12 April 2021 with the external auditor presenting the outcome of the audit and the financial statements for 2020, while the Supervisory Board performed the role of the Audit Committee. The Supervisory Board approved the Remuneration Policy and the Supervisory Board Profile on 31 March 2021 by written resolution. The Supervisory Board also reviewed the Company's compliance report with the Dutch Corporate Governance Code and the Warsaw Stock Exchange Best Practices.

Each supervisory director attended every meeting.

Overall, the supervisory directors agreed that they operated efficiently, and their cooperation with the auditors and the Management Board was good.

Committees

In accordance with Article VIII of the Rules of Procedure, the Supervisory Board may appoint standing and/or ad hoc committees from among its members which are charged with tasks specified by the Supervisory Board. Currently, due to the small size of the Supervisory Board and its very recent inception, the function of each committee is performed by the entire Supervisory Board. Apart from the Audit Committee, which the Supervisory Board created formally on 4 December 2020, no committees were created. Other committees, such as Remuneration Committee or Selection and Appointment Committee, will be established if the need for such committees arises in the future. Until such a time, the Supervisory Board will perform all functions as a whole.

The Company's Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. It maintains contact with the external auditors and also monitors the Management Board in connection with the Company's funding, tax policy and application of IT technology, especially with respect to cybersecurity. As of the date of this report, the Audit Committee has met twice with the external auditors to discuss (i) the 2020 audit plan, mainly the identified audit risks, established threshold for the purpose of the audit, digital reporting, and auditor's independence, and (ii) the outcome of the audit, 2020 financial statements and the audit opinion in the second meeting.

The Supervisory Board prepared and approved the Remuneration Policy on 31 March 2021 and it will submit the Remuneration Policy to the 2021 Annual General Meeting. Since the Company was not listed on a regulated market in the applicable financial year, it was not subject to Article 135b of the Dutch Civil Code, and therefore the Supervisory Board is not required to prepare the Remuneration Report for the financial year 2020.

Because of the Supervisory Board/Audit Committee being established at the very end of the financial year 2020, the Audit Committee did not assess the measures taken in place of internal audit function of the Company that year. It will perform this assessment in 2021.

Financial Statements 2020

The 2020 financial statements were approved by the Supervisory Board on 17 April 2021. The financial statements were audited by PricewaterhouseCoopers Accountants N.V., appointed as the Company's external auditor in 2020. The Supervisory Board established that the external auditor was independent of the Company. The Supervisory Board will submit the financial statements to the 2021 Annual General Meeting, and will propose that the shareholders adopt them and release the Management Board from all liability in respect of its managerial activities and release the Supervisory Board from all liability in respect of its supervision duties.

On behalf of the Supervisory Board, we would like to thank the Management Board and all employees of Photon Energy Group for their commitment and personal contribution to the successful financial year 2020.

Amsterdam, 17 April 2021

Marek Skreta, Chairman

Bogusława Skowroński, Member

Original signed.

Governance Best Practices

The Dutch Corporate Governance Code

As of 5 January 2021 the Company was admitted to trading on the regulated markets of the WSE and the PSE and therefore it became required to apply the Dutch Corporate Governance Code. The application of the principles and best practice provisions of the Dutch Corporate Governance Code is not compulsory and is subject to the "comply or explain" (*pas toe of leg uit*) principle. Dutch companies are required under the laws of the Netherlands to disclose in their annual reports whether or not they apply those provisions of the Dutch Corporate Governance Code and if they do not apply those provisions, to give the reasons for such non-application.

Compliance with the Dutch Corporate Governance Code is not required for FY 2020, however it will be mandatory for FY 2021 and onwards.

The Dutch Corporate Governance Code recognises that non-application of its best practice provisions is not in itself objectionable and indeed may be justified under certain circumstances. If a company departs from a best practice or principle in the Dutch Corporate Governance Code, the reason for such departure must be explained in its management report. The table below presents an indicative information on the principles and best practice of the Dutch Corporate Governance Code the Company departs from as at the date of the annual report along with a corresponding explanation.

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
Chapter 1. Long-Term Value Creation	
Risk management (Principle 1.2)	**Partially applied.** The Company has an adequate risk management system implemented and manages the risks associated with the strategy and activities of the Group. An explanation of how the Company departs from the principle is based on the analysis of the individual best practices discussed below.
Monitoring of effectiveness (Best practice 1.2.3)	**Partially applied.** The Board of Directors monitors the internal risk management and control systems on an ongoing basis. Annual review of the risk management system is performed in line with the audit procedures once a year but does not ensure systematic assessment of its design and effectiveness. Current risk management system has been used for long term and proved to be sufficient given the current scale of the business.
Internal Audit Function (Principle 1.3)	**Partially applied.** The Company partially adheres to this principle. The Company carries out an internal audit, however, the Company partially deviates from the specific best practices in this regard. An explanation of how the Company departs from the principle is based on the analysis of the individual best practices discussed below.
Appointment and dismissal (Best practice 1.3.1)	**Not applied.** The Company does not apply this best practice as there is no formal internal audit unit in the Company. As of the date of this report the function of internal audit unit is performed by two senior employees ("**Audit Specialists**") with competence and knowledge of accounting and auditing procedures. The appointment of the Audit Specialists was carried out by the Board of Directors without the involvement of the Supervisory Board and Audit Committee as both were established in the Company on 4 December 2020. For the same reasons they were not involved in the supervision of the Audit Specialists. It is envisaged that in the future the appointment and dismissal of those Audit Specialists will be approved by the Supervisory Board on the recommendation of the Audit Committee. Furthermore, since no separate internal audit department has been installed in the Company, going forward the Supervisory Board shall assess whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the Audit Committee, and shall consider whether it is necessary to establish an internal audit department. Due to the appointment of the Supervisory Board at the end of 2020, such an assessment was not performed in the course of the reporting year.
Assessment of the internal audit function (Best practice 1.3.2)	**Partially applied.** This best practice is only partially applied as due to the absence of Audit Committee during the course of year 2020, its opinion could not have been taken into consideration by the Board of Directors.
Reports of findings (Best practice 1.3.5)	**Partially applied.** This best practice is only partially applied as due to the absence of the Audit Committee during year 2020, the Audit Specialists reported only to the Board of Directors. Going forward also Audit Committee and the Supervisory Board will be involved in this reporting process.
Risk Management Accountability (Principle 1.4)	**Partially applied.** Since the risk management systems are in place but the monitoring of their effectiveness is not applied, the Company adheres to this principle partially. An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Accountability to the Supervisory Board (Best practise 1.4.1)	**Not applied.** Due to the lack of both the Supervisory Board and the Audit Committee during the course of 2020, the Board of Directors could not discuss the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee, and render account of this to the Supervisory Board. This best practise will be implemented during the course of year 2021.
Accountability in the management report (Best practise 1.4.2)	**Partially applied.** In the management report, the Board of Directors renders account of the principal risks facing the company including strategic, operational, financial and compliance risks. However the discussion on the design, operation and/or major failings of the internal risk management and control systems as well as sensitivity of the results to the changes in the external factors is not addressed in management the report. The Company

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
	intends to address this best practise in co-operation with the Supervisory Board during a course of year 2021.
Role of the Supervisory Board (Principle 1.5)	**Partially applied.** The Supervisory Board was appointed only on 4 December 2020 hence its role in the supervision of the policies carried out by the Board of Directors and the general affairs of the Company during the reporting period was limited.
Appointment and assessment of the functioning of the external auditor (Principle 1.6)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Functioning and appointment (Best practise 1.6.1)	**Partially applied.** As the Audit Committee was appointed only on 4 December 2020 it could not advice the Supervisory Board regarding external auditor's nomination during a course of the reporting period.
Engagement (Best practise 1.6.3)	**Not applied.** As the Audit Committee and the Supervisory Board were appointed only on 4 December 2020, they could not be involved in the engagement process of the external auditor for the reporting period. However this principle will be applied going forward i.e. from year 2021.
Chapter 2. Effective Management and Supervision	
Composition and size (Principle 2.1)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Executive committee (Best practice 2.1.3)	**Not applied.** The Company does not work with an executive committee due to the limited size of the Company and the fact that its Board of Directors consists of only two members. The members of the Board of Directors perform the duties that would be performed by an executive committee. Nevertheless, the Articles of Association stipulate that the Board of Directors can appoint such executive committee should it be necessary in the future.
Diversity policy (Best practice 2.1.5)	**Not applied.** The diversity policy was drawn up as a part of the Supervisory Board profile, which is published on the Company's website. Due to the size of the Board of Directors, which consists of two members only, there was no need to define a diversity policy, which could be applicable to such a small body. The Company is committed to ensure that the Supervisory Board defines diversity policy for the Board of Directors, in case there is a need to appoint new members to the Board of Directors.
Accountability about diversity (Best practice 2.1.6)	**Not appplied.** Please see explanation in point 2.1.5.
Appointment, succession and evaluation (Principle 2.2)	**Partially applied.** The Company believes that it adheres to this principle partially as transparency of the procedures is ensured by the formal rules set out in the current regulations of the Company, i.e. is Articles of Association. An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Appointment and reappointment periods – management board members (Best practice 2.2.1)	**Not applied.** The Board of Directors represents the majority shareholders and has not changed since the foundation of the Company i.e. since year 2010. The Company believes that the deviation from this provision of the Dutch Corporate Governance Code does not have a negative impact on the business of the Company. Both majority shareholders have founded the Company and have documented experience and knowledge to continue its growth. On the other hand given that they are both majority shareholders confirms that they both have an interest in long-term value creation of the Company.
Succession (Best practise 2.2.4)	**Not applied.** As the Supervisory Board was established only on 4 December 2020, it had no time to review and implement any succession plan for the Board of Directors and Supervisory Board in the curse of the reporting period.
Duties of the selection and appointment committee (Best practice 2.2.5)	**Not applied.** This best practice has not been applied as there is no selection and appointment committee appointed in the Company as this is not necessary yet due to the limited size of the Company and simplified governance structure. It should be noted that the Articles of Association allow that such committees are appointed by the Supervisory Board in the future, at the discretion of the Supervisory Board and according to the needs of the Company.
Evaluation by the Supervisory Board (Best practice 2.2.6)	**Not applied.** As the Supervisory Board was established only on 4 December 2020 there was no need for the Supervisory Board to evaluate its own functioning in the course of the reporting period.
Evaluation of the Management Board (Best practice 2.2.7)	**Not applied.** As the Supervisory Board was established only on 4 December 2020 there was no need for the Supervisory Board to evaluate the functioning of the Board of Directors in the course of the reporting period.
Evaluation accountability (Best practice 2.2.8)	**Not applied.** As the Supervisory Board was established only on 4 December 2020 there was no need to discuss such evaluation in the Supervisory Board report for the reporting period.
Culture (Principle 2.5)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Employee participation (Best practice 2.5.3)	**Not applied.** The limited size of the Company, its distribution over several countries of operation and its flat managerial structure does not justify implementation of an employee participation body.
Misconduct and irregularities (Principle 2.6)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Procedure for reporting actual or suspicion of misconduct or	**Not applied.** There are no formal procedures established for reporting actual or suspected

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
irregularities (Best practise 2.6.1)	irregularities within the Company and its affiliated enterprise. The Board of Directors is in close contact with all employees and thanks to the flat structure of the Company all employees have direct access to the Board of Directors and an opportunity to report directly on any occurrence of misconduct or irregularities within the Company.
Preventing conflict of interest (Principle 2.7)	**Partially applied** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Personal loans (Best practice 2.7.6)	**Not applied.** This best practice has not been applied as the Company has granted such loans to its Board of Directors' members. All the details about those loans are disclosed in the annual report.
Chapter 3. Remuneration	
Remuneration (Principle 3.1)	**Not applied.** This principle has not been applied during year 2020 due to the small size of the Board of Directors and the fact that both directors are also majority shareholders so their primary motivation stems from their shareholding rather than the remuneration. Both directors benefit primarily from the growth of the Company's value so their interests are align with the interest of other shareholders. However the Supervisory Board approved the Remuneration Policy on its meeting on 31.03.2021, by a written resolution. The Remuneration Policy will be discussed at the Annual General Meeting of shareholders and is expected to be adopted during the course of year 2021.
Remuneration – executive committee (Best practice 3.1.3)	**Not applied.** This best practice has not been applied as there was no need for the Board of Directors to work with an executive committee.
Determination of management board remuneration (Principle 3.2)	**Not applied.** This best practice has not been applied due to the small size of the Board of Directors. Please see explanation provided under point 3.1 above.
Remuneration committee's proposal (Best practice 3.2.1)	**Not applied.** Please see explanation provided under point 3.1 above.
Management board members' views on their own remuneration (Best practice 3.2.2)	**Not applied.** Please see explanation provided under point 3.1 above.
Accountability for implementation of remuneration policy (Principle 3.4)	**Not applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Remuneration report (Best practice 3.4.1)	**Not applied.** A remuneration report was not prepared for the reporting period as the remuneration policy was adopted only by a written resolution of the Supervisory Board on 31.03.2021 and was proposed for the adoption of the general meeting. Therefore the Supervisory Board could not prepare such report for the year 2020.
Agreement of management board member (Best practice 3.4.2)	**Not applied.** This best practice is not applicable as there are no Board of Directors' agreements in place between the Company and Board of Directors members. The Board of Directors was appointed by notarial deed of incorporation in 2010 and re-appointed for the term of 4 years by the General Meeting on 4 December 2020.
Chapter 4. The General Meeting	
Provision of information (Principle 4.2)	**Partially applied.** An explanation of how the Company departs from this principle is based on the analysis of the individual best practices discussed below.
Policy on bilateral contacts with shareholders (Best practice 4.2.2)	**Not applied.** The Company does not have such policy in place. During a year 2020 the Company was listed on the unregulated market and its investor base consisted mainly of retail investors. The Company met its investors in on-line meetings and those have always been published on the website (the announcement and the script or video recording from such meetings).
Outline of anti-takeover measures (Best practice 4.2.6)	**Not applied.** This best practise has not been applied as there are no anti-takeover measures implemented by the Company. The Articles of Association state that anti-takeover measures may be adopted by the Supervisory Board, when necessary.
Voting right on financing preference shares (Best practice 4.3.4)	**Not applicable.** There are no preference shares.
Publication of institutional investors' voting policy (Best practice 4.3.5)	**Not applicable.** There are no institutional investors in the current shareholding structure.
Report on the implementation of institutional investors' voting policy (Best practice 4.3.6)	**Not applicable.** There are no institutional investors in the current shareholding structure.
Trust office board (Best practice 4.4.1)	**Not applicable.** There is no trust office in the Company.
Appointment of board members (Best practice 4.4.2)	**Not applicable.** See explanation under 4.4.1 above.
Board appointment period (Best practice 4.4.3)	**Not applicable.** See explanation under 4.4.1 above.
Attendance of the general meeting (Best practice 4.4.4)	**Not applicable.** See explanation under 4.4.1 above.
Exercise of voting rights (Best practice 4.4.5)	**Not applicable.** See explanation under 4.4.1 above.
Periodic reports (Best practice 4.4.6)	**Not applicable.** See explanation under 4.4.1 above.
Contents of the reports (Best practice 4.4.7)	**Not applicable.** See explanation under 4.4.1 above.
Voting proxies (Best practice 4.4.8)	**Not applicable.** See explanation under 4.4.1 above.

Warsaw Stock Exchange (WSE) Best Practices

In accordance with the WSE Best Practices, companies listed on the primary market of the WSE should observe the principles of corporate governance set out in the WSE Best Practices. The WSE Best Practices is a set of recommendations and rules of procedure for governing bodies of publicly listed companies and their shareholders. The WSE Rules and resolutions of the WSE's management board and its council set forth the manner in which publicly listed companies disclose information on their compliance with corporate governance rules and the scope of information to be provided. If a publicly listed company does not comply with any specific rule on a permanent basis or has breached it incidentally, such publicly listed company is required to disclose this fact in the form of a current report. Furthermore, a publicly listed company is required to attach to its annual report information on the scope in which it complied with the WSE Best Practices in a given financial year.

The Company strives to ensure maximum transparency with respect to its operations, the best quality of communication with its investors and the protection of the rights of its shareholders, also in respect of areas not governed by law. Accordingly, the Company has taken or will take the necessary actions to observe all of the rules comprising the WSE Best Practices to the fullest extent possible.

Compliance with the WSE Best Practices is not required for FY 2020, however this will be mandatory for FY 2021 and onwards. However, in the reporting period, the Company described its compliance with all of the corporate governance rules set forth in the WSE Best Practices, which are more extensive than the NewConnect Best Practices entitled to the reporting period:

No.	Rule (Z) / Recommendation (R)	Explanation
I.R.2	Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.	**Not applicable**. The Company does not pursue any sponsorship, charity or any other similar activities.
I.Z.1.8	Selected financial data of the company for the last 5 years of business in a format enabling the recipient to process such data.	**Not applicable**. The Company intends to publish selected financial data in excel files in the future.
I.Z.1.10	Financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation.	**Not applicable**. The Company does not publish financial forecasts due to the dynamic phase of development of the market in which the Company operates and in view of the fact that the Company is currently building up its position in this market. For this reason, the publication of any financial forecast is subject to very high level of uncertainty.
I.Z.1.15	Information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website.	**Not applicable**. The diversity policy was drawn up as a part of the Supervisory Board profile, which is published on the Company's website. Due to the size of the Board of Directors, which consists of two members only, there was no need to define a diversity policy, which could be applicable to such a small body. The Company is committed to ensure that the Supervisory Board defines diversity policy for the Board of Directors, in case there is a need to appoint new members to the Board of Directors.
I.Z.1.16	Information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting.	**Not applicable**. Transmission of the general meetings is currently not justified by the shareholders structure. The Company provides investors with appropriate access to information on the organisation and conduct of the General Meeting by publishing relevant EBI and ESPI reports and information on its website.
I.Z.1.20	An audio or video recording of a general meeting.	**Not applicable**. Transmission of the general meetings is currently not justified by the shareholders structure. The Company provides investors with appropriate access to information on the organisation and conduct of the General Meeting by publishing relevant EBI and ESPI reports and information on its website.
II.R.2	Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.	**Not applicable**. The current Board of Directors is too small to apply the rules of diversification policy. For more information see point I.Z.1.15
II.Z.2	A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.	**Not applied**. The Board of Directors and the Supervisory Directors have to report positions that they hold in other companies to the Supervisory Board, and this is discussed annually at the Supervisory Board meeting.
II.Z.10.1	An assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should	**Not applicable**. As the Supervisory Board was appointed only on 4 December 2020 such an assessment for the reporting period can not be prepared by the Supervisory

No.	Rule (Z) / Recommendation (R)	Explanation
	cover all significant controls, in particular financial reporting and operational controls;	Board.
II.Z.10.4	an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.	**Not applicable**. The Company does not pursue any sponsorship, charity or any other similar activities.
III.Z.3	The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.	**Not applicable**. The Company does not apply this best practice as there is no formal internal audit unit in the Company. The function of internal audit unit is performed by two senior employees ("Audit Specialists") with competence and knowledge of accounting and auditing procedures. Audit Specialists are not independent as defined by the international standards of the professional internal audit practise.
III.Z.4	The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.	**Not applicable**. See explanation in point III.Z.3. The Supervisory Board and Audit Committee were established on 4 December 2020 and for that reason they were not involved in the supervision of the Audit Specialists.
IV.R.2	If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through: 1) real-life broadcast of the general meeting; 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting; 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.	**Not applicable**. Organizing the general meeting using electronic communication is not justified by the structure of shareholders or expectations of shareholders therefore it has never been organized in this way. The Company enables to exercise the voting right during a general meeting either through person or plenipotentiary.
IV.Z.2	If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.	**Not applicable**. This is not justified by the structure of shareholders.
IV.Z.3	Presence of representatives of the media should be allowed at general meetings.	**Not applicable**. There has never been an interest from media to be present at the general meetings so there was no reason to provide such an opportunity.
IV.Z.4	If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2–4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organize and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.	**Not applicable**. The Company was established and operates under the Dutch law, and therefore, Polish law provisions regarding the convening of general meetings in a special mode do not apply to it.
IV.Z.16	The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.	**Not applicable**. So far, the Company has not paid any dividends and does not intend to distribute any in the short- term.
IV.Z.17	A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.	**Not applicable**. So far, the Company has not paid any dividends and does not intend to distribute any in the short- term.
IV.Z.18	A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50,which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.	**Not applicable**. The nominal value of each ordinary share is EUR 0.01, which is below the threshold defined in this rule however it is fully in line with the Dutch law and requirements.
V.Z.6	In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding	**Not applicable**. The Company does not have internal regulations defining measures to prevent, identify and resolve conflict of interest. However, any potential areas of conflict have been analysed and descried in the auditor's reports, section 'Related parties'.

No.	Rule (Z) / Recommendation (R)	Explanation
	members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.	
VI.R.1	The remuneration policy should be closely tied to the company's strategy, its short-and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.	**Not applicable**. The Company does not apply any specific remuneration policy closely tied to the Company's strategy but by the fact that the Management Board is represented by the majority shareholders, the short- and long-term interests of both are aligned.
VI.R.2	If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.	**Not applicable**. The Company does not have a remuneration committee.
VI.Z.4	In this activity report, the company should report on the remuneration policy including at least the following: 1) general information about the company's remuneration system; 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group 3) information about non-financial remuneration components due to each management board member and key manager; 4) significant amendments of the remuneration policy in the last financial year or information about their absence; 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.	**Not applicable**. The Remuneration Policy was only prepared and approved by the Supervisory Board on 31.03.2021. In the reporting period the Company disclosed general information about the company's remuneration system.

Shares and Shareholder Structure

Share Trading During the Reporting Period

ISIN: NL0010391108

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

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

Share Capital

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

Share Capital as of 31 December 2020

Series / Issue	Type of Shares	Type of Preference	Limitation of Right to Shares	Number of Shares	Nominal Value of Series/Issue (EUR)	Capital Covered With
A	bearer	-	-	60,000,000	600,000	cash
Total number of shares				60,000,000		
Total share capital					600,000	
Nominal value per share = EUR 0.01						

Shareholder Structure

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

Shareholders as of 31.12.2020	No. of Shares	% of Capital	No. of Votes at the Shareholders Meeting	% of Votes at the 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	0.00%
Free float	8,597,509	14.33%	8,597,509	16.79%
Total	**60,000,000**	**100.00%**	**51,234,335**	**100.00%**

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.

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

Market Maker Details

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

Authorised Advisors Remuneration

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

Dividend Policy

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

Communication with Investors

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

- The Company's website continued to be developed to ensure it remains a principal source of information on the Group and its activities. An **Investor Relations news service** allows investors to stay up-to-date on company announcements, reports and other ad hoc information.
- The Company hosted live webcasts to present its quarterly results. Presentations and video recordings of the events are available in the Investor Relations section of our website.
- The company participated in the **Quirin Champions Conference** held online in June 2020 (https://www.quirinprivatbank.de).
- The company participated in the **Warsaw Stock Exchange Innovation Day** held online in June 2020 (https://www.gpw.pl/news?cmn_id=109720&title=Third+Edition+of+GPW+Innovation+Day).
- The company participated in the **MKK Münchner Kapitalmarkt Konferenz** held online in September 2020 (www.equityforum.de).
- The company participated in the **Deutsches Eigenkapitalforum** held online in November 2020 (www.eigenkapitalforum.com).

Share Performance in 2020

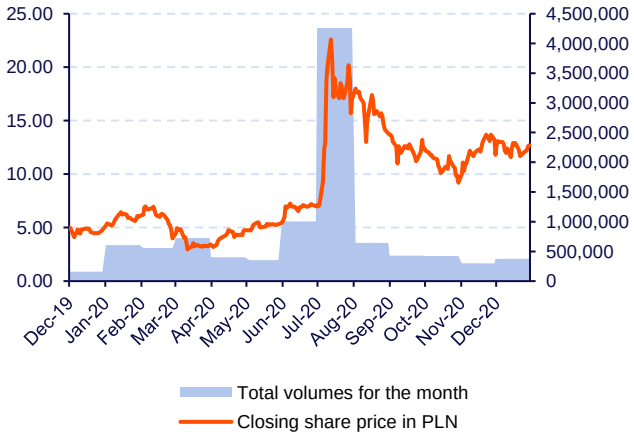
NewConnect (Warsaw Stock Exchange)

Selected Share Information	PLN
Opening price (2 January 2020)	5.20
52-week max (13 July 2020)	22.60
52-week min (12 March 2020)	2.96
Closing price (30 December 2020)	**12.70**

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

The average trading volume in 2020 amounted to 39,968 shares per trading session compared to 9,610 shares in 2019. The Company has been listed on NewConnect since 4 June 2013.

Performance of Photon Energy N.V. shares in 2020



Free Market (Prague Stock Exchange)

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

Selected Share Information	CZK
Opening price (2 January 2020)	41.00
52-week max (14 July 2020)	113.00
52-week min (12 March 2020)	25.10
Closing price (30 December 2020)	**81.50**

Source: http://www.pse.cz

The Company reports a yearly trading volume of 506,504 shares, compared to 242,470 shares in 2019.

Freiverkehr (Munich Stock Exchange)

Since 28 July 2020, in addition to the listings presented above, the Company's shares have also been traded on the Free Market (Freiverkehr) of the Munich Stock Exchange through an 'unsponsored' listing initiated by Baader Bank, a leading brokerage active on the German financial market. No additional shares have been issued, nor any new equity capital raised through this listing.

On 31 December 2020 the share price (ISIN NL0010391108) closed at a level of EUR 2.82 (-32.2% compared to the opening price of EUR 4.16 on 28 July 2020). The Company reports a yearly trading volume of 609,120 shares in 2020.

Share Trading After the Reporting Period

Trading of the Company's shares on the regulated markets of the Warsaw Stock Exchange (WSE) (Giełda Papierów Wartościowych w Warszawie) and Prague Stock Exchange (PSE) (Burza cenných papírů Praha) commenced on 5 January 2021.

The admission to listing and trading of the Company's shares on the Quotation Board of the Frankfurt Stock Exchange followed on 11 January 2021.

ISIN: NL0010391108

Market: GPW Main Market, Warsaw, Poland
Ticker: PEN
Web address: www.gpw.pl

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

Market: Quotation Board of the Frankfurt Stock Exchange, Germany
WKN: A1T9KW
Web address: https://www.boerse-frankfurt.de/

Bonds Performance in 2020

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

On 27 October 2017 the Company issued a 5-year corporate EUR bond with a 7.75% annual coupon and quarterly coupon payments in Germany, Austria and Luxemburg. The original target volume of EUR 30 million has been subscribed to in full on 7 September 2018, before the end of the public placement period originally set until 20 September 2018. The corporate bond (ISIN DE000A19MFH4) with a nominal value of EUR 1,000 has been traded on the Open Market of the Frankfurt Stock exchange since 27 October 2017. The bond is also listed on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart. The Group has successfully increased the bond placement by EUR 7.5 million in 2019, and EUR 7.4 million in 2020 with all parameters unchanged. The total outstanding bond volume amounts to EUR 45.0 million as of the end of the reporting period.

CZK Bond Trading Performance in Prague

In the trading period from 1 January 2020 until 31 December 2020 the trading volume amounted to CZK 4,890,000 (nominal value) with a closing price of 100.00 (compared to CZK 1,350,000 in 2019).

EUR Bond 2017/22 Trading Performance

In the trading period from 1 January 2020 until 31 December 2020, the trading volume amounted to EUR 12.088 million (nominal value) with an opening price of 106.75 and a closing price of 102.50 in Frankfurt (compared to EUR 8.799 million in 2019).

EUR Bond 2017/22 Trading Performance in Frankfurt

Selected Bond Information	%
Opening price (2 January 2020)	106.75
52-week max (12 February 2020)	106.90
52-week min (19 March 2020)	87.00
Closing price (30 December 2020)	**102.50**

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

Summary of Information Disseminated

Below is a summary of the key events which were important for the Issuer's business from 1 January 2020 until 31 December 2020 and which were reported in the EBI system:

- **EBI 1/2020** published on 14 January 2020: Monthly report for December 2020.
- **EBI 2/2020** published on 12 February 2020: Quarterly report for Q4 2019.
- **EBI 3/2020** published on 14 February 2020: Monthly report for January 2020.
- **EBI 4/2020** published on 9 March 2020: Publication dates of periodic reports in 2020 - updated publication schedule.
- **EBI 5/2020** published on 12 March 2020: Monthly report for February 2020.
- **EBI 6/2020** published on 14 April 2020: Monthly report for March 2020.
- **EBI 7/2020** published on 15 April 2020: Annual report 2019.
- **EBI 8/2020** published on 12 May 2020: Quarterly report for Q1 2020.
- **EBI 9/2020** published on 14 May 2020: Monthly report for April 2020.
- **EBI 10/2020** published on 18 May 2020: Convocation of the Annual General Meeting of shareholders on 29 June 2020.
- **EBI 11/2020** published on 11 June 2020: Monthly report for May 2020.
- **EBI 12/2020** published on 29 June 2020: Minutes of the AGM of shareholders held on 29 June 2020.
- **EBI 13/2020** published on 14 July 2020: Monthly report for June 2020.
- **EBI 14/2020** published on 12 August 2020: Quarterly report for Q2 2020.
- **EBI 15/2020** published on 14 August 2020: Monthly report for July 2020.
- **EBI 16/2020** published on 14 September 2020: Monthly report for August 2020.
- **EBI report 17/2020** published on 14 October 2020: Monthly report for September 2020.
- **EBI report 18/2020** published on 23 October 2020: Convocation of an Extraordinary General Meeting of shareholders on 4 December 2020.
- **EBI report 19/2020** published on 12 November 2020: Quarterly report for Q3 2020.
- **EBI report 20/2020** published on 13 November 2020: Monthly report for October 2020.
- **EBI report 21/2020** published on 04 December 2020: Minutes of the EGM of shareholders held on 4 December 2020.
- **EBI report 22/2020** published on 14 December 2020: Monthly report for November 2020.
- **EBI report 23/2020** published on 16 December 2020: Publication dates of periodic reports in 2021.

Below is a summary of the key events which were important for the Issuer's business from 1 January 2020 until 31 December 2020 and which were reported in the ESPI system:

- **ESPI 1/2020** published on 18 February 2020: Photon Energy commissions three PV power plants with a total capacity of 2.0 MWp in Hungary.
- **ESPI 2/2020** published on 19 February 2020: Change in substantial blocks of shares.
- **ESPI 3/2020** published on 3 March 2020: Photon Energy Grows its Global Portfolio to 57.1 MWp with the Commissioning of Eight PV Power Plants in Hungary.
- **ESPI 4/2020** published on 25 March 2020: COVID-19: Information for stakeholders.
- **ESPI 5/2020** published on 7 April 2020: Photon Energy invests in RayGen Resources.
- **ESPI 6/2020** published on 7 April 2020: Photon Energy wins tender to design, build and commission a 3 MWp hybrid solar power plant for a Waste Water Treatment Plant in Victoria, Australia.
- **ESPI 7/2020** published on 6 May 2020: Photon Energy connects 2.1 MWp to Hungarian grid.
- **ESPI 8/2020** published on 9 May 2020: Photon Energy connects 1.4 MWp to Hungarian grid.
- **ESPI 9/2020** published on 14 May 2020: Photon Energy Intends to move to the main markets of the Warsaw and

Prague Stock Exchanges and to secure a listing on the Frankfurt Quotation Board.

- **ESPI 10/2020** published on 29 May 2020: Photon Energy to add 14 MWp to its PV portfolio in Australia.
- **ESPI 11/2020** published on 4 June 2020: Photon Energy Starts Construction on PV Power Plants in Hungary with a total capacity of 14.1 MWp.
- **ESPI 12/2020** published on 19 June 2020: Photon Energy considers additional bond issuance.
- **ESPI 13/2020** published on 29 June 2020: "Non public" report: List of all shareholders entitled to vote on General Meeting of shareholders scheduled on 29 June 2020.
- **ESPI 14/2020** published on 29 June 2020: List of shareholders holding at least 5 percent of votes at the Annual General Meeting of shareholders held on 29 June 2020.
- **ESPI 15/2020** published on 29 June 2020: Change in substantial blocks of shares.
- **ESPI 16/2020** published on 29 June 2020: Photon Energy has decided to increase its outstanding 7.75% bond 2017/2022.
- **ESPI 17/2020** published on 3 July 2020: Photon Energy increases Its outstanding 7.75% bond 2017/2022 to EUR 43 million.
- **ESPI 18/2020** published on 9 July 2020: Photon Energy submits prospectus to AFM to move to the main markets in Warsaw and Prague.
- **ESPI 19/2020** published on 17 August 2020: Photon Energy announces market entry in Poland and appointment of Maciej Górski as country head.
- **ESPI 20/2020** published on 17 August 2020: Photon Energy listed on the Freiverkehr segment of the Munich Stock Exchange (Börse München).
- **ESPI 21/2020** published on 7 September 2020: Photon Water launches in-situ remediation technology to clean PFAS contamination in the environment.
- **ESPI 22/2020** published on 12 September 2020: Insider trading notification.
- **ESPI 23/2020** published on 12 September 2020: Change in substantial blocks of shares.
- **ESPI 24/2020** published on 28 September 2020: Insider trading notification.
- **ESPI 25/2020** published on 29 September 2020: Photon Water announces a trial with the Australian Government, Department of Defence, for the treatment of PFAS contaminated groundwater.
- **ESPI report 26/2020** published on 5 October 2020: Insider trading notification.
- **ESPI report 27/2020** published on 9 October 2020: Insider trading notification.
- **ESPI report 28/2020** published on 12 October 2020: Photon Energy connects first two of ten PV power plants in Püspökladány, Hungary to grid.
- **ESPI report 29/2020** published on 16 October 2020: Insider trading notification.
- **ESPI report 30/2020** published on 2 November 2020: Photon Energy commissions an additional six PV power plants in Püspökladány, Hungary.
- **ESPI report 31/2020** published on 13 November 2020: Photon Energy completes commissioning of 14.1 MWp in its Hungarian portfolio.
- **ESPI report 32/2020** published on 3 December 2020: Non public report - List of all shareholders entitled to vote on Extraordinary General Meeting of shareholders to be held on 4 December 2020.
- **ESPI report 33/2020** published on 4 December 2020: Non public report - Correction made to the list of shareholders entitled to vote on Extraordinary General Meeting of shareholders to be held on 4 December 2020.
- **ESPI report 34/2020** published on 4 December 2020: List of shareholders holding at least 5 percent of votes at the Extraordinary General Meeting of shareholders held on 4 December 2020.
- **ESPI report 35/2020** published on 14 December 2020: Photon Energy receives prospectus approval for listing on regulated markets of the Warsaw and Prague Stock Exchanges.
- **ESPI report 36/2020** published on 16 December 2020: Photon Energy secures long-term financing for five PV power plants in Hungary.
- **ESPI report 37/2020** published on 30 December 2020: Registration of series A shares in the National Securities Depository (KDPW).
- **ESPI report 38/2020** published on 31 December 2020: Admission of securities to trading on the regulated market of the WSE and exclusion of shares from trading on NewConnect.

Below is a summary of the key events which were important for the Issuer's business after 31 December 2020 until the date of this report and which were reported in the EBI and ESPI system:

EBI System

- None in 2021.

ESPI system

- **ESPI report 1/2021** published on 4 January 2021: Admission of securities to trading on the regulated market of the Stock Exchange in Prague and exclusion of shares from trading on Free Market.
- **ESPI report 2/2021** published on 11 January.2021: Shares of Photon Energy are listed on the Quotation Board of Frankfurt Stock Exchange.
- **ESPI report 3/2021** published on 11 January 2021: Photon Energy receives an access to Electronic Information Transfer System.
- **ESPI report 4/2021** published on 14 January 2021: Monthly report for December 2020.
- **ESPI report 5/2021** published on 25 January 2021: Photon Energy secures long-term financing for additional 14.1 MWp in Hungary.
- **ESPI report 6/2021** published on 11 February 2021: Quarterly report for Q4 2020.
- **ESPI report 7/2021** published on 15 February 2021: Monthly report for January 2021.
- **ESPI report 8/2021** published on 17 February 2021: Change in substantial blocks of shares.

- **ESPI report 9/2021** published on 19 February 2021: Insider trading notification.
- **ESPI report 10/2021** published on 11 March 2021: Monthly report for February 2021.
- **ESPI report 11/2021** published on 25 March 2021: Publication date of the Annual report 2020.
- **ESPI report 12/2021** published on 31 March 2021: Sustainability Report 2020.
- **ESPI report 13/2021** published on 13 April 2021: Photon Energy increases its share in Maryvale Solar Farm through an asset swap with Canadian Solar.
- **ESPI report 14/2021** published on 14 April 2021: Photon Energy participates in RayGen Resources capital increase.

Further Information

For more information about:

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

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

Please refer to the Financial section.

Photon Energy Group

Financials

Photon Energy Group

Photon Energy N.V.

Financial Statements

For the Year Ended 31 December 2020

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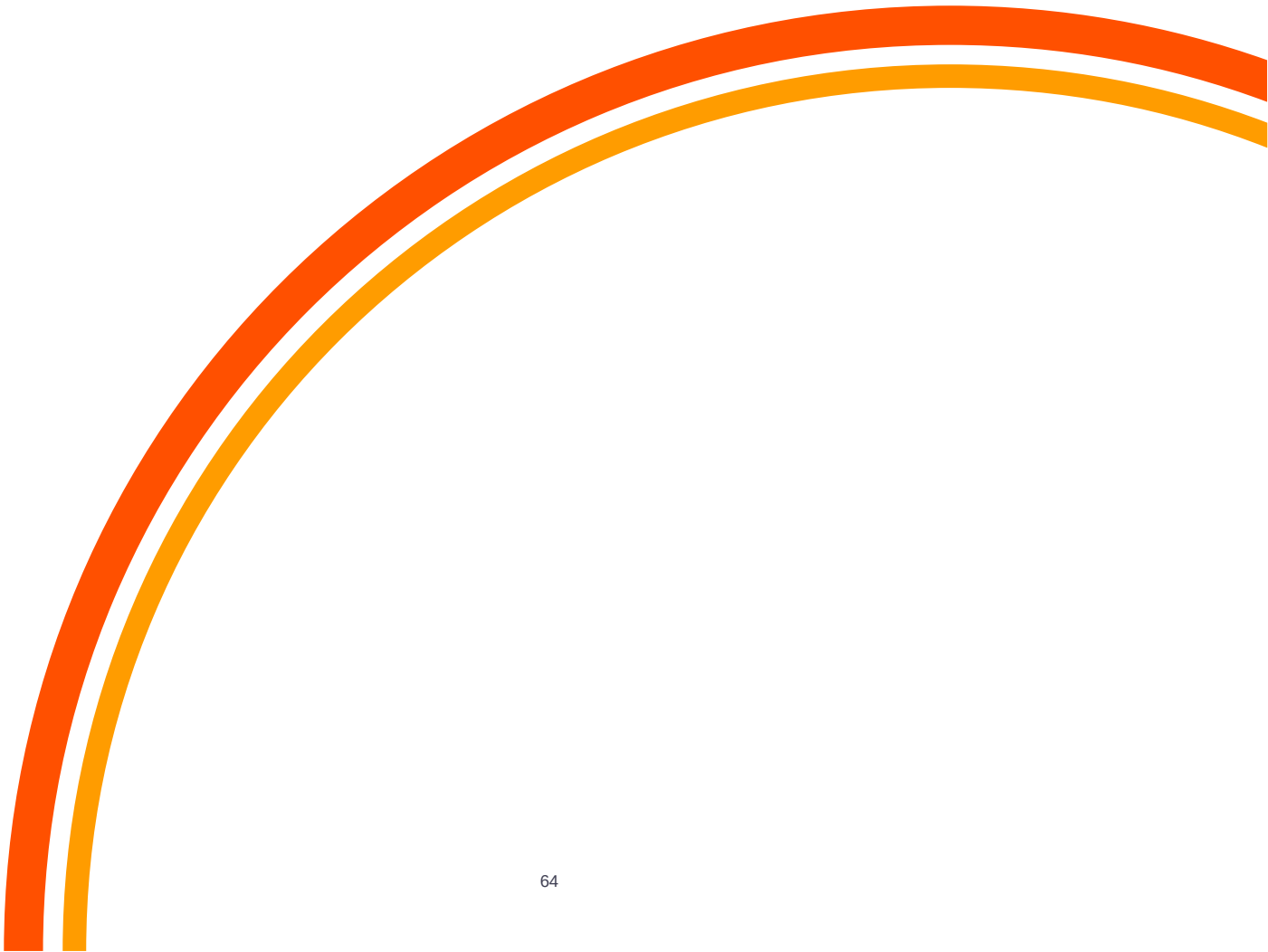
Photon Energy Group

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

In thousands of EUR	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
Earnings before interest, taxes, depreciation & amortisation (EBITDA)		**8,440**	**7,943**
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
Results from operating activities (EBIT)		**-142**	**5,381**
Financial income	16	123	227
Financial expenses	16	-6,031	-4,650
Revaluation of derivatives	16	-478	30
Profit/loss before taxation (EBT)		**-6,528**	**988**
Income tax due/deferred	17	-2,165	-1,714
Profit/loss from continuing operations		**-8,693**	**-726**
Profit/loss		**-8,693**	**-726**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	18,27	14,424	8,549
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	27	-3,509	231
Derivatives (hedging)	27,33	-115	10
Items that will be reclassified subsequently to profit or loss – related to JV			
Derivatives (hedging)	27,33	-23	-
Other comprehensive income		**10,777**	**8,790**
Total comprehensive income		**2,084**	**8,064**
Profit/loss attributable to:			
Attributable to the owners of the company		-8,654	-683
Attributable to non-controlling interest		-39	-43
Profit/loss for the year		**-8,693**	**-726**
Total comprehensive income attributable to:			
Attributable to the owners of the company		2,122	8,107
Attributable to non-controlling interest		-38	-43
Total comprehensive income		**2,084**	**8,064**
Earnings per share			
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

In thousands of EUR	Note	31 December 2020	31 December 2019 Restated	1 January 2019 Restated
Assets				
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
Non-current assets		**135,053**	**108,654**	**85,210**
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
Cash and cash equivalents		*9,893*	*12,406*	*8,937*
Liquid assets with restriction on disposition		*4.109*	*2,698*	*3,403*
Precious metals		*288*	*0*	*0*
Current assets		**23,851**	**28,364**	**21,853**
Total assets		**158,904**	**137,018**	**107,063**
Equity & Liabilities				
Equity	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
Equity attributable to owners of the Company		**40,196**	**37,926**	**29,818**
Non-controlling interests		-121	-83	-40
Total equity		**40,075**	**37,843**	**29,778**
Liabilities				
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
Non-current liabilities		**103,624**	**86,839**	**68,976**
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
Current liabilities		**15,205**	**12,336**	**8,309**
Total liabilities		**118,829**	**99,175**	**77,285**
Total equity and liabilities		**158,904**	**137,018**	**107,063**

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

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

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

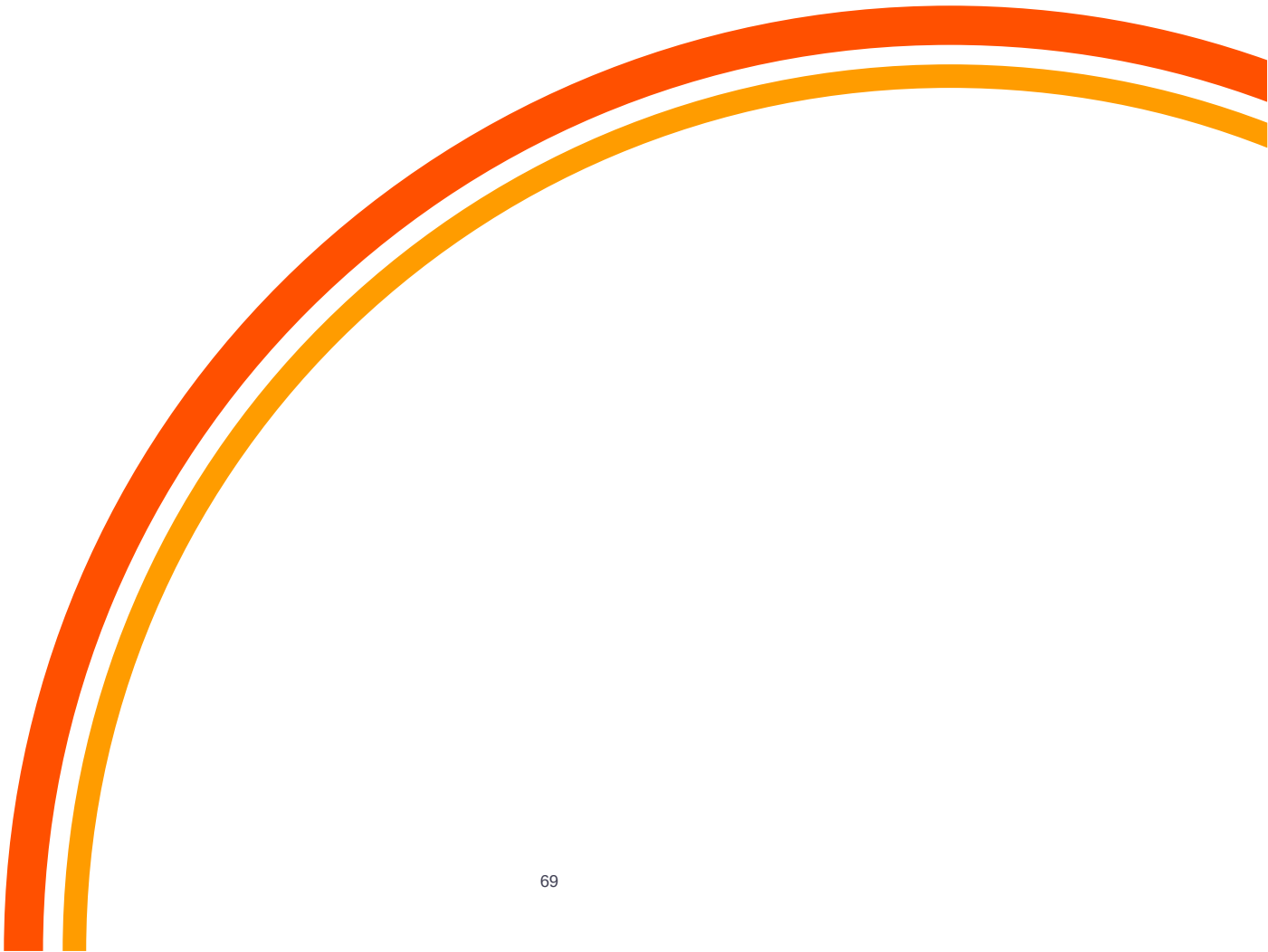
In thousands of EUR	Note	2020	2019 restated
Cash flows from operating activities			
Loss/profit for the year before tax		**-6,528**	**988**
Adjustments for:			
Depreciation	18	8,311	6,795
Share of profit of equity-accounted investments	8	-88	-2
Loss on sale of property, plant and equipment	18	48	0
Other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

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

Photon Energy Group

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

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 that 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 *In thousands of EUR*	**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 *In thousands of EUR*	**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 shared 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:

Assets *In thousands of EUR*	**31 December 2019 originally presented**	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**	**Note 9**	**Note 10**	**31 December 2019 restated**
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

Liabilities *In thousands of EUR*	**31 December 2019 originally presented**	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**	**Note 9**	**Note 10**	**31 December 2019 restated**
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:

Assets *In thousands of EUR*	**1 January 2019 originally presented**	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**	**Note 9**	**Note 10**	**1 January 2019 restated**
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

Liabilities *In thousands of EUR*	**1 January 2019 originally presented**	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**	**Note 9**	**Note 10**	**1 January 2019 restated**
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 *In thousands of EUR*	**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 *In thousands of EUR*	**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 it 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:

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

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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy will unwind accordingly to the further negotiations with the Group's creditors.

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

In thousands of EUR	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
Net debt to equity ratio at 31 December	**2.61**	**2.22**

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

In thousands of EUR	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	**-**
Total revenues	**38,434**	**7,585**	**16,449**	**4,199**	**4,819**	**71,486**	**-43,228**	**28,258**
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**
EBITDA	**8 962**	**541**	**12,825**	**17**	**-1,205**	**21,140**	**-12,700**	**8,440**
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**
Result from operating activities (EBIT)	**8,923**	**539**	**5,648**	**-451**	**-2,101**	**12,558**	**-12,700**	**-142**
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**
Profit/loss before taxation (EBT)	**8 727**	**269**	**2,988**	**-757**	**-5,055**	**6,172**	**-12,700**	**-6 528**
Income Tax (income and deferred)	-930	16	-1,422	-	171	**-2,165**	-	**-2,165**
Profit/loss after taxation	**7 797**	**285**	**1,566**	**-757**	**-4,884**	**4,007**	**-12,700**	**-8,693**
Other comprehensive income	-287	3	11,007	5	49	**10,777**	-	**10,777**
Total comprehensive Income	**7,510**	**288**	**12,573**	**-752**	**-4,835**	**14,784**	**-12,700**	**2,084**
Assets	**31,642**	**6,428**	**156,060**	**11,644**	**112,874**	**318,648**	**-159,744**	**158,904**
Liabilities	**-28,502**	**-5,788**	**-112,789**	**-18,632**	**-109,238**	**-275,949**	**156,121**	**-118,828**
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

In thousands of EUR	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	**-**
Total revenues	**30,246**	**13,535**	**14,299**	**4,051**	**5,854**	**67,985**	**-37,831**	**30,154**
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**
EBITDA	**6 230**	**394**	**11,468**	**-577**	**115**	**17,630**	**-9 687**	**7,943**
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**
Result from operating activities (EBIT)	**6,198**	**394**	**5,330**	**-815**	**3 961**	**15,068**	**-9 687**	**5,381**
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**
Profit/loss before taxation (EBT)	**6,054**	**327**	**3,660**	**-885**	**2,797**	**11,953**	**-10,965**	**988**
Income Tax (income and deferred)	-852	0	-843	0	-19	**-1,714**	0	**-1,714**
Profit/loss after taxation	**5,202**	**327**	**2,817**	**-885**	**2,778**	**10,239**	**-10,965**	**-726**
Other comprehensive income			8,790			**8,790**		**8,790**
Total comprehensive Income	**5,202**	**327**	**11,607**	**-885**	**2,778**	**19,029**	**-10,965**	**8,064**
Assets	**28,251**	**9,593**	**120,646**	**10,154**	**106,112**	**274,756**	**-137,738**	**137,018**
Liabilities	**-24,510**	**-9,246**	**-70,918**	**-15,603**	**-115,860**	**-236,137**	**136,962**	**99,175**
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.

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.

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.

Revenues from customers over 10% of total revenues

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

*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.

In thousands of EUR	**2020**	**2019**
	Joint ventures	Joint ventures
Carrying amount at 1 January	**2,666**	**3,179**
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
Carrying amount at 31 December	**2,641**	**2,666**

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:

In thousands of EUR	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
Share on equity	**559**	**395**	**590**	**196**	**-3**	**286**	**619**	**2,641**
Net profit	130	24	26	0	-2	0	-2	176
Share of profit	**65**	**12**	**13**	**0**	**-1**	**0**	**-1**	**88**
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
Total comprehensive income	**-23**	**-6**	**-95**	**1**	**-1**	**31**	**69**	**-24**

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

2019:

In thousands of EUR	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
Share on equity	**582**	**401**	**684**	**195**	**-2**	**256**	**550**	**0**	**2,666**
Net profit	16	-19	8	0	-2	0	0	0	3
Share of profit	8	-9	4	-0	-1	-0	-0	0	2
Cash and cash equivalents	272	258	186	103	2	107	3	0	931
Current assets	317	308	245	104	3	120	3	0	1,100
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
Total comprehensive income	-11	16	-2	2	-1	71	39	0	114

*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.

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

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:

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

Revenues by major revenue types:

In thousands of EUR	2020	2019
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
Total revenue from contracts with customers	**25,377**	**30,154**
Compensations for sales from electricity generation	2,881	-
Total revenue	**28,258**	**30,154**

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:

In thousands of EUR	**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	-
Total revenue from contracts with customers	**25,377**	**30,154**
Compensations for sales from electricity generation – Slovak Republic	2,881	-
Total revenue	**28,258**	**30,154**

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

In thousands of EUR	**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
Total Other income	**384**	**209**

11. Raw Materials and Consumables Used

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

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

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

In thousands of EUR	2020	2019
10% solar levy	-874	-892
Solar levy	**-874**	**-892**

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

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

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

In thousands of EUR	**2020**	**2019**
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
Total Other expenses	**-8,855**	**-7,135**

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

15. Impairment Charges

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

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 of financial investments of EUR 132 thousand (2019: EUR 0).

16. Financial Income and Financial Expense

In thousands of EUR	2020	2019
Interest revenue calculated using the effective interest method*	123	227
Financial income	**123**	**227**
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	-
Financial expense	**-6,031**	**-4,650**
Net result from revaluation of trading derivatives	-478	30
Revaluation of derivatives	**-478**	**30**

* 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 powerplants 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

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

17.2 Reconciliation of Effective Tax Rate

In thousands of EUR	2020	2019
Loss (-) / profit (+) before income tax	**-6,528**	**988**
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
Total tax expense	**-2,165**	**-1,714**

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

In thousands of EUR	Land	Photovoltaic power plant	Other equipment Corrected	In progress Corrected	Total Corrected
Net carrying amounts					
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
Net carrying amounts 1 January 2019	**4,066**	**69,893**	**560**	**4,776**	**79,295**
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
Net carrying amounts					
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
Net carrying amounts 31 December 2019	**4,554**	**91,886**	**310**	**5,259**	**102,009**
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
Net carrying amounts	**4,473**	**111,265**	**895**	**9,697**	**126,330**
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
Net carrying amounts 31 December 2020	**4,473**	**111,265**	**895**	**9,697**	**126,330**

Non-current assets by geographical location [(i)]

In thousands of EUR	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
Total	**135,053**	**108,654**

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:

In thousands of EUR **Photovoltaic power plants**	**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**
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
Nagyecsed	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
	71,678	**56,629**	**115,738**	**42,116**	**95,999**

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.

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

The Group recognised lease liabilities as follows:

In thousands of EUR	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
	2,405	**2,561**	**1,728**

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

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

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:

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

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:

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

Movement in temporary differences during the year:

In thousands of EUR	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**
Total	**-6,308**	**-286**	**9**	**-784**	**-7,369**	**-156**	**660**	**-3,020**	**-9,885**

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 deferred 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:

In thousands of EUR	Note	2020	2019
Unrecognised deferred tax asset resulting from:			
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
Unrecognised deferred tax asset		**2,581**	**2,900**

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

In thousands of EUR	2020	2019
Goods	1,010	1,213
Inventories	**1,010**	**1,213**

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

In thousands of EUR	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
Total financial assets with trade and other receivables		**5,799**	**8,814**
Advances paid – current and non current		1,624	2,810
VAT receivables		349	359
Prepayments		260	268
Total non-financial assets with trade and other receivables		***2,233***	***3,437***
Total trade and other receivables, loans to related parties and prepayments		**8,032**	**12,251**

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 allowance 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.

In thousands of EUR	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
Trade receivables								
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
Total for trade receivables		**4,835**	**-173**	**4,662**		**5,400**	**-171**	**5,229**
Other receivables	0,10%	0	0	0	0,10%	2,362	-1	2,361
Total		**4,835**	**-173**	**4,662**		**7,762**	**-172**	**7,590**

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:

In thousands of EUR	2020	2019
Allowance for credit losses on trade and other receivables as at 1 January	**172**	**71**
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
Allowance for credit losses on trade and other receivables as at 31 December	**173**	**172**

25. Assets and Liabilities Arising from Contracts with Customers

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

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

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.

In thousands of EUR	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
Contract assets								
Outstanding as unbilled for less than 90 days	0.2%	1,025	0	1,025	0.2%	322	0	322
Total	**0.2%**	**1,025**	**0**	**1,025**	**0.2%**	**322**	**0**	**322**

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:

In thousands of EUR	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	-
Liquid assets	**14,290**	**15,104**

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

In shares	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.

Ordinary shares

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

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

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.

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

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%*
Total	**60,000,000**	***100.00%***	**51,216,000**	***100.00%***

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%*
Total	**60,000,000**	***100.00%***	**51,165,591**	***100.00%***

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

Mr. Michael Gartner indirectly owns 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 existing 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.

In thousands of EUR	2020	2019 Restated
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
Total reserves	**37,874**	**30,064**

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

In thousands of EUR	2020	2019
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
Increase arising on revaluation of properties net of deferred tax	*14,507*	*8,549*
Move from revaluation reserve to retained earnings	-2,965	-2,264
Other movements	-82	0
Balance at end of year	**40,679**	**29,220**

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

In thousands of EUR	2020	2019
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
Balance at end of year	**-2,579**	**930**

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

In thousands of EUR	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
Balance at end of year	**-325**	**-187**

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

In EUR	2020	2019
Basic earnings per share	-0.167	-0.013
Diluted earnings per share	-0.145	-0.011
Total comprehensive income per share		
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.

In thousands of EUR	2020	2019 restated
Non-current liabilities		
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
Total	**93,219**	**78,878**
Current liabilities		
Current portion of long-term secured bank loans, including accrued interest	6,008	3,731
Short-term lease liability	469	492
Total	**6,477**	**4,223**
Total loans & borrowings	**99,696**	**83,101**

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:

In thousands of EUR	Borrowings	Issued bonds	Lease liabilities	Other liabilities from financing activities	Total
Liabilities from financing activities at 1 January 2019 (Restated)	**32,936**	**31,092**	**1,728**	**334**	**66,090**
Cash flows					
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
Non-cash changes					
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
Liabilities from financing activities at 31 December 2019	**41,320**	**38,823**	**2,561**	**215**	**82,919**
Cash flows					
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
Non-cash changes					
Interest expense	1,825	3,614	123	37	5,599
Foreign exchange adjustments	-2,323	-51	169	0	-2,205
Liabilities from financing activities at 31 December 2020	**50,151**	**46,739**	**2,405**	**401**	**99,696**

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 (Infradebt)	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
Total interest bearing liabilities				**53,810**	**50,151**	**53,518**	**41,320**

* 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 de-nominated 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
Non-current liabilities				
EUR bond 2017/22	44,923	37,171	49,165	42,630
CZK bond 2016/23	1,816	1,652	2,051	1,960
Total	**46,739**	**38,823**	**51,216**	**44,590**

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:

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

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 provider 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

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

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

In thousands of EUR	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
Interest rate swaps, fair values, at the end of reporting period				
Trading derivatives	0	-162	659	-329
Hedging derivatives	0	-248	0	-133
Value of interest rate swaps	**0**	**-410**	**659**	**-462**
Net value of interest rate swaps	**0**	**-410**	**197**	**0**

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

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities						
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
Total future payments, including future principal and interest payments	**106,958**	**19,346**	**56,910**	**27,043**	**20,294**	**123,593**

31 December 2019

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Non-derivative financial liabilities						
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
Total future payments, including future principal and interest payments	**89,939**	**17,449**	**10,829**	**68,512**	**24,741**	**121,531**

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.

In thousands of EUR	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Not specified	Total
31 December 2020						
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
Net interest sensitivity gap at 31 December 2020	**13,062**	**-50,207**	**-67**	**-47,006**	**662**	**-83,556**
31 December 2019						
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
Net interest sensitivity gap at 31 December 2019	**14,588**	**-41,358**	**-46**	**-39,005**	**-2,239**	**-68,060**

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:

In thousands of EUR	At 31 December 2020				At 31 December 2019			
	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position
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	-	-	-	-
Total	**23,199**	**-106,434**	**-410**	**-83,645**	**21,167**	**-90,063**	**197**	**-68,699**

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
Total	**2,771**	**44**	**5,236**	**-30**

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 measurement. 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
Financial assets								
Precious metals	288	-	-	288	-	-	-	-
Derivatives	-	-	-	-	-	197	-	197
Non financial assets								
Property, plant and equipment	-	-	126,330	126,330	-	-	102,009	102,009
Total assets recurring FV measurement at 31 December	**288**	**-**	**126,330**	**126,618**	**-**	**197**	**102,009**	**102,206**
Financial liabilities								
Derivatives	-	410	-	410	-	-	-	-
Total assets recurring FV measurement at 31 December	**-**	**410**	**-**	**410**	**-**	**-**	**-**	**-**

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:

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

31 December 2019:

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

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 it unique capital structure.

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

In thousands of EUR	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:

In thousands of EUR	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:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
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:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
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:

In thousands of EUR	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at AC								
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
Total assets	**-**	**22,868**	**-**	**22,868**	**-**	**21,880**	**-**	**21,880**
Financial liabilities								
Borrowings								
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
Other financial liabilities								
Trade and other payables	-	6,728	-	6,728	-	6,962	-	6,962
Total liabilities	**-**	**110,901**	**-**	**110,901**	**-**	**95,889**	**-**	**95,889**

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 instruments 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:

In thousands of EUR	FVTPL (mandatory)	AC	Total
Assets			
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
Total financial assets	**2,042**	**20,826**	**22,868**

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

31 December 2019:

In thousands of EUR	FVTPL (mandatory)	AC	Total
Assets			
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
Total financial assets	**197**	**21,683**	**21,880**

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 eliminated 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:

In thousands of EUR	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:

In thousands of EUR	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:

In thousands of EUR	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:

In thousands of EUR	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	hoton 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)[1]	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. (PESCZ)	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 Befektetesi 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 Szolgaltató Kft.	100%	HU	Full Cons.	ALFEMO
61	Onyx-sun Kft.	100%	HU	Full Cons.	ALFEMO
62	Tataimmo Kft	100%	HU	Full Cons.	ALFEMO
63	Öreghal 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	Aligoté 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 & PESCZ
98	Halton Solar Srl..	100%	RO	Full Cons.	PEP & PESCZ
99	Aldgate Solar Srl	100%	RO	Full Cons.	PEP & PESCZ
100	Holloway Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
101	Moorgate Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
102	Redbridge Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
103	Watford Solar Srl	100%	RO	Full Cons.	PEP & PESCZ
104	Becontree Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
105	Greenford Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
106	Chesham Solar Srl.	100%	RO	Full Cons.	PEP & PESCZ
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
CH = Switzerland
CZ = Czech Republic
DE = Germany
HU = Hungary
NL = Netherlands
PE = Peru
PL = Poland
RO = Romania
SK = Slovakia
UK = United Kingdom

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 & PESCZ – 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)	Holding	NL	Full Cons.	-
2	Photon Directors B.V.	100%	NL	Full Cons.	PENV
3	Photon Energy Engineering B.V. (PEE BV)	100%	NL	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEO NV)	100%	NL	Full Cons.	PENV
5	Photon Remediation Technology N.V.	100%	NL	Full Cons.	KORADOL
6	Photon Energy Australia Pty Ltd.	100%	AUS	Full Cons.	PENV
7	Gunning Solar Farm Pty. Ltd. (former Photon Energy Generation Australia Pty. Ltd.)	49%	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)[1]	100%	CZ	Full Cons.	PEONV
24	Photon Energy Control s.r.o.	100%	CZ	Full Cons.	PEOCZ
25	Photon Energy Technology CEE s.r.o.	100%	CZ	Full Cons.	PEEBV
26	Photon Water Technology s.r.o.	65%	CZ	Full Cons.	PENV
27	Photon Remediation Technology Europe s.r.o. (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 Szolgaltató 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	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
75	MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Full Cons.	ALFEMO
76	PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Full Cons.	ALFEMO
77	Optisolar Kft.	100%	HU	Full Cons.	ALFEMO
78	Ladány Solar Alpha Kft.	100%	HU	Full Cons.	PEP
79	Ladány Solar Beta Kft.	100%	HU	Full Cons.	PEP
80	Ladány Solar Gamma Kft.	100%	HU	Full Cons.	PEP
81	Ladány Solar Delta Kft.	100%	HU	Full Cons.	PEP
82	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
83	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Full Cons.	ALFEMO
84	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Full Cons.	ALFEMO
85	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Full Cons.	ALFEMO
86	VENTITERRA ALFA Kft.	100%	HU	Full Cons.	ALFEMO
87	VENTITERRA BETA Kft.	100%	HU	Full Cons.	ALFEMO
88	EKTALION INVESTMENTS S.A.	100%	PL	Full Cons.	PE NV
89	Photon Energy Peru S.C.A.	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	Kaliope s.r.o.	100%	0%	CZ	RL
2	Photon SPV 3 s.r.o.	100%	0%	CZ	RL
3	Photon SPV 8 s.r.o.	100%	0%	CZ	RL
4	Exit 90 SPV s.r.o.	100%	0%	CZ	RL
5	Photon SPV 4 s.r.o.	100%	0%	CZ	RL
6	Photon SPV 6 s.r.o.	100%	0%	CZ	RL
7	Onyx Energy s.r.o.	100%	0%	CZ	RL
8	Onyx Energy projekt II s.r.o.	100%	0%	CZ	RL
9	Photon SPV 10 s.r.o.	100%	0%	CZ	RL

CZ = Czech Republic

100% share in the above entities is owned by Raiffeisen – Leasing s.r.o. (“RL”). Although those companies are legally owned by RL, the Group consolidates them under IFRS rules 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.

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.

40. Subsequent Events

Long-term Financing Secured for Additional 17.6 MWp in Hungary

During the reporting period, the Company had closed its first longterm 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.

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

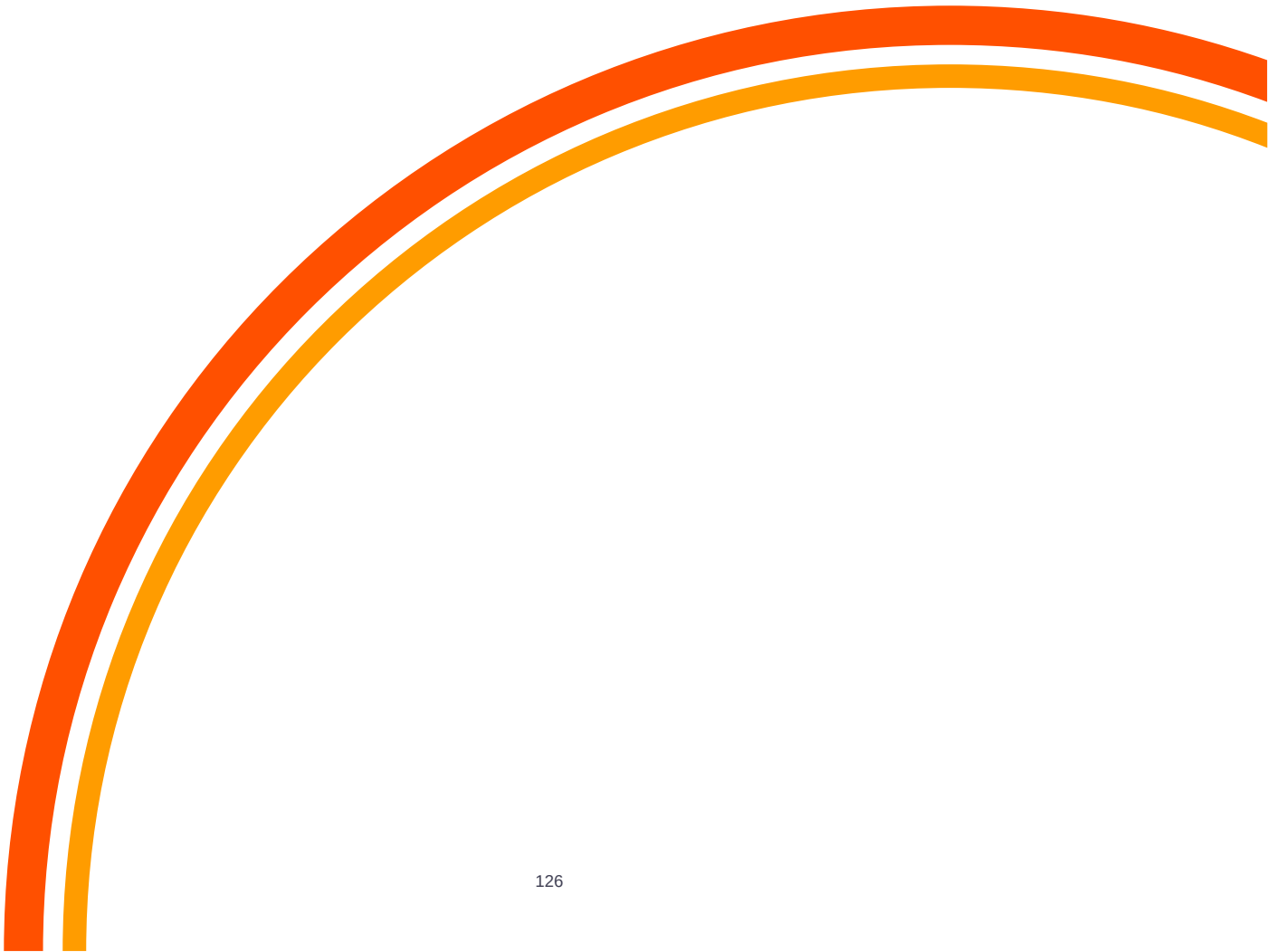
In April 2021, the Group announced an agreement to exchange project rights with its development partner Canadian Solar. As a result, Photon Energy will continue developing the 160 MWp Maryvale Solar Farm independently, while further development of the Gunning Solar Farm and the Suntop2 Solar Farm will 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.

Photon Energy Group

Standalone Financial Statements

For the Year Ended 31 December 2020



Company Balance Sheet as of 31 December 2020

(before profit appropriation)

In thousands of EUR	Note	31 December 2020	31 December 2019 Restated	1 January 2019 Restated
Assets				
A. Fixed assets		**59,235**	**53,927**	**45,025**
I. Intangible fixed assets		**30**	**0**	**0**
3. Concessions, licences and intellectual property		30	0	0
II Tangible fixed assets		0	0	0
III Financial fixed assets		**59,205**	**53,927**	**45,024**
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. Current assets		**56,665**	**50,887**	**38,790**
II Accounts receivable		**56,551**	**45,056**	**33,463**
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
IV Cash at banks and in hand	44	**114**	**5,831**	**5,328**
Assets		**115,900**	**104,814**	**83,815**

Equity and liabilities	Note	31 December 2020	31 December 2019 Restated	1 January 2019 Restated
A. Equity	45	**63,077**	**60,342**	**45,727**
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
C. Long-term debt	46	**48,803**	**40,951**	**33,015**
2. Other bonds and private loans		46,739	38,823	31,082
7. Accounts payable to group companies		2,064	2,128	1,933
D. Current liabilities	47	**4,020**	**3,521**	**5,073**
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
Equity and liabilities		**115,900**	**104,814**	**83,815**

**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

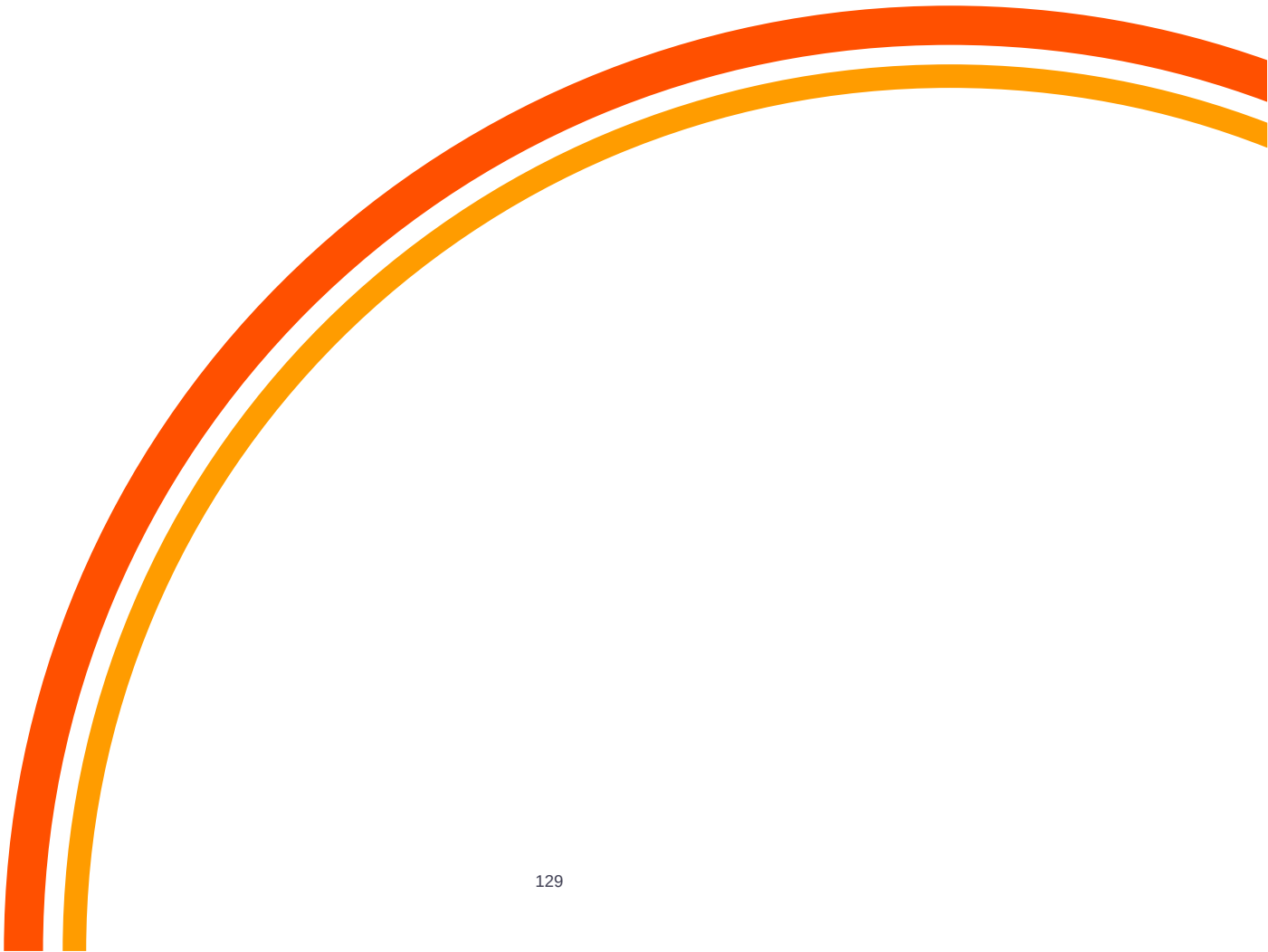
In thousands of EUR	1 January – 31 December 2020	1 January – 31 December 2019 Restated
Net turnover	2,771	2,324
Other operating income	0	5,445
Total operating income	**2,770**	**7,769**
Costs of raw materials and consumables	0	-2
Wages and salaries	-72	-68
Impairment of current assets	-214	11
Other operating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

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

Photon Energy Group

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. 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.

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 *In thousands of EUR*	**1 January 2019 originally presented**	**Restatement/ Reclassification**	**1 January 2019 after restatement**	**Note**
Accounts receivables – from group companies	8,042	15,770	23,812	Note1
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 *In thousands of EUR*	**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	
Other reserves	1,162	-241	921	Note 1
Retained earnings	-24,068	16,388	-7,679	
Other capital funds	0	88	88	Note 2
Treasury shares held	0	-88	-88	

Profit & Loss *In thousands of EUR*	**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 *In thousands of EUR*	**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 *In thousands of EUR*	**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:

Assets *In thousands of EUR*	**31 December 2019 originally presented**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**31 December 2019 Restated**
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

Liabilities *In thousands of EUR*	**31 December 2019 originally presented**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**31 December 2019 Restated**
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:

Statement of comprehensive income *In thousands of EUR*	**2019 originally presented**	**Note 8**	**2019 restated**
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

In thousands of EUR	31 December 2020	31 December 2019 Restated
Interests in group companies	32,685	25,957
	32,685	**25,957**

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

In thousands of EUR	Note	Participating interests in group companies	Total
Originally presented balance at 31 December 2018		**44,720**	**44,720**
Restatement	41.3.2	221	221
Restated balance 1 January 2019		**44,941**	**44,941**
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
Restated balance as at 31 December 2019		**25,957**	**25,957**
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
Balance at 31 December 2020		**32,685**	**32,685**

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)[1]	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. (PESCZ)	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 Befektetesi 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 Szolgaltató 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 Kf	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	Łodz	100%	Full cons.	PEONV
96	Stanford Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
97	Halton Solar Srl..	RO	Bucharest	100%	Full cons.	PEP & PESCZ
98	Aldgate Solar Srl	RO	Bucharest	100%	Full cons.	PEP & PESCZ
99	Holloway Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
100	Moorgate Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
101	Redbridge Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ

	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 & PESCZ
103	Becontree Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
104	Greenford Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
105	Chesham Solar Srl.	RO	Bucharest	100%	Full cons.	PEP & PESCZ
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

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

Movement schedule for loans provided:

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

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 subsidiaries. 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

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

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

In thousands of EUR	Note	Issued share capital	Share premium	Currency translation reserve	Hedging reserve	Revaluation reserve	Treasury shares reserve	Own treasury shares	Retained earnings	Unappro-priated result	Total equity
Balance at 1 January 2019		**600**	**36,871**	**688**	**233**	**15,644**	**0**	**0**	**-32,496**	**8,417**	**29,957**
Restatement	41.3	-	-	-	-	-	90	-90	15,770	-	15,770
Restated balance at 1 January 2019	41.3	**600**	**36,871**	**688**	**233**	**15,644**	**90**	**-90**	**-16,726**	**8,417**	**45,727**
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	-	-	-
Restated balance at 31 December 2019	41.3	**600**	**36,871**	**688**	**233**	**15,644**	**88**	**-88**	**-7,679**	**13,986**	**60,342**
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
Balance at 31 December 2020	**-**	**600**	**37,057**	**-406**	**223**	**15,644**	**87**	**-87**	**6,320**	**3,639**	**63,077**

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.

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.

Movement schedule of retained earnings:

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

The Company performed restatement of the 2018 and 2019 value of the participating interest which impacted amount of retained earnings as at 31 December 2018 and 2019, see also Note 41.3 for more information.

Reconciliation of consolidated group equity with company equity

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

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

*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

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

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

Other bonds

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

Movement schedule for issued bonds:

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

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:

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

47. Current Liabilities

In thousands of EUR	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
Total current liabilities	**4,020**	**3,521**

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

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

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:

In thousands of EUR	**PricewaterhouseCoopers Accountants N.V.**	**Other PricewaterhouseCoopers firms and affiliates**	**Total**
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:

In thousands of EUR	**Grant Thornton Accountants en Adviseurs B.V.**	**Other Grant Thornton member firms and affiliates**	**Total**
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:

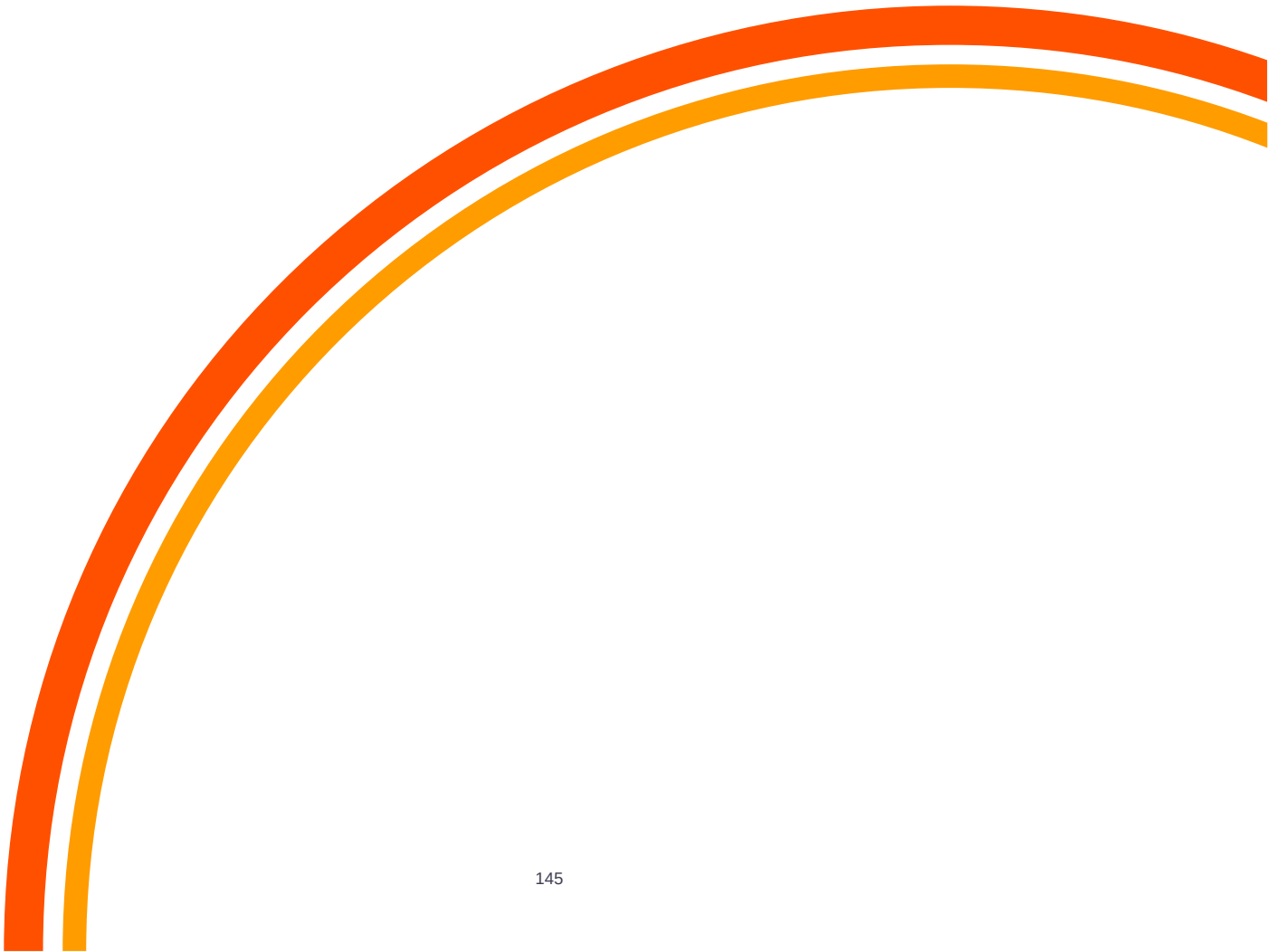
Marek Skreta, Chairman

Bogusława Skowroński, Member

Original signed.

Photon Energy Group

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.

Report on the financial statements 2020

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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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).

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.

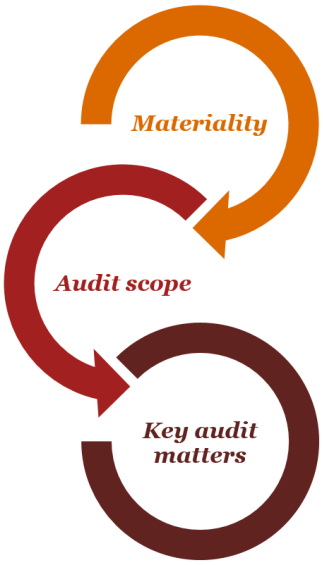
Other areas of focus, that were not considered as key audit matters, related to the impact of COVID-19, the valuation of derivatives and consolidation of special purpose entities.

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.

Overall group materiality	€180,000
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 2.2% of EBITDA.
Rationale for benchmark applied	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.

Key audit matter	***Our audit work and observations***
Valuation of photovoltaic power plants *Refer to Notes 5.1 and 18 to the consolidated financial statements for the related disclosure.* 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	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

Key audit matter	*Our audit work and observations*
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.	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.

Key audit matter	*Our audit work and observations*
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.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information (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.

Report on other legal and regulatory requirements

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.

Responsibilities for the financial statements and the audit

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.

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

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

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.

Photon Energy Group

Photon Energy N.V.

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