Photon Energy Group

Photon Energy N.V.

Annual Report 2021

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Contact Details:

Photon Energy N.V.
Barbara Strozzilaan 201, 1083 HN, Amsterdam, The Netherlands

Legal form: Joint-stock company (Naamloze Vennootschap)
Registration: Dutch Chamber of Commerce (Kamer van Koophandel)
Company No.: 51447126
Tax No.: NL850020827B01

Web: photonenergy.com
E-mail: info@photonenergy.com

This report is available online at photonenergy.com

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

Photo on cover, pages 24 (right), 26, 27 (top): Lord Howe Island Board / Jack C Shick
Photo on pages 10–11, 27 (bottom), 28: Nate Paul Productions
Photo on page 29: Sal Multirotor

Photon Energy Group

Clean energy and water. The fundamentals of life.

140+
employees

Shares traded in Poland,
Germany and the Czech Republic

Active in
17 countries

790+ MWp
PV projects in development

90.5 MWp
proprietary portfolio

103.3 GWh of clean
energy produced in 2021

300+ MWp
O&M portfolio

605 ha of lakes
and ponds managed

CO_2e savings of
43,867 tonnes in 2021

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Slavkov, Czech Republic

Photon Energy Group

Introduction

Financial Information

In thousands	EUR		PLN		CZK	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	**36,359**	**28,258**	**165,970**	**125,491**	**932,436**	**747,268**
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	9,584	8,440	43,747	37,480	245,773	223,182
Results from operating activities (EBIT)	-712	-142	-3,250	-632	-18,258	-3,763
Profit / loss before taxation (EBT)	-5,927	-6,528	-27,055	-28,990	-151,999	-172,627
Profit / loss	-6,433	-8,693	-29,364	-38,602	-164,969	-229,868
Other comprehensive income	8,528	10,776	38,929	47,857	218,705	284,977
Total comprehensive income	**2,095**	**2,084**	**9,565**	**9,255**	**53,735**	**55,108**
Non-current assets	142,463	135,053	654,889	615,895	3,541,639	3,544,479
Current assets	54,155	23,851	248,946	108,771	1,346,301	625,976
Of which Liquid assets	39,362	14,290	180,944	65,170	978,548	375,054
Total assets	196,618	158,905	903,831	724,666	4,887,916	4,170,455
Total equity	**51,538**	**40,074**	**236,914**	**182,753**	**1,281,233**	**1,051,743**
Non-current liabilities	111,122	103,625	510,815	472,567	2,762,489	2,719,626
Current liabilities	33,958	15,204	156,101	69,335	844,196	399,026
Operating cash flow	6,221	5,562	28,399	24,701	159,547	147,086
Investment cash flow	-14,233	-20,171	-64,971	-89,577	-365,013	-533,408
Financial cash flow	30,625	12,097	139,793	53,721	785,372	319,894
Net change in cash	**22,613**	**-2,512**	**103,222**	**-11,155**	**579,910**	**-66,427**
EUR exchange rate – low	–	–	4.451	4.222	24.860	24.795
EUR exchange rate – average	–	–	4.565	4.441	25.645	26.444
EUR exchange rate – end of period	–	–	4.597	4.560	24.860	26.245
EUR exchange rate – high	–	–	4.716	4.622	26.420	27.810

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 and Figures

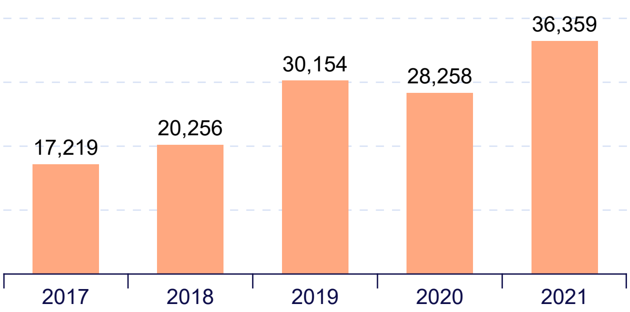
In 2021, the Group's revenues increased by 28.7% to hit a record EUR 36.359 million, thanks to a 18.0% increase in revenues from the sale of electricity generated by our growing proprietary portfolio, while other revenue streams increased by a remarkable 43.6% YoY.

EBITDA improved to EUR 9.584 million (+13.6% YoY), while EBIT contracted to EUR -0.712 million (compared to EUR -0.142 million in 2020) due to the increased depreciation of the company's growing proprietary portfolio of power plants.

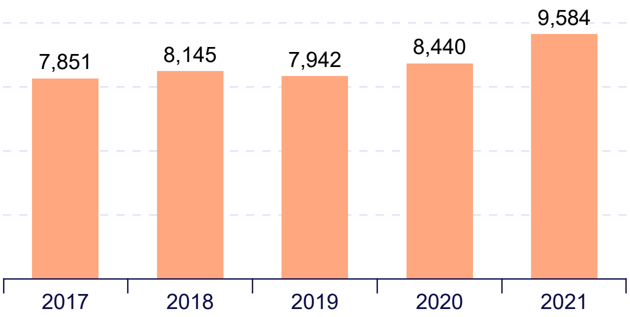
Bottom line, the Group reported a net loss of EUR -6.433 million for 2021, thinning it from an EUR -8.693 million loss recorded a year earlier. The total comprehensive income for the period remained stable (+0.6% YoY) and amounted to EUR 2.095 million.

Equity increased by 28.5% compared to the end of 2020 and amounted to EUR 51.538 million at the end of 2021, resulting in an adjusted equity ratio remaining stable at the sound level of 28.6% (versus 28.9% at the end of 2020).

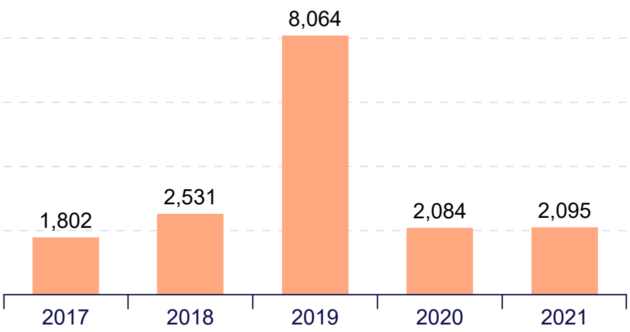
Total Revenues *(In thousands of EUR)*



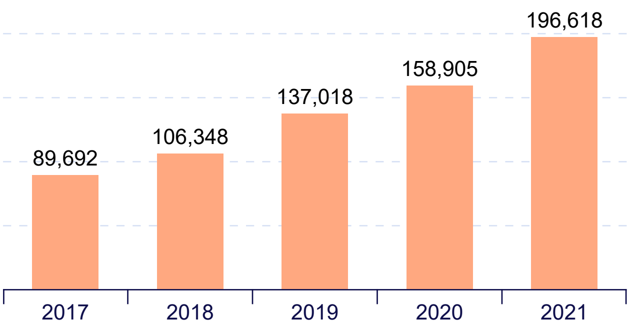
EBITDA *(In thousands of EUR)*



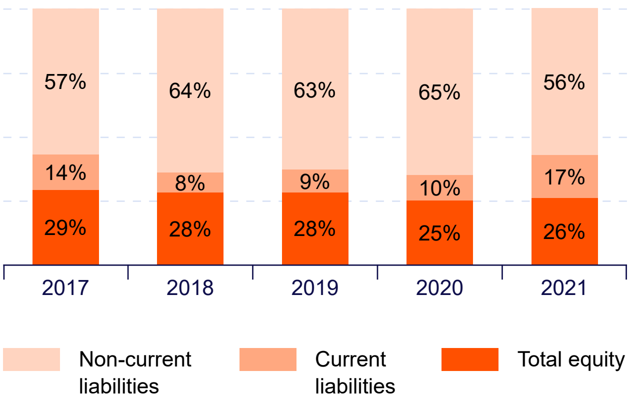
Total Comprehensive Income *(In thousands of EUR)*



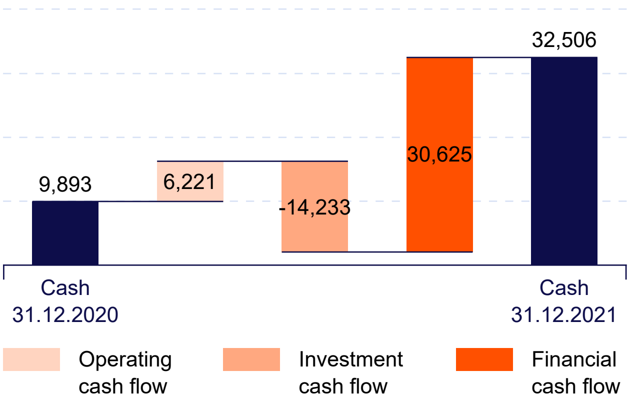
Total Assets *(In thousands of EUR)*



Breakdown of Liabilities and Equity



Cash Flow Profile in 2021 *(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,

Looking back at 2021, we saw significant achievements and growth across all our business lines. Our solid financial performance was driven by robust clean electricity generation by our growing portfolio of power plants. In the face of rapidly changing marketplace dynamics, including supply chain challenges, we have continued to demonstrate the responsiveness required to meet the needs of our stakeholders, whilst successfully investing in a pipeline of exciting new projects and key commercial channels to drive our future growth.

Key Achievements

In 2021, we completed and connected two power plants with a combined capacity of 14.6 MWp in Leeton, Australia. These are not only our first utility-scale installations in the southern hemisphere, but also our first to sell electricity at market prices, independent of any state support. In December we also connected our first European merchant power plant, in Hungary. Given the growth in energy prices across Europe, selling electricity into the market is a core element of our strategy going forward.

We saw success in our project development efforts in Australia, with an agreement kickstarting the development of our first project utilising RayGen technology, which combines concentrated solar, PV and energy storage through the use of water. Once complete, this project is set to have a generation capacity of 300 MWp and with a storage capacity of 3.6 GWh, which would make it the largest renewable energy storage project in the world.

In Europe, we more than doubled our project pipeline in Hungary, Poland and Romania to a combined 490 MWp. While our focus for growth will be on expanding our PV capacity in these countries, as well as in Australia, we are also investigating further markets in the region. With the recent increase in energy prices, the Czech and Slovak markets are opening up, and we are now increasing our team to address these opportunities. These markets are of course historic for us, as Photon Energy was born in the Czech Republic and Slovakia.

In terms of EPC, we also had positive developments in our efforts to both build power plants for our own portfolio and to serve external customers. In Central Europe: we completed behind-the-meter projects for customers in Poland, Slovakia and Romania.

In Australia, where we have been working for external customers for several years, we successfully commissioned our project on UNESCO World Heritage Site Lord Howe Island, . where our combined generation and storage solution has reduced the island’s diesel consumption by 67%.

Our components distribution business took on several new suppliers and added batteries to its offering. As a result, we saw very dynamic growth in 2021.

In the area of remediation, which is used to eliminate various contaminants from groundwater, we successfully filed for a patent on our in-situ nanoremediation technology. The most significant project in this area is in Australia, with the Department of Defence, where we are engaged in a trial PFAS remediation project.

As to our presence on capital markets, 2021 has been an exciting year. In January, we moved the listing of our shares to the regulated markets of the Warsaw and Prague stock exchanges, and thereafter listed our shares on the Frankfurt Stock Exchange. In June, we strengthened our equity by placing 5 million of our treasury shares, broadening our shareholder base. In November, we had another very significant highlight: the placement of our third bond on the German capital market for EUR 55.0 million. With this bond issuance, we managed to convince many of the holders of our existing bond to convert their bondholdings to the new bond, and we also managed to win many new institutional investors. Most importantly, the European Bank for Reconstruction and Development came on board with a significant investment.

This is the first of our bonds to be rated as 'green bond', which means that we comply with a wide suite of ESG criteria. We are very proud to have received a Second Party Opinion from imug | rating, confirming that the framework for our first green bond issuance is in line with the Green Bond Principles 2021. It underlines our commitment to sustainable development, offers prospective investors an insight into the sustainability aspects of our financing model and explains how this will be reported beyond the issuance process.

We placed a significant focus on ESG and sustainability issues in 2021 with the publication of our first annual Sustainability Report. Our ESG practices were rated 'very good' by imug | rating, validating our strategy, which sees sustainability as a key driver of value creation, and demonstrating our commitment to transparency for our stakeholders.

Outlook for 2022

Looking ahead to 2022, we see many opportunities for growth. One very exciting area that will support all our business lines is the significant interest in 'behind-the-meter' projects for C&I customers. In reaction to growing energy prices, a lot of commercial electricity users are seeking ways to reduce their energy bills. We will focus very strongly on working with these consumers to realise PV projects, offering comprehensive solutions that could be supported through energy storage and even water treatment services. Our holistic, tailor-made offerings will allow us to meet the unique needs of C&I customers, helping them to optimise electricity consumption, meet ESG targets and reduce operating expenses.

Another core part of our market strategy is the development and construction of PV power plants that operate competitively in the energy market, without any state support. The economics of our first merchant power plants highlight the value embedded in our dynamically growing project development pipeline across the CEE region and Australia.

With the unfolding invasion of Ukraine, we are deeply concerned about the threat that it poses to democracy, security and fundamental human rights. Having no ongoing business relationships in in either Russia or Ukraine, we do not expect a direct impact on our operations. We are, however, closely monitoring how the conflict and the resulting sanctions might affect our clients, business partners and Ukrainian employees.

Financial Results

In 2021, our revenues increased by 28.7% to hit a record EUR 36.359 million, thanks to a 18.0% increase in revenues from the sale of electricity generated by our growing proprietary portfolio, while other revenue streams increased by a remarkable 43.6% YoY.

The revenues connected to our utility-scale projects in Australia contributed to further a increase in our recurring revenues and also helped mitigate the seasonality of our business. Other revenues were driven by a sound procurement strategy, allowing us to secure components at competitive prices and fulfil the demand during a period marked by shortages caused by global supply chain interruptions. In addition, there was great momentum in our Australian EPC revenues.

EBITDA improved to EUR 9.584 million (+13.6% YoY), while EBIT contracted to EUR -0.712 million (compared to EUR -0.142 million in 2020) due to the increased depreciation of our growing proprietary portfolio of power plants. We continued to record higher expansion-driven overheads, which are crucial investments for the development of existing business lines as well as new activities; we closed the year with PV projects with a combined capacity of 790 MWp in various stages of development.

At the bottom line, we reported a net loss of -6.433 million for 2021, thinning it from a EUR -8.693 million loss in 2020. The total comprehensive income for the period remained stable (+0.6% YoY) at EUR 2.095 million. Equity increased by 28.5% compared to the end of 2020 and amounted to EUR 51.538 million at the end of 2021, resulting in an adjusted equity ratio remaining stable at 28.6% (versus 28.9% at the end of 2020).

Much like 2020, 2021 was impacted and influenced by the global pandemic. Despite this, we have been able to develop our business amidst the turbulence, while not losing sight of the many long-term opportunities ahead of us. We laid a strong foundation for the future of our company, which will be built around our strong IPP portfolio, our business development activities and our diversified sources of revenues.

We would like to thank our employees, clients, investors, business partners, and communities for their contributions and continued support as we move forward into a new year.

Amsterdam, April 2022

Board of Directors

Michael Gartner, Director

Georg Hotar, Director

Leeton, Australia

Photon Energy Group

Company Profile

Who We Are

Delivering 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 a world where energy and water – the fundamentals of life – are clean, safe and accessible to all.

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 and across Europe.

Photon Energy

Our solar power solutions cover the entire lifecycle of photovoltaic systems. We develop, own, build and operate PV installations around the world.

Photon Water

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

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.

What We Do

Photon Energy

Project Development

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

EPC Solutions

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

Technology

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

Investments

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

Operations and Maintenance

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

Photon Water

Water Treatment

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

Wells and Resources

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

Water Resource Management

We help our customers optimise the use of water resources such as lakes, ponds and industrial water bodies.

Research and Development

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

Remediation

We offer a range of remediation services to eliminate contaminants from groundwater and soil.

Sustainability

Highlights of 2021

Publication of our first annual **Sustainability Report.**

Rating of **'very good'** received from sustainability rating agency imug | rating.

Placement of our first **green bond,** for EUR 55 million. This green bond was rated **'attractive'** by KFM Deutsche Mittelstand AG.

Additional measures implemented to mitigate **supply-chain** related risks.

Tracking of our **carbon footprint** across scope 1 and 2 emissions.

Internal **ESG survey** conducted to ensure that our team is directly involved with the ongoing development of our practices.

For further details, read our 2021 sustainability report at photonenergy.com/sustainability.

Sustainability Rating

We view independent sustainability ratings as a way to ensure that we hold ourselves to the highest standards, and to provide our stakeholders with confidence in our genuine commitment to a sustainable business model.

In 2021, we were awarded a rating of 'very good' by imug | rating, attributed based on the following scale: weak, moderate, good, very good, excellent.

imug | rating has been active in the fields of sustainable finance and socially responsible investment (SRI) for over 20 years. It is one of the leading sustainability rating agencies in Germany and a specialist in customised ESG research.

imug
SUSTAINABILITY RATING
RATING 2021
VERY GOOD

Our ESG Commitments

We are committed to upholding the highest environmental, social and governance standards in all of our practices, on every scale.

Environment

- 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 do not use chemical fertilisers or pesticides for landscape management.
- For the cleaning of PV panels, we use only demineralised water, no 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 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 2021.
- 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 and suppliers. 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

- 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 ensuring that all employees, customers and suppliers act in an ethical manner and that stakeholders are not subject to unethical behaviours such as corruption, bribery or extortion.
- We have an anti-corruption policy in place, and an insider trading policy is signed by all employees when they sign their contract of employment.
- Our misconduct reporting channel, the SpeakUp Line, is available to all our employees, consultants, suppliers and stakeholders. The channel allows users to remain anonymous and is managed by an independent third party operator.

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.

Our Team

As of 31 December 2021

144	39	37%	18
Employees	Average age	Female employees	Nationalities

‘There is nothing more exciting than working for a company that believes in making a positive difference to modern sustainability challenges!’

Emily Brown
Graduate Engineer

‘I thrive on the diverse experiences and ideas provided by our cross-cultural team as we deliver clean energy solutions.’

Kyle Poirier
Project Development Manager

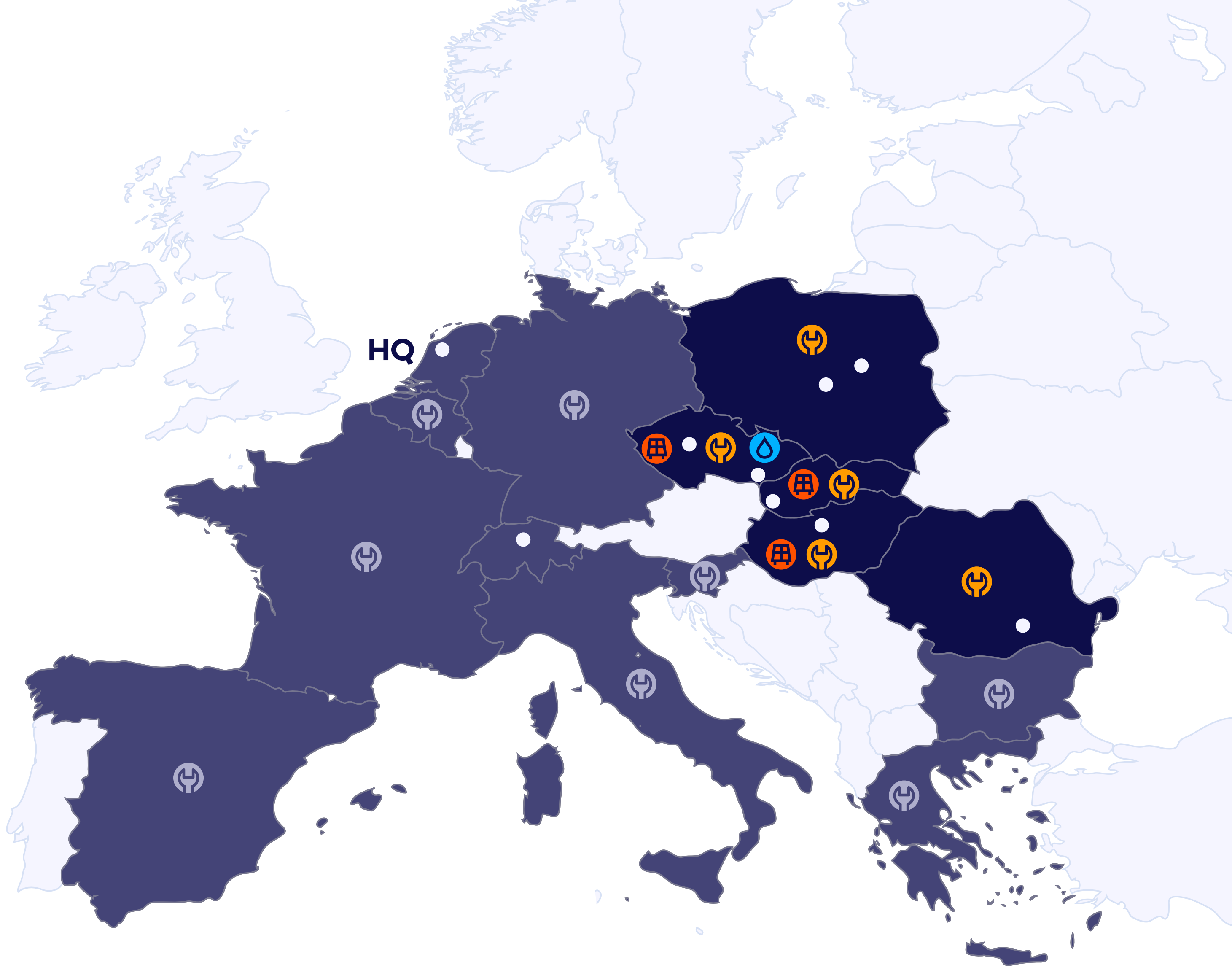
‘I am lucky to work with like-minded people and leaders with a global mindset, who understand the importance of energy transition.’

Radovan Abu Dayyeh
Operator, Monitoring & Control

‘My role lets me apply the theory of my engineering studies to meaningful sustainable actions.’

Marine Ceres
Sustainability Intern

Our Markets



Power Plants Owned by Photon Energy Group

O&M Services for Power Plants

Inverter Maintenance Services

Photon Water Services

Photon Energy Group Offices

2021 PV Market Overview

Worldwide

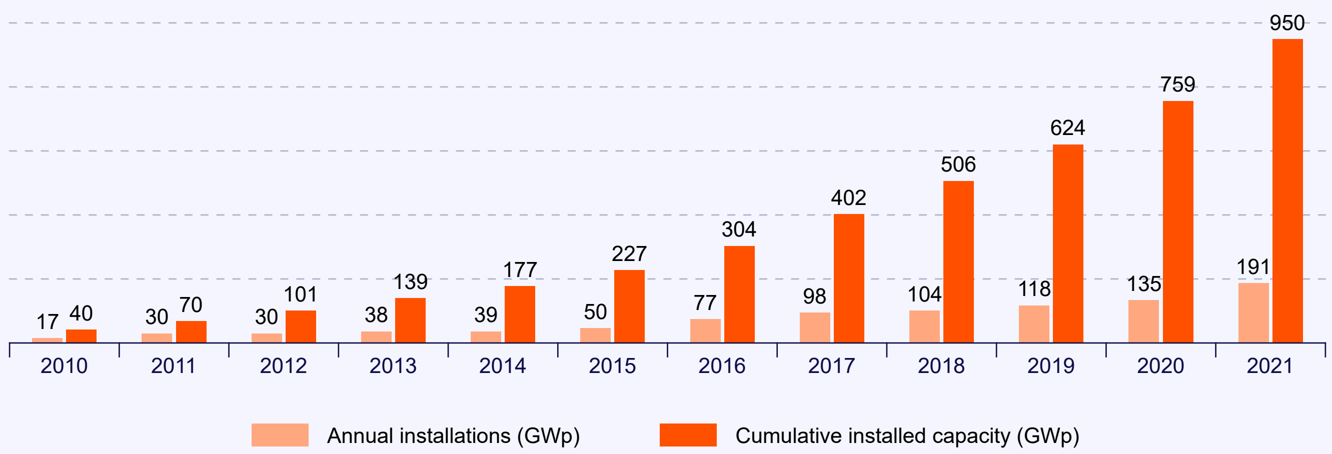
2021 saw 191 GWp of new solar generation capacity deployed by developers around the world, in comparison to 135 GWp in 2020. This brought the total installed capacity to approximately 950 GWp.

The global PV market expanded by 25% year-to-year. This significant growth indicates a continuing increase in new solar installations in the coming years. However, this potential growth may be affected by the upcoming module price increase. Despite the possible impacts of this price increase, a further 20% growth in the market is expected in 2022.

The Russian invasion of Ukraine and the EU's dependence on Russian natural gas show that a diversification of energy supplies is critical to establishing energy independence and security.

The already significant focus on expanding the renewables sector will likely intensify in the current context of business interruptions such as supply chain and payment method issues, as well as broader market instability.

Evolution of Global Annual and Cumulative Installed Capacity, 2010–2021



Europe

According to Solar Power Europe, the European Union experienced a rise in spot electricity prices at the beginning of 2021, making solar energy a much more attractive source of energy than before. As a result, 2021 was the European PV industry's best year to date, with a total capacity of 25.9 GW newly installed.

This growth is also the result of the increased development of rooftop solar arrays combined with storage systems. In Germany, for example, 50% of newly installed residential PV systems included an integrated storage system, reflecting this rising demand.

Our Key Markets

Australia

2021 Market Overview

Approximately 360,000 rooftop PV systems were installed in 2021. This growth of more than 40% from 2020 reflects the development of the residential and commercial PV sectors.

Total capacity at the end of 2020: **18.6 GWp**

Total capacity at the end of 2021: **25.6 GWp**

Photon Energy in Australia

EPC Solutions
23.6 MWp

O&M
24.1 MWp

Our Portfolio
14.6 MWp

Czech Republic

2021 Market Overview

An increase in energy prices combined with additional subsidies for both individual families and companies resulted in the significant development of the Czech PV market in 2021.

Total capacity at the end of 2020: **2.1 GWp**

Total capacity at the end of 2021: **2.7 GWp**

Photon Energy in the Czech Republic

EPC Solutions
30.4 MWp

O&M
133.3 MWp

Our Portfolio
15.0 MWp

Hungary

2021 Market Overview

The solar energy market in Hungary is expected to grow substantially by 2030 due to carbon emission reduction policies. These policies have resulted in an expansion of the renewable energy sector (19.2% of Hungary's electricty was generated by renewable sources in 2021) with solar energy being the most significant.

Total capacity at the end of 2020: **2.1 GWp**

Total capacity at the end of 2021: **3.0 GWp**

Photon Energy in Hungary

EPC Solutions
50.4 MWp

O&M
77.1 MWp

Our Portfolio
50.4 MWp

Poland

2021 Market Overview

The Polish PV industry is gaining significant traction, with the total installed capacity multiplied by a factor of 10 over the past two years. The progressive increase of the CO_2 emission tax is partly responsible for the cuurent boom. More and more private individuals are in the market for solar installations, representing 28% of the total installed capacity in 2021.

Total capacity at the end of 2020: **3.6 GWp**

Total capacity at the end of 2021: **6.0 GWp**

Photon Energy in Poland

EPC Solutions
1.0 MWp

O&M
2.9 MWp

Romania

2021 Market Overview

The Romanian market is currently being boosted by a new policy to support solar installations up to 400 kW. A national tender for larger utility-scale solar installations will probably be organized by the first half of this year.

Total capacity at the end of 2020: **1.4 GWp**

Total capacity at the end of 2021: **1.5 GWp**

Photon Energy in Romania

EPC Solutions
1.0 MWp

O&M
4.0 MWp

Slovakia

2021 Market Overview

In Slovakia, driven by the growing cost of electricity and CO_2 recuction objectives, the government is encouraging further development of the PV market through initiatives and support policies.

Total capacity at the end of 2020: **0.5 GWp**

Total capacity at the end of 2021: **Unavailable at the time of publishing this report.**

Photon Energy in Slovakia

EPC Solutions
13.6 MWp

O&M
20.8 MWp

Our Portfolio
10.4 MWp

Our Competitive Strengths

We believe that Photon Energy stands out from our competitors in the markets where we operate in a number of ways, including:

- Our years of experience and technical expertise in both photovoltaics and clean water solutions, applied to design and develop state-of-the-art technology and services.
- Providing a personalised, intelligent customer experience, simplifying the complexity of the operating environment.
- Continual innovation in a changing market, as demonstrated by our development of solar-hybrid power solutions or off-grid solutions.

  Energy storage is increasingly important in regions which generate high levels of solar power in order to maintain a continuous and reliable electricity supply. We also develop PV solutions coupled with other off-grid applications, such as on-site water pumping and filtration powered by solar energy. The growing demand for these solutions is driven by a wide range of consumers, from industry to agriculture.
- Providing services and solutions that are scalable, integrated and modular.

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.

2021 in Review

103.3 GWh of clean energy produced

43,867 tonnes CO_2e savings

15.9 MWp added to our portfolio

291 MWp added to our European pipeline

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY

Rebranding
Launch of our new website and brand identity.

Investment in Lerta
Partnership and investment in the Polish next-generation energy company.

Debut on Regulated Markets
Shares listed on the regulated markets of Warsaw and Prague as well as the Frankfurt Stock Exchange.

Sustainability Report 2020
Publication of our first sustainability report.

Investment in RayGen
An additional AUD 3 million investment in RayGen.

Share in Maryvale Solar Farm Increased
An exchange of project rights for 3 jointly developed solar farms in Australia.

Commissioned: Lord Howe Island
Hybrid PV power facility and storage system.

Sustainability Rating
We receive a rating of 'Very Good' from imug | rating.

Offering of Treasury Shares
EUR 7.7 million raised through the offer of 5 million existing treasury shares.

Commissioned: Koszalin
EPC services delivered for a plant to power this wastewater treatment facility in Poland.

Green Bond
Our first green bond is met with strong interest from existing bondholders and new investors.

AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

Commissioned: Leeton and Fivebough
Part of our IPP portfolio, these two power plants will operate on a merchant basis.

Development of RayGen Project
1,200 ha of land secured in Australia to develop what is set to be the world's largest solar energy storage project.

Sale of Our Stake in Maryvale Solar Farm
Our 65% stake in the Australian project is sold after the secural of development approval for a 160 MWp plant.

Commissioned: Tolna
This Hungarian utility-scale plant will sell electricity without government subsidies at market prices.

Selected Projects

Photon Energy

Leeton and Fivebough

Solar Capacity

14.6 MWp

Annual Production

up to 27.8 GWh

These two projects represent the first Australian utility-scale plants in our IPP portfolio. The plants will operate on a merchant basis, selling clean energy to the National Electricity Market. The value of the projects was increased through dual-purpose land use, combining energy generation with sheep farming, and their location in the southern hemisphere allows us to alleviate the seasonal impacts of electrcity generation revenue.

Photon Energy

Koszalin Wastewater Treatment Plant

Solar Capacity

0.95 MWp

Annual Production

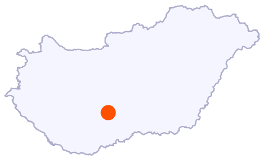
up to 0.85 GWh

As part of a consortium led by RenCraft, we provided EPC solutions to design and construct this plant, purpose-built to power a wastewater treatment facility.

Our unique solutions for this project included an uncommon east-west layout of the PV plant, ensuring consistent power generation throughout the day, as well as a cutting-edge mid-voltage grid supply interfacing system.

Photon Energy

Tolna



Tolna, Hungary

Solar Capacity

1.4 MWp

Annual Production

up to 2.1 GWh

Our first merchant project in Europe, this power plant is expected to create revenue of approximately EUR 420,000 in 2022.

This project represents our first investment using proceeds from the placement of our green bond.

Photon Water

PFAS Remediation

Partner

Australian Government, Department of Defence

In 2021 we continued a trial project implementing our in-situ PFAS remediation technology.

The trial involves water and energy monitoring platforms, groundwater injection equipment, an array of groundwater monitoring and injection wells and a combination of application and monitoring electrodes.

Strategy and Results in 2021

Strategy	Result
Increase the production of clean energy by expanding our global electricity generation capacity of our proprietary portfolio of PV power plants.	For the first time, we surpassed 100 GWh of clean electricity production, with **103.4 GWh** generated in 2021, a **48% increase** from 2020.
Acquire new PV projects to develop, design and construct for our proprietary portfolio, supporting the growth of a recurring revenue stream from clean electricity generation with a focus on Australia, Hungary, Poland and Romania.	A total of **291 MWp** was added to our project pipeline in Hungary, Poland and Romania. In Australia, we committed to the the development of our first project using RayGen technology. The project is planned to have a generation capacity of **300 MWp** and an energy storage capacity of **3.6 GWh.**
Grow our PPA business and the construction of commercial behind-the-meter PV projects for industrial customers and off-takers in Australia and in Europe.	Our team is expanded to include specialists dedicated to capitalising on the fast growing interest in behind-the-meter projects.
Compete for PV projects in locations that require a tailor-made, integrated approach to the application of PV technology, combining clean energy generation with energy storage solutions.	Our installation on Lord Howe Island was commissioned, a hybrid generation/storage system purpose designed for this remote location.
Continue to provide O&M services that allow PV power plants to run smoothly at high generation levels and increase revenues while reducing risks for our customers.	Stable capacity under contract 309 MWp in 2021 compared to 2020, with a market entry in Poland.
Procure and trade PV components through cooperation with PV technology manufacturers.	Our trading volume was increased, generating revenue of **EUR 9.221 million,** up **21.6%** from 2020.
Deploy remediation solutions for groundwater contamination, with a focus on PFAS nanoremediation.	We continued our trial project for the Australian Government Department of Defence, implementing our proprietary in-situ PFAS remediation technology.

Our Media Presence

At Photon Energy Group, we have always seen it as our duty to be a trusted media partner. In 2021, 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.**

6 January 2021

WARSAW BUSINESS JOURNAL

Photon Energy makes its debut in Warsaw and Prague

31 March 2021

SNEU Sustainability & ESG News Central Europe

Photon Energy published first sustainability (ESG) report

13 April 2021

Bloomberg

Photon Energy Increases Its Share in Maryvale Solar Farm Through Asset Swap with Canadian Solar

20 September 2021

pv magazine

Solar microgrid adds green cred to Lord Howe's already lush paradise

22 September 2021

inwestycje.pl

Konsorcjum z Photon Energy uruchomiło w Koszalinie farmę PV o mocy 0,95 MWp

3 November 2021

RENEW ECONOMY

World's biggest solar and storage project proposed for South Australia

8 November 2021

BONDGUIDE
Die Plattform für Unternehmensanleihen

KFM adelt Photon Energy Green Bond

8 November 2021

pv Europe
solar technology and applications

Photon Energy commissions utility-scale solar farms in Australia

13 December 2021

SZEKSZÁRDI
HÍREK ÉS MAGAZIN

Megépült Magyarország első piaci alapon működő naperőműve

31 December 2021

Renewables Now

Photon Energy ups stake in Polish VPP developer Lerta

Proprietary PV Plants

The table below represents power plants owned directly or indirectly by Photon Energy N.V. in 2021.

Production Results in 2021

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2021	Proj. 2021	*Perf.*	*% of change 2021 vs. 2020*
Unit		kWp	per MWh, in 2021	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	CZK 15,117	2,367,683	2,497,558	-5.2%	-6.5%
Zvíkov I	Photon SPV8 s.r.o.	2,031	CZK 15,117	2,224,776	2,300,217	-3.3%	-6.1%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	CZK 15,117	1,660,058	1,683,565	-1.4%	-2.7%
Svatoslav	Photon SPV4 s.r.o.	1,231	CZK 15,117	1,147,700	1,203,924	-4.7%	-4.4%
Slavkov	Photon SPV6 s.r.o.	1,159	CZK 15,117	1,332,623	1,333,231	0.0%	-0.3%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	CZK 15,117	215,065	219,971	-2.2%	-0.6%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	CZK 16,240	977,786	972,628	0.5%	1.2%
Zdice I	Onyx Energy I s.r.o.	1,499	CZK 15,117	1,624,141	1,686,900	-3.7%	-5.8%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	CZK 15,117	1,661,008	1,700,269	-2.3%	-5.2%
Radvanice	Photon SPV11 s.r.o.	2,305	CZK 15,117	2,473,035	2,501,919	-1.2%	-0.3%
Břeclav rooftop	Photon SPV1 s.r.o.	137	CZK 15,117	156,765	154,025	1.8%	-2.6%
Total Czech PP		**14,996**		**15,840,639**	**16,254,207**	**-2.5%**	**-3.7%**
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 425.12	989,584	970,581	2.0%	3.0%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 425.12	1,003,712	984,711	1.9%	3.0%
Prša I.	Fotonika s.r.o.	999	EUR 425.12	1,026,964	1,056,586	-2.8%	2.2%
Blatna	ATS Energy s.r.o.	700	EUR 425.12	723,883	719,873	0.6%	1.8%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 382.61	1,199,969	1,138,187	5.4%	3.6%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 382.61	1,226,323	1,180,582	3.9%	4.8%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 382.61	868,106	893,378	-2.8%	-0.5%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 382.61	860,774	883,494	-2.6%	-0.7%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 382.61	979,734	1,021,651	-4.1%	-5.3%
Polianka	Solarpark Polianka s.r.o.	999	EUR 382.61	971,584	979,968	-0.9%	-0.7%
Myjava	Solarpark Myjava s.r.o.	999	EUR 382.61	1,125,440	1,120,362	0.5%	-1.7%
Total Slovak PP		**10,429**		**10,976,072**	**10,949,372**	**0.2%**	**0.9%**
Tiszakécske 1	Ekopanel Befektetési Kft.	689	HUF 34,140	872,398	845,174	3.2%	2.0%
Tiszakécske 2	Energy499 Invest Kft.	689	HUF 34,140	876,299	850,620	3.0%	2.0%
Tiszakécske 3	Future Solar Energy Kft.	689	HUF 34,140	843,417	827,512	1.9%	1.1%
Tiszakécske 4	Green-symbol Invest Kft.	689	HUF 34,140	880,079	850,620	3.5%	2.2%
Tiszakécske 5	Montagem Befektetési Kft.	689	HUF 34,140	830,533	845,174	-1.7%	-1.8%
Tiszakécske 6	Onyx-sun Kft.	689	HUF 34,140	874,891	850,620	2.9%	2.1%
Tiszakécske 7	Solarkit Befektetesi Kft.	689	HUF 34,140	873,117	844,555	3.4%	1.9%
Tiszakécske 8	SunCollector Kft.	689	HUF 34,140	866,657	841,727	3.0%	2.0%

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2021	Proj. 2021	*Perf.*	*% of change 2021 vs. 2020*
Unit		kWp	per MWh, in 2021	kWh	kWh	%	%
Almásfüzitő 1	Ráció Master Kft.	695	HUF 34,140	837,893	840,464	-0.3%	0.6%
Almásfüzitő 2	Ráció Master Kft.	695	HUF 34,140	836,824	839,870	-0.4%	3.0%
Almásfüzitő 3	Ráció Master Kft.	695	HUF 34,140	839,496	835,806	0.4%	4.5%
Almásfüzitő 4	Ráció Master Kft.	695	HUF 34,140	863,449	842,485	2.5%	3.0%
Almásfüzitő 5	Ráció Master Kft.	695	HUF 34,140	857,729	836,892	2.5%	0.9%
Almásfüzitő 6	Ráció Master Kft.	660	HUF 34,140	872,233	804,938	8.4%	3.5%
Almásfüzitő 7	Ráció Master Kft.	691	HUF 34,140	868,699	831,973	4.4%	3.3%
Almásfüzitő 8	Ráció Master Kft.	668	HUF 34,140	856,802	814,589	5.2%	1.5%
Nagyecsed 1	Mediator Ingatlanközvetítö Kft.	689	HUF 34,140	862,279	825,772	4.4%	2.1%
Nagyecsed 2	Aligoté Kft.	689	HUF 34,140	862,332	825,772	4.4%	2.2%
Nagyecsed 3	Proma Mátra Kft.	689	HUF 34,140	865,146	826,184	4.7%	1.7%
Fertod I	Fertod Napenergia-Termelo Kft.	528	HUF 34,140	680,660	612,168	11.2%	0.1%
Fertod II No 2	Photon Energy HU SPV 1 Kft.	699	HUF 34,140	892,330	833,707	7.0%	1.3%
Fertod II No 3	Photon Energy HU SPV 1 Kft.	699	HUF 34,140	906,184	833,707	8.7%	2.8%
Fertod II No 4	Alfemo Alpha Kft.	699	HUF 34,140	899,126	833,707	7.8%	2.3%
Fertod II No 5	Ráció Master Kft.	691	HUF 34,140	900,175	838,402	7.4%	2.8%
Fertod II No 6	Photon Energy HU SPV 1 Kft.	699	HUF 34,140	899,662	833,707	7.9%	3.0%
Kunszentmárton I No 1	Ventiterra Kft.	697	HUF 34,140	908,571	885,501	2.6%	2.6%
Kunszentmárton I No 2	Ventiterra Kft.	697	HUF 34,140	901,403	885,636	1.8%	2.5%
Kunszentmárton II No 1	Ventiterra Alpha Kft.	693	HUF 34,140	923,943	855,866	8.0%	77.1%
Kunszentmárton II No 2	Ventiterra Beta Kft.	693	HUF 34,140	928,453	856,165	8.4%	57.9%
Taszár 1	Optisolar Kft.	701	HUF 34,140	888,976	885,316	0.4%	-0.6%
Taszár 2	Optisolar Kft.	701	HUF 34,140	893,930	885,316	1.0%	-0.9%
Taszár 3	Optisolar Kft.	701	HUF 34,140	899,906	885,316	1.6%	0.2%
Monor 1	Photon Energy HU SPV 1 Kft.	688	HUF 34,140	896,298	852,356	5.2%	5.9%
Monor 2	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	883,430	862,899	2.4%	3.8%
Monor 3	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	887,940	862,899	2.9%	4.6%
Monor 4	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	892,689	862,899	3.5%	4.3%
Monor 5	Photon Energy HU SPV 1 Kft.	688	HUF 34,140	893,927	846,445	5.6%	4.3%
Monor 6	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	892,477	862,899	3.4%	3.8%
Monor 7	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	893,418	862,899	3.5%	2.8%
Monor 8	Photon Energy HU SPV 1 Kft.	696	HUF 34,140	892,939	862,899	3.5%	4.5%
Tata 1	Tataimmo Kft.	672	HUF 34,140	917,050	923,288	-0.7%	9.5%
Tata 2	ALFEMO Beta Kft.	676	HUF 34,140	828,482	835,261	-0.8%	12.7%
Tata 3	ALFEMO Gamma Kft.	667	HUF 34,140	829,648	815,853	1.7%	9.8%
Tata 4	Tataimmo Kft.	672	HUF 34,140	934,102	945,462	-1.2%	10.5%
Tata 5	Öreghal Kft.	672	HUF 34,140	886,926	948,671	-6.5%	4.6%
Tata 6	Tataimmo Kft.	672	HUF 34,140	926,307	933,569	-0.8%	8.3%

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2021	Proj. 2021	Perf.	% of change 2021 vs. 2020
Unit		kWp	per MWh, in 2021	kWh	kWh	%	%
Tata 7	European Sport Contact Kft.	672	HUF 34,140	920,655	923,890	-0.4%	8.6%
Tata 8	Tataimmo Kft.	672	HUF 34,140	939,733	937,796	0.2%	11.6%
Malyi 1	Zuggo - Dulo Kft.	695	HUF 34,140	853,977	828,586	3.1%	52.8%
Malyi 2	Egespart Kft.	695	HUF 34,140	859,084	829,718	3.5%	54.8%
Malyi 3	Zemplenimpex Kft.	695	HUF 34,140	860,605	829,718	3.7%	52.9%
Puspokladány 1	Ladány Solar Alpha Kft.	1,406	HUF 34,140	1,962,033	1,944,330	0.9%	nm
Puspokladány 2	Ladány Solar Alpha Kft.	1,420	HUF 34,140	2,029,466	1,892,045	7.3%	nm
Puspokladány 3	Ladány Solar Alpha Kft.	1,420	HUF 34,140	1,997,180	1,848,792	8.0%	nm
Puspokladány 4	Ladány Solar Beta Kft.	1,406	HUF 34,140	1,997,879	1,930,447	3.5%	nm
Puspokladány 5	Ladány Solar Beta Kft.	1,420	HUF 34,140	2,045,805	1,887,556	8.4%	nm
Puspokladány 6	Ladány Solar Beta Kft.	1,394	HUF 34,140	1,972,498	1,911,209	3.2%	nm
Puspokladány 7*	Ladány Solar Gamma Kft.	1,406	HUF 34,140	1,995,957	1,930,451	3.4%	nm
Puspokladány 8	Ladány Solar Gamma Kft.	1,420	HUF 34,140	2,004,661	1,854,378	8.1%	nm
Puspokladány 9	Ladány Solar Delta Kft.	1,406	HUF 34,140	1,934,218	1,929,491	0.2%	nm
Puspokladány 10	Ladány Solar Delta Kft.	1,420	HUF 34,140	1,997,844	1,847,324	8.1%	nm
Tolna	Tolna (Barbican)	1,358	HUF 113,107	22,860	33,117	-31.0%	na
Total Hungarian PP		**50,456**		**64,713,678**	**62,442,410**	**3.6%**	**52.3%**
Symonston	Photon Energy AUS SPV 1 Pty Ltd	144	AUD 301.60	169,877	178,176	-4.7%	0.4%
Leeton	Leeton Solar Farm Pty Ltd	7,261	AUD 40+46	5,823,120	6,292,894	-7.5%	na
Fivebough	Fivebough Solar Farm Pty Ltd	7,261	AUD 40+46	5,746,110	6,227,865	-7.7%	na
Total Australian PP		**14,666**		**11,739,107**	**12,698,935**	**-7.6%**	**6834.8%**
Total		**90,547**		**103,269,496**	**102,344,925**	**0.9%**	**47.6%**

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 2021 / projection for 2021) – 1.

** The reported figures correspond to applicable FIT for the year 2021, except for the Tolna power plant in Hungary and for the Leeton and Fivebough power plants in Australia:*

- The FIT for Czech power plants connected in 2009 amounted to CZK 15,117 and to CZK 16,240 for power plants connected in 2010.

- The FIT for Hungarian power plants amounted to HUF 34,140 and

- for our Australian power plant to AUD 301.60.

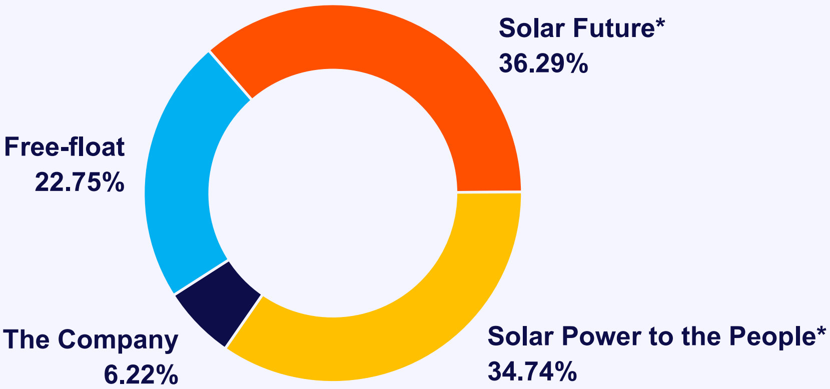
- For the Tolna power plan, the reported figure corresponds to the average realized electricity price during the reporting period.

- For our Leeton and Fivebough power plants, the reported figures correspond to the average realized electricity price during the reporting period + the Australian Large-scale Generation Certificate spot closing price at the end of the reporting period.

Our Share and Bonds

The Share

Shareholding Structure



* Solar Future and Solar Power to the People are controlled by the co-founders of Photon Energy N.V.

Share Trading Details (ISIN: NL 0010391108)

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.

Prior to that date, the Company's shares were traded on NewConnect in Poland and on the Free Market of Prague.

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.

The Group is following the Dutch Corporate Governance Code and the Best practices of the Warsaw Stock Exchange.

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

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

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

Market Maker Details in Poland

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

Share Performance in 2021

Main Market of the Warsaw Stock Exchange

Selected Share Information	PLN
Opening price (4 January 2021)	15.30
52-week max (11 January 2021)	15.70
52-week min (29 December 2021)	6.95
Closing price (30 December 2021)	**7.15**

Source: gpw.pl

The trading volume in 2021 amounted to 7,002,825 shares (corresponding to 27,900 shares per trading session) compared to 10,071,847 shares in 2020 (corresponding to 39,968 shares per trading session).

Main Market of the Prague Stock Exchange

Selected Share Information	CZK
Opening price (4 January 2021)	85.00
52-week max (12 January 2021)	101.00
52-week min (30 December 2021)	38.20
Closing price (30 December 2021)	**38.20**

Source: pse.cz

The Company reports a yearly trading volume of 2,917,420 shares (corresponding to 14,026 shares per trading session), compared to 506,504 shares in 2020.

Quotation Board of the Frankfurt stock exchange

Selected Share Information	EUR
Opening price (11 January 2021)	3.60
52-week max (12 January 2021)	3.68
52-week min (30 December 2021)	1.51
Closing price (30 December 2021)	**1.51**

Source: boerse-frankfurt.de

The trading volume in 2021 amounted to 454,900 shares (corresponding to 1,777 shares per trading session).

Our Bonds

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 was successfully increased in two steps with all parameters unchanged, to an outstanding amount of EUR 45.0 million prior to the completion of the exchange offer described below. 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 total outstanding bond volume amounts to EUR 23.719 million as of the end of the reporting period.

On 17 November 2021, The Company successfully placed its 6.50% Green EUR Bond 2021/2027 (ISIN: DE000A3KWKY4) in the amount of EUR 50 million. The bond issuance was met with strong demand from the Company's existing bondholders, who subscribed to EUR 21.281 million in the exchange that was offered for the existing EUR Bond 2017/2022. The green bond – with an interest rate of 6.50% p.a., paid quarterly – was confirmed by imug | rating with regards to its sustainability in a Second Party Opinion, and can be traded on the Open Market of the Frankfurt Stock Exchange.

The Company intends to use the net proceeds of the green bond placement to finance or refinance, in part or in whole, new and/or existing eligible assets, as well as financial instruments that were used to finance such projects or assets, in accordance with the Company's Green Finance Framework, enabling Photon Energy Group to make a significant contribution to an environmentally friendly future.

On 29 November 2021, the Group successfully increased the bond placement by EUR 5.0 million with all parameters unchanged. The total outstanding bond volume amounts to EUR 55.0 million as of the end of the reporting period.

Bonds Performance in 2021

CZK Bond Trading Performance in Prague

In the trading period from 1 January 2021 until 31 December 2021 the trading volume amounted to CZK 25,200,000 (nominal value) with a closing price of 100.00 (compared to CZK 4,890,000 in 2020).

EUR Bond 2017/22 Trading Performance

In the trading period from 1 January 2021 until 31 December 2021, the trading volume amounted to EUR 5.223 million (nominal value) with an opening price of 102.50 and a closing price of 101.00 in Frankfurt (compared to EUR 12.088 million in 2020).

Green EUR Bond 2021/27 Trading Performance in Frankfurt

In the trading period from 17 November 2021 until 31 December 2021, the trading volume amounted to EUR 6.420 million (nominal value, including the volume traded in Berlin, Munich & Stuttgart) with an opening price of 100.00 and a closing price of 102.00 in Frankfurt. During this period the average daily turnover amounted to EUR 149,302.

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 **Warsaw Stock Exchange Innovation Day** held online in April 2021 (gpwinnovationday.pl).
- The company participated in the **Invest Cuffs** conference held online in April 2021 (investcuffs.pl).
- The company participated in the ESG: "Prague Spring Symposium" online conference organized by Wood & Co in May 2021 (events.wood.cz).
- The company participated in the **Frühjahrskonferenz** held online in May 2021 (equityforum.de/en/german-spring-conference).
- The company participated in the **Wallstreet Conference** held online in June 2021 (sii.org.pl).
- The company participated in the **Deutsches Eigenkapitalforum** held online in November 2021 (eigenkapitalforum.com).

Further Information

Please refer to the Financials section of this report for more information about:

- characteristics of the structure of assets and liabilities of the consolidated balance sheet, also from the perspective of the liquidity of the Issuer's group
- description of the structure of main equity deposits or main capital investments made within the Issuer's group during the financial year.

Photon Energy Group

Management 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 2021.

The non-financial information, as presented within the Director's Report, which in this document comprises the Introduction, Company Profile and Management Report of this Annual Report, complies with the Dutch Disclosure of Non-Financial Information.

Photon Energy N.V. 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 for the year ended 31 December 2021 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.

Developments in 2021

Financial Results

In 2021, the Group's revenues increased by 28.7% to hit a record EUR 36.359 million, thanks to an 18.0% increase in revenues from the sale of electricity generated by a growing proprietary portfolio, while other revenue streams increased by a remarkable 43.6% YOY.

The revenues connected to utility-scale projects in Australia contributed to a further increase in the Group's recurring revenues and also helped mitigate the seasonality of the business. Other revenues were driven by a sound procurement strategy, allowing the Company to secure PV components at competitive prices and fulfil the demand during a period marked by shortages caused by global supply chain interruptions. In addition, there was great momentum in Australian EPC revenues.

EBITDA improved to EUR 9.584 million (+13.6% YOY), while EBIT contracted to EUR -0.712 million (compared to EUR -0.142 million in 2020) due to the increased depreciation of the Group's growing proprietary portfolio of power plants. The Group continued to record higher expansion-driven overheads, which are crucial investments for the development of existing business lines as well as new activities; the Group had PV projects with a combined capacity of 790 MWp in various stages of development at the end of the year.

The Group reported a net loss of EUR -6.433 million for 2021, compared to a EUR -8.693 million loss in 2020. The total comprehensive income for the period slightly improved by 0.5% YOY to EUR 2.095 million. Equity increased by 28.5% compared to the end of 2020 and amounted to EUR 51.538 million at the end of 2021, resulting in the adjusted equity ratio remaining stable at 28.6% (versus 28.9% at the end of 2020).

In 2021, the Group posted a positive operating cash flow, which amounted to EUR 6.221 million, compared to EUR 5.561 million in 2020, mainly driven by an improved profitability and a decrease in working capital.

Investment cash flow equalled to EUR -14.233 million in 2021 compared to EUR -20.171 million in 2020, mainly related to work in progress in Hungary and Australia, the investment in Lerta, and the sale of the Maryvale project.

Financial cash flow amounted to EUR 30.625 million in 2021, compared to EUR 12.097 million in 2020, coming from the sale of existing shares for EUR 7.7 million in June 2021, the early repayment of our Czech portfolio financing, the proceeds from the Green bond placement, and in line with scheduled repayments of bank financing and interest expenses.

Overall, the cash position increased to EUR 32.506 million at the end of 2021 compared to EUR 9.893 million the end of 2020, making our financial situation solid and allowing the company to deliver on its strategic objectives.

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	2021	2020
Total liabilities	145,080	118,790
Less: Liquid assets	39,362	14,290
Net debt	105,718	104,500
Total equity	51,538	40,133
Net debt to equity ratio at 31 December	**2.035**	**2.61**

Equity ratios:

In thousands of EUR	2021	2020
Full Equity ratio	26.2%	25.2%
Adjusted Equity ratio (for bond governance)	28.6%	28.9%

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)

- 2021: 0.74
- 2020: 0.75

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

- 2021: 2.81
- 2020: 2.96

Current Ratio (Current Assets/Current Liabilities)

- 2020: 1.59
- 2020: 1.56

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

- 2021: 2.92%
- 2020: -0.32%

Strategy Execution in 2021

Strategy 2021	Result
Increase the production of clean energy by expanding our global electricity generation capacity of our proprietary portfolio of PV power plants.	For the first time, we surpassed 100 GWh of clean electricity production, with 103.4 GWh generated in 2021, a 48% increase from 2020.
Acquire new PV projects to develop, design and construct for our proprietary portfolio, supporting the growth of a recurring revenue stream from clean electricity generation with a focus on Australia, Hungary, Poland and Romania.	A total of 291 MWp was added to our project pipeline in Hungary, Poland and Romania. In Australia, we committed to the development of our first project using RayGen technology. The project is planned to have a generation capacity of 300 MWp and an energy storage capacity of 3.6 GWh.
Grow our PPA business and the construction of commercial behind-the-meter PV projects for industrial customers and off-takers in Australia and in Europe.	Our team is expanded to include specialists dedicated to capitalising on the fast growing interest in behind-the-meter projects.
Compete for PV projects in locations that require a tailor-made, integrated approach to the application of PV technology, combining clean energy generation with energy storage solutions.	Our installation on Lord Howe Island was commissioned, a hybrid generation/storage system purpose designed for this remote location.
Continue to provide O&M services that allow PV power plants to run smoothly at high generation levels and increase revenues while reducing risks for our customers.	Stable capacity under contract 309 MWp in 2021 compared to 2020, with a market entry in Poland.
Procure and trade PV components through cooperation with PV technology manufacturers.	Our trading volume was increased, generating revenue of EUR 9.221 million, up 21.6% from 2020.
Deploy remediation solutions for groundwater contamination, with a focus on PFAS nanoremediation.	We continued our trial project for the Australian Government Department of Defence, implementing our proprietary in-situ PFAS remediation technology.

Strategy for 2022 and Beyond

The objective of the Group's strategy remains the expansion of recurring revenue streams while increasing the Group's value as well as the value of its customers. The Group's strategic goals in individual business segments include:

- **Investments:**

  Expand the Group's proprietary portfolio of utility-scale and behind-the-meter PV and RayGen PV Ultra power plants from 95 MWp to a total installed capacity of 600 MWp in operation. Furthermore, by year-end 2024, the Group intends to control a solar energy project pipeline at various stages of development – including both projects developed in-house and co-developments – of 1.5 GWp to drive further growth beyond 2024.

- **Energy Solutions:**

  Further grow engineering, procurement and construction (EPC) activities by leveraging existing experience and know-how into customised grid-connected and decentralised energy generation solutions in combination with cutting-edge energy storage technologies.

  Expand the Group's PPA business and the construction of commercial behind-the-meter PV projects for industrial customers and off-takers in Australia and in Europe.

  Compete for PV projects that aim to address the need for clean energy in locations which require a customised approach to the design complete energy systems, which would combine the generation of clean energy with energy storage solutions. Such PV projects require an integrated approach in the application of PV technology, which, in the Board of Directors' opinion, the Group is well positioned to provide.

- **Operations and Maintenance:**

  Grow the Group's operations and maintenance (O&M) services to maximise the energy generation output of both proprietary and third-party power plants and to optimise the useful life of PV assets. By year-end 2024, the Group intends to have 1.0 GWp of proprietary and third-party power plants under contract, up from the current total capacity of 300 MWp.

- **Technology Distribution:**

  Benefit from the boom in the solar energy industry and utilise existing economies of scale through a business-to-business online sales platform to generate additional trading revenues from PV modules, inverters, batteries, and other components.

- **Water Solutions:**

  Grow the Group's suite of water services and products and become a leading worldwide player in the PFAS remediation industry on the back of its proprietary patent-pending nanoremediation technology, as well as other technologies currently under development, so as to develop the Group's water business line into the second pillar of the Company's activities.

The Group also intends to continue to disrupt and transform the PV industry. This is illustrated by the recent strategic investments in RayGen, a company specialising in high-efficiency concentrated PV generation with thermal absorption and storage, and in Lerta, a developer of Virtual Power Plant technologies and energy market services.

Shareholder Structure

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 Company.

There is no limitation on transfer of the Company's shares with the exception of the restriction imposed on employees who hold shares based on the Company's Employee Share Purchase Programme (ESPP). According to the ESPP, employees are not allowed to sell their shares acquired through the ESPP as long as they are employees.

In addition, certain restrictions are imposed on the Company to acquire and hold its own shares. Under Article 9.1, the Company may only acquire fully paid-up shares in its own share capital for no consideration or provided that the Company's equity minus the acquisition price is not less than the aggregate amount of the issued share capital and the reserves which must be maintained pursuant to the law. No acquisition pursuant to Article 9.1 shall be permitted if a period of six months following the end of a financial year has expired without the annual accounts for such year having been adopted.

Share Capital as of 31 December 2021

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						

The number of issued shares by the Company amounts to 60,000,000. As of 31 December 2021, to the knowledge of the Management, the shareholder structure was as follows. As of 31 December 2021 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.	21,775,075	*36,29%*	21,775,075	*38,71%*
Solar Power to the People Cooperatief U.A.	20,843,375	*34,74%*	20,843,375	*37,05%*
Photon Energy N.V.	3,747,635	*6,25%*	0	*0,00%*
Free float	13,633,915	*22,72%*	13,633,915	*24,24%*
Total	**60,000,000**	***100.00%***	**56,252,365**	***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 38.71 % of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 37.05 % of votes, via Solar Power to the People Coöperatief U.A. and directly 0.18% of votes at the Shareholders Meeting.

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.

Transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the company are agreed on terms that are customary in the market. In compliance with the best practice provision 2.7.5 of the Dutch Corporate Governance Code, such transactions are detailed in the table below. The Supervisory Board approval for the transactions listed below was not formally documented.

The following loans have been granted to the Managing Directors by the Company or the Company's affiliated entity.

In thousands of EUR	Total Loan Amount as of 31 December 2021
Georg Hotar, Managing Director and CEO	556
Michael Gartner, Managing Director and CTO	84

The loans bear an interest rate of 3% and are repayable on 31 December 2022.

Culture and Values

Good corporate governance is essential to creating an atmosphere of trust and building solid, lasting relationships with stakeholders, from suppliers to investors, in accordance with the Group's values.

A supervisory board and an audit committee were established on 4 December 2020. Both bodies are comprised of two members: Boguslawa Skowronski and Marek Skreta, appointed to a four-year term of office. These changes to the Group's corporate structure were connected to the transfer of its share listings to the regulated market of the Warsaw Stock Exchange and the standard market of the Prague Stock Exchange, 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.

Both members not only possess extensive experience as entrepreneurs and executives at international institutions, but also know Photon Energy Group and its end-markets extremely well, and the membership consists of both a man and a woman.

Governance Best Practices

As of 5 January 2021 the Company was admitted to trading on the regulated markets of the Warsaw Stock Exchange (WSE) and the Prague Stock Exchange (PSE). It therefore became mandatory to follow the WSE Best Practices and the Dutch Corporate Governance Code.

The WSE Best Practices is a set of recommendations, principles, best practices 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 way 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 information.

The application of the principles and best practice provisions of the Dutch Corporate Governance Code is also subject to the "comply or explain" (pas toe of leg uit) principle. 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.

More information can be found in the Company's Corporate Governance report.

Supervisory Board

The Supervisory Board is responsible for supervising and advising the Board of Directors. In exercising its role, the Supervisory Board follows the applicable law, the Articles of Association of the Company, Dutch Corporate Code of Conduct, Rules of Procedure of the Supervisory Board, and the Company's interests. It is a separate body that operates independently of Photon Energy Group's Management Board.

In 2021, the Supervisory Board met 9 times. In the meetings, the Supervisory Board discussed the financial plan 2021, quarterly results for 2021, the outcome of the audit and financial statements, current operational, financial and legal affairs, the private placement of the Company's shares, the Company's green bond, the current situation on energy markets, the Company's strategy and internal risk management, which was assessed as sufficient.

A Remuneration Policy and the Supervisory Board Profile were also approved in March 2021, as well as the financial statements 2020. Furthermore, the Supervisory Board reviewed the Company's compliance report with the Dutch Corporate Governance Code and the Warsaw Stock Exchange Best Practices. Both of these governance codes reflect best practices and supplement the general principles of good corporate governance. As part of the Company's obligations, information on the principles and best practices the Company departs from as of the date of the annual report along with a corresponding explanation, is provided in the Company's Corporate Governance report.

The Supervisory Board also prepared the Remuneration Report for 2021, which will be presented to the upcoming Annual General Meeting.

Audit Committee

Photon Energy Group'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 its internal risk management and control systems. The committee maintains contact with the external auditors and monitors the Board of Directors in connection with the company's funding, tax policy and application of IT technology, especially with respect to cybersecurity.

Further information on the Group's corporate governance can be found in the Corporate Governance report.

Anti-corruption and Anti-bribery Policy

The Board of Directors is committed to ensuring that all employees, customers and suppliers act in an ethical manner and that stakeholders are not the subject of unethical behaviours such as corruption, bribery, extortion or insider trading. Photon Energy Group believes in free competition and will complete fairly, through honest business practices.

An anti-corruption and anti-bribery policy has recently been implemented within the Company, and an ad-hoc disciplinary committee has been introduced, composed of representatives from the Group's HR and Legal departments, a Member of the Board and a Compliance Officer. This committee will be assembled to discuss any breaches of our anti-corruption and anti-bribery policy and decide on the necessary course of action.

This policy was updated in February 2022 to include rules on providing and receiving gifts, as well as reporting violations in accordance with the rules of the Photon Energy Group Misconduct Reporting Policy, developed after the reporting period in March 2022.

Insider Trading Policy

An insider trading policy is signed by all Group employees along with their contract of employment. This policy was developed to make sure employees understand their obligations to preserve the confidentiality of undisclosed information and to protect them and the Company against legal liability. Employees who have permanent access to confidential information are subject to trading restriction periods and to trading notifications. They are reminded of their obligations on a quarterly basis.

Code of Ethics

The foremost objective of the Group's Code of Ethics is to share and divulge the values that Photon Energy Group acknowledges and accepts, at all levels, in order to provide all of the Company's partners, management and employees with guidance in ethical decision making. It contains a section with specific rules of conduct for the area of purchasing and procurement.

The document was updated in February 2022, after the reporting period, to integrate principles regarding the prohibition of gender-based violence and harassment (GBVH).

Risk Management

The Group's risk management policies were established to identify and analyse 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.

The Group considers governance of top business risks a high priority. It focuses on risks with a high impact on the business and/or high probability of occurrence, taking into consideration the Group's risk appetite. Our risk appetite refers to the nature and extent of risks we are willing to incur to achieve our strategic objectives. Among others, the risk appetite considers revenue growth, earnings sustainability, environmental impact, employee well-being, health and safety, and value creation for all stakeholders.

The Group regularly reviews risk appetite.

For all the risks listed in this report, control measures are in place, and no shortcomings occurred in 2021.

In 2021, the Supervisory Board performed a review of the internal risk management systems, controlling and legal compliance policies The assessment included the evaluation of the existing processes in place, human resources, its competences, and responsibilities as well as the reporting structure within the organization. The Supervisory Board performed the analysis through consultations with responsible personnel, by analysing the procedures and evaluating whether adequate resources are in place.

Compliance Management

The Group has a very low risk acceptance level with regards to risks relating to compliance with legislation and regulations. The Group's Code of Ethics and Anti-bribery and Anti-corruption Policy act as control measures against bribery and corruption, alongside the Misconduct Reporting Policy.

Tax policies are formulated by both the Group and individual companies. The Group generally follows the rules to tax profits in the countries it provides its services. The Group does not engage in any aggressive tax planning or structuring activities. There is no formalised tax policy, however certain procedures are in place:

1. The Group engages certified tax advisors in each country in which it operates to comply with local tax requirements.
2. The Group regularly monitors developments in taxation and related areas and continually evaluates their impact on the Group. Identified tax risks are regularly monitored and evaluated.
3. The Group undertakes analysis of tax risks before entering new markets.

Principal Risk Related to the Group's Business and the Industry in Which It Operates

Risk of Dependence on Support of Photovoltaics

The Group is dependent on the economic development of the photovoltaic market. In the majority of countries worldwide, the photovoltaic sector is not yet competitive without state subsidy programs, especially in comparison with the use of conventional energy sources (e.g. nuclear power, coal, and natural and shale gas). Therefore, the commercial operations of the Group are influenced by the continuation of state-managed subsidy programs for photovoltaics.

In September 2021, an additional 10% solar levy was introduced in the Czech Republic for the PV power plants put into operation in 2009 and 2010. In July 2021, the Slovak Republic decided to prolong and reduce the feed-in tariff for PV power plants connected in 2010 and 2011 (see details in 5.1 of the notes to the financial statements).

The aforementioned factors could have a materially adverse effect on the liquidity and the assets, earnings and financial position of the Group. The Group has assessed the probability of risk as high, with a potentially material impact on the Group's operations and financial results.

Risk Associated with the Valuation of Special Purpose Vehicles

In its Audited Consolidated Financial Statements, the Group is using for revaluation of the special purpose vehicles (SPVs) and its property the so-called Discounted Cash Flow (DCF) method based on IAS 16 rules. In the financial statements, the updated value is higher than the purchase price, and consequently also above the acquisition costs. There is a risk that the assumptions and foundations of the evaluation will prove to be incorrect or overly favourable and that extraordinary impairment in the balance of the company will be necessary. Extraordinary impairment of this kind would profoundly harm or burden the balance sheet as well as the results of the Group's the operating activities.

The Group assesses the probability of this risk as medium, with a potentially moderate impact on the Group's operations and financial results.

Risk Associated with Projects in the Pipeline

In addition to the continued monetisation its current portfolio of photovoltaic installations in operation, the Group also intends to develop and either sell or operate additional PV projects, including both projects developed by the Group and those acquired from third parties. Development and/or acquisition of a project is always based on an economic calculation which involves certain assumptions, such as the development of market interest, feed-in tariff, electricity prices or the price of green certificates. If these assumptions should prove to be incorrect, or if certain factors develop differently to what was planned, this could have an adverse effect on the profitability of a PV installation.

All of the aforementioned factors could have a material adverse effect on the Group's business, results of operations or prospects. The Group assesses the probability of this risk as medium, with a potentially moderate impact on the Group's operations and financial results.

Regulatory Risk

In the countries where the Group operates, the market for solar projects, solar power products and solar electricity is heavily influenced by national, state and local government regulations and policies concerning the electricity utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing. It is the Group's intention to integrate PV power plants i that are not supported by the state into its portfolio. However, in these cases there is the risk of reduced income from the integrated power plants due to falling electricity prices. In the worst-case scenario, there could be low or no positive operational cash flow generated, which in turn would lead to a situation where there can be no pay-outs to the Group. The Group intends to actively manage the revenues from merchant power plants using electricity market hedging instruments (where available) and/or by entering into PPA agreements with various durations and volumes.

Depending on their scope, any of these circumstances could have a potentially adverse influence on the Group's financial situation, status and results. The Group assesses the probability of risk as medium, with a potentially moderate impact on the Group's operations and financial results, mitigated by the Group's geographical diversification.

Principal Financial Risks

The Group has exposure to the following financial risks:

- Sovereign
- Operational
- Currency
- Credit
- Liquidity
- Interest Rate
- COVID-19

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 could be adversely affected by political or regulatory developments that negatively impact the income streams of installations in the portfolio. A number of countries have already enacted retroactive measures that renege on existing agreements, guarantees and legislation. These measures include levies, the cancellation of contracts, renegotiating terms unilaterally, and reducing, or in some cases cancelling, feed-in tariffs (FiTs) 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 the Group 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 local legal systems to enforce the award.

Operational Risk

The economic viability of energy production using photovoltaic 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 of 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 PV installations. On the investment side, the Company faces uncertainty in relation to the approval process for the construction of PV installations, grid connections and the investment cost per KWp of installed capacity. The operating and financial results of the Company could be seriously affected by a sudden or significant change in the regulatory environment in any of the countries where the Company or its subsidiaries conduct business.

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 mainly denominated in CZK, EUR, AUD, CHF and HUF. The Group does not manage the foreign currency risk through FX derivatives, but 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.

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 Rate Risk

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

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

COVID-19 Risk

COVID-19 risk is the risk of negative impacts of the current pandemic on the Group's business activities. Upon the outbreak of COVID-19, the Group implemented continuity plans as well as health and safety procedures to ensure that all employees and contractors are compliant with safety measures and government directives. The Group's electricity portfolio of 87 PV power plants with a total installed capacity of 90.5 MWp has not been impacted by the pandemic, and is producing electricity as usual. The Group's Operations and Maintenance division is largely capable of providing its services with employees working from home, with some working on-site when necessary. The Group's other activities, such as EPC services, PV component trading and project development are more vulnerable to these exceptional circumstances but have not been significantly impacted.

Climate Change-related Risks

Climate change represents both strategic and operational risks to our business. These can be grouped as physical risks and transitional risks. Physical risks include greater severity of flooding, droughts or other extreme weather events which could disrupt our operations and supply chain. Transitional risks range from regulatory frameworks and the rising price of carbon to the viability and customer acceptance of emerging technologies. Another transitional risk is our ability to set and meet Paris-aligned targets.

Our actions related to climate change mitigation are detailed in the Group's Sustainability report.

Physical risks

Risk of Natural Disasters

The Group's business could be materially and adversely affected by natural disasters or other catastrophes, such as earthquakes, fires, floods, hail, windstorms, severe weather conditions and environmental accidents, which could potentially cause power loss, communication failures, explosions or similar events. As a result of any damages to the Group's facilities, the Group could have to temporarily suspend part or all of its facilities' operations. Furthermore, authorities could impose restrictions on transportation and implement other preventive measures in affected regions to deal with a catastrophe or emergency, which could lead to the temporary closure of the Group's facilities and declining economic activity at large. Moreover, if a natural disaster results in the damage of any of the Group's PV power plants, the Group's ability to fulfil its liabilities may be considerably impaired, particularly if the damage is not covered by insurance.

All of the aforementioned circumstances would have a significantly adverse effect on the Group's financial situation, status and results. The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results thanks to the geographic diversification of the Group's business.

Meteorological Risk

The performance and therefore the earning potential of the companies within the Group are often dependent upon meteorological conditions. Certain revenues for a generated kWh of energy are admittedly guaranteed on the basis of the state subsidy programs; however, the volume of energy generated depends on the period of sunshine and the sun's radiance. The Company's subsidiaries have used certain historically based assumptions in cash flow planning. It is, however possible that climatic conditions could change in the future and that predictions regarding weather patterns and hours of sunshine could prove incorrect. In cases such as these, electricity generation at PV power plants would be below the expected level, adversely affecting the installation's liquidity and the asset, financial and earnings positions of the respective project companies and on the Group as a whole.

The earnings from PV power plants are subject to seasonal fluctuations in the weather. As such, earnings are higher in the summer months and fall off significantly in winter. The companies within the Group try to adapt their payment obligations, especially with regard to interest and loans, to incoming payments. However, it cannot be rules out that such adaptations may not always be possible, which could result in an adverse effect on the asset, financial and earnings position of the Group. With the realisation of investment projects in Australia, the overall financial liquidity of the Group will become less seasonal due to the diversification of locations in the northern and southern hemispheres.

The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results.

Transitional risks

Environmental Risk

In environmental matters, the Group must comply with laws, regulations and directives valid in the location of each PV power plant; these laws regulate such things as airborne emissions, sewage, the protection of soil and groundwater as well as health and safety. Transgressions against these environmental provisions can be pursued according to civil, criminal and public law. In particular, temporary provisions could encourage a third party to begin a legal process or to demand costly measures to control and remove environmental pollution or to upgrade technical facilities. The properties necessary for PV power plants are partially owned by the respective SPV. It cannot be ruled out that sites may be contaminated. The respective SPV is responsible for the removal of any pollution, regardless of the cause. This could result in liability risks and costs related to administrative orders or requirements.

All of these circumstances could have a negative impact on the financial situation, status and results of the Group. The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results.

Climate governance

At Photon Energy Group, sustainability is a core value, viewed as central to the continual growth and success of any business. A key element of the Group's increasing focus on sustainability is the development of strong ESG practices. In adopting a strategic approach to sustainability, the Group addresses material external risks, to become more resilient and adaptable in the face of challenges such as climate change and creating a space for new ideas and creative responses. In 2020, we laid the foundations for strategic management, controlling and reporting practices that are fully geared toward sustainability. A sustainability department was created to work closely with the board of directors and representatives from several business units within the Company. The objective of the department is to monitor the strategic coordination of the Company's sustainability plans.

100% of our revenue is connected to activities adding sustainable value to the environment. Beyond the Company's work developing solar energy and clean water solutions, various policies are in place to ensure that our dedication to environmental causes is also reflected in our internal practices:

- 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 generally do not use chemical fertilisers or pesticides for landscape management.
- For the cleaning of PV panels, we use only demineralised water, no 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 to have a positive impact on the local economy through job creation.

Corporate Social Responsibility

ESG Key Performance Indicators

The Company's internal policies were reinforced to achieve a more efficient and effective integrated management system by utilising the following performance objectives: environment, quality, and workplace health and safety. The Company's ESG key performance indicators are the following:

Environmental Data	2020	2021
Percentage of revenues connected to activities which create sustainable value	100%	100%
Clean energy generated by our Proprietary portfolio of PV power plants	70.0 GWh	103.3 GWh
CO_2e savings	29,799 tonnes	43,867 tonnes *(+47.8%)*
Social Data		
Number of full-time staff / number of employees	133 / 136 *(98%)*	141 / 144 *(98%)*
Percentage of female employees	33%	37%
Nationalities	21	18
Number of employees who completed training courses	50 / 136 (37%)	64 / 144 (44%)
Lost time injuries	0	0
Governance Data		
Contributions to political parties as percentage of total revenues	0%	0%
Claims against the Company ruled by a court as a percentage of total revenues	0%	0%
Responsible procurement, subjected to due diligence	na	95% of our technology purchases

Social Commitments

The renewables industry is burgeoning, with a rapidly increasing workforce. Within this fast-growing industry, a major challenge for employers is to recruit, onboard and train new talent to enable continued expansion.

The Company supports and provides ongoing training and professional development, especially in areas related to health and safety – in particular training for accreditation for electrical work – workstation training for the adoption of new tools and the development of other competencies such as linguistic skills. In March 2022, we instituted an anti-corruption training program.

We never engage in the use of forced or child labour, nor do we condone the mistreatment of individuals. In view of the high labour and legal standards in the European Union and Australia, the risks of human rights violations and violations of labour law – such as child and forced labour or the suppression of freedom of association – are extremely low.

The Company's social commitments are the following ones:

- Stringent health and safety policies and procedures are in place, and all employees are responsible for complying with any applicable laws and regulations.
- The Group embraces all forms of diversity and provide equal employment opportunities without regard to gender, race, religion, disability, sexual orientation or age.
- The Group provides an open, inclusive and non-retaliatory work environment, and discrimination of any kind is not tolerated.

  The Company ensures that all employees are treated equally and objectively in opportunity and remuneration, using merit-based criteria.
- The Company understands its obligation to protect the privacy of our customers and suppliers.

ESG developments in 2021

ESG Management

- Publication of our first annual **Sustainability Report.**
- **Rating of** 'very good'and 75/100 received from sustainability rating agency imug | rating, the second highest rating possible (photonenergy.com/uploads/sustainability/imug-sustainability-rating-photon-energy-nv-2021-one-pager.pdf).

Our Green Bond Issuance

- We received a Second Party Opinion from imug | rating for our first green bond issuance in November 2022 (photonenergy.com/uploads/investors/green-bond/imug-spo-photon-energy-2021-10-15.pdf).
- Our **Green EUR Bond is rated 'attractive'** by KFM Deutsche Mittelstand AG.
- We received the "**Best Issuer Green SME Bonds 2021**" award from Bond Magazine.

ESG Actions

- Tracking of our **carbon footprint** across Scope 1, 2 emissions.
- Audit of **waste management** practices at our offices.
- **Pilot biodiversity projects** in Australia and in the Czech Republic.
- Establishment of **HR key performance indicators**.
- Internal **ESG survey** conducted to ensure that our team is directly involved with the development of our practices.
- Additional measures implemented to mitigate **supply-chain related risks**.
- Creation of a **whistleblowing system** to report concerns.
- Preparation of **anti-bribery and anti-corruption training**.

Sustainable Investments

In 2021, the net proceeds of the Group's first green bond amounting to EUR 53.8 million were allocated to:

- New projects in development in Hungary and Romania for a total of EUR 3.5 million, including a EUR 1.5 million allocation to one PV power plant in Tolna, which was commissioned in December 2021. This PV power plant is our first ever merchant project in Europe. The remaining EUR 2.0 million was allocated to projects in development/under construction.
- The refinancing of our existing EUR Bond 2017/2022, by the means of an exchange offer for EUR 21.3 million.
- Liquid assets for a total amount of EUR 29.0 million.

With our allocated green bond proceeds, we support progress towards the Paris Agreement and aspire to have a transformative impact on the UN Sustainable Development Goals: #7 on affordable and clean energy and #13 on climate action.

The Tolna PV power plant commissioned in December 2021 is expected to generate approximately 2.1 GWh per year, corresponding to an estimated avoidance of 68 tonnes of CO_2e emissions.

The estimated annual electricity generation of projects in development/in construction amounts to 1,319 GWh, which would correspond to an estimated avoidance of 794,377 tonnes of CO_2e emissions.

Research and Development

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

Personnel

As of 31 December 2021, the number of staff employed by the Group was 144 (31 December 2020: 136). Management expects that the number of employees in 2022 will be higher compared to the current year.

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 2021, employees were entitled, in line with the ESPP, to 48,044 shares (a value of EUR 98 thousand), compared to 62,866 shares (a value of EUR104 thousand) in 2020. The Company expects to continue with the programme in 2022.

Going Concern

Management Statement

In preparing these accounts on a going concern basis, the Management used its best estimates to forecast cash movements over the 12 months following the date of these accounts. As of the date of this report's publication, the Management believes the Company will be able to repay its liabilities and ensure the further development of the Group.

Anti-Takeover Measures

There are no ongoing agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid. No anti-takeover measures have been implemented.

Subsequent Events

Acquisition of Subsidiaries Previously Owned by Raiffeisen – Leasing, s.r.o.

Following the early repayment of the remaining project financing of its Czech PV portfolio provided by Raiffeisen – Leasing, s.r.o. ('RL') on 30 December 2021, the Group exercised the call option for purchase of 100% shares in RL's SPVs on 17 January 2022 and became sole shareholder of the related SPVs (see Overview of Entities in note 38 to the financial statements).

Additional Investment into Lerta S.A.

Following the execution of a convertible loan agreement, 2,500,000 newly issued shares in Lerta S.A. were registered on 7 February 2022. Photon Energy N.V. now holds 4,129,728 shares in Lerta S.A., representing 23.98% of the capital.

Following the registration of new shares and due to the fact that the Group has obtained significant influence (but not control) over Lerta S.A.'s financial and operating policies, the investment will be subsequently reclassified into investments in equity-accounted investments and the Group will recognise its share of the profit or loss, as well as other comprehensive income, from the date that the new shares were registered.

43.5 MWp Switching to Merchant Electricity Sales

The Group is set to temporarily switch all Hungarian PV power plants in its proprietary portfolio – currently receiving support on the basis of KÁT-licenses and METÁR-KÁT-licenses – to merchant operations, selling electricity on the Hungarian day-ahead market. This will allow the Group to benefit from recent increases in electricity prices. This switch will be effective from 1 April 2022 and is based on the Hungarian government decree allowing PV power plants to temporarily exit support schemes and to return to the respective schemes at any time after a 12-month period. The Group has also permanently opted out of six of ten METÁR licenses for its PV power plants in Puspokladány and will be selling the produced electricity on the Hungarian day-ahead market effective from the same date. The Group's portfolio of KÁT- and METÁR-KÁT-licensed PV power plants consists of 51 units with a total installed capacity of 35 MWp. The six METÁR-licensed PV power plants which have permanently exited the support scheme have a combined installed capacity of 8.5 MWp and the four METÁR licensed PV power plants remaining in the support scheme have a total installed capacity of 5.6 MWp. Based on production forecasts as well as the closing Hungarian baseload futures prices on the European Energy Exchange (EEX) in Leipzig on 25 February 2022, the Group's Management Board has calculated that in Q2, Q3 and Q4 2022 its Hungarian PV power plant portfolio (excluding the merchant plant in Tolna) is projected to generate electricity sales revenues of EUR 10.3 million, compared to EUR 5.0 million (based on the feed-in tariff/contract-for-difference rate of HUF 35,540/EUR 97.10). More than 95% of these additional revenues are expected to feed through to the Group's consolidated EBITDA. As in the rest of Europe, energy prices in Hungary have been highly volatile in recent months. As a result, the final results of these changes may differ materially. The Management Board is convinced that, based on the current electricity market outlook for the following 24 – 36 months, this mostly reversible exit from the Hungarian support scheme will greatly improve the Group's profitability and maximise the return on investment for its Hungarian portfolio.

Russian Invasion of Ukraine and the Imposition of International Sanctions

The Russian invasion of Ukraine that started in February 2022 and the resulting international sanctions may have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally. Photon Energy Group is carefully monitoring developments. As the Group has no direct investment nor any ongoing business relationships in these countries, no direct impacts are expected to the Group, but economic sanctions on individuals and organisations could impact our clients, business partners and their affiliates, customers, counterparties, or suppliers/vendors.

Board of Directors Statement

The Board of Directors has assessed the effectiveness of the design and operation of the internal control and risk management systems.

On the basis of this report, and in accordance with:

- best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016, and Article 5:25c of the Financial Supervision Act,
- the aforementioned assessment, the current state of affairs,

and to its best knowledge, the Board of Directors declares that:

- The report gives sufficient insight into any shortcomings in the operation of the internal risk management and control systems.
- The aforementioned systems provide a reasonable degree of assurance that the financial reporting does not contain any material misstatement.
- Drawing up the financial reporting on a going concern basis is justified based on the current state of affairs.
- The Director's report states any material risks and uncertainties that are relevant with regards to the expectation of continuity of the Company for a period of 12 months after drawing up the report.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

In view of the above, the Board of Directors declares that to the best of its knowledge:

- The annual accounts give a true and fair view of the assets, liabilities, financial position and results of the Company and the subsidiaries included in their consolidation.
- The Directors' Report gives a true and fair view of the situation as of 31 December 2021 and of the state of affairs of the company and its consolidated subsidiaries in the 2021 financial year, the details of which are included in its annual accounts, and that the Directors' Report describes the main risks faced by the company.

Amsterdam, 11 April 2022

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

Corporate Governance Report

Photon Energy Group is committed to high ethical standards, conducts its business and operates in compliance with applicable laws, regulations and generally accepted practices for good corporate governance

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 they apply the provisions of the Dutch Corporate Governance Code and if they do not apply those provisions, to give the reasons for such non-application. 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.
The full text of the Dutch Corporate Governance Code can be found on the webpages of the Corporate Governance Monitoring Committee (Home | Monitoring Commissie Corporate Governance (mccg.nl)).

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
Chapter 1. Long-Term Value Creation	
Internal Audit Function (Principle 1.3)	**Partially applied.** The Company partially adheres to this principle. An explanation of how the Company departs from the principle is based on the analysis of the individual best practises 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. These procedures are being supervised by the Board of Directors. The appointment of the Audit Specialists happened only informally by the Board of Directors. The Supervisory Board performed an annual assessment of internal audit procedures and included its conclusions with regards to the existing alternative measures, along with any resulting recommendations, in the report of the Supervisory Board.
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 practises discussed below.
Functioning and appointment (best practice 1.6.1)	**Partially applied.** The Supervisory Board confirmed the nomination of the external auditor submitted by the Board of Directors in the course of the reporting period. Supervisory Board will **submit** the nomination of the external auditor to the general meeting in the year 2022.
Engagement (Best practise 1.6.3)	**Partially applied.** The Supervisory Board confirmed the nomination and recommended the engagement of the external auditor. The Management Board engaged the external auditor in the course of the reporting period.
Chapter 2. Effective Management and Supervision	
Composition and size (Principle 2.1)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Executive committee (Best practice 2.1.3)	**Not applicable.** 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, for example as a necessity for the proper performance of the supervisory functions.
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 historically consisted of two founding members only, it was not possible to apply the same diversity policy to the Board of Directors. The Company is committed to ensure that the Supervisory Board defines diversity policy for the Board of Directors during the course of 2022, which will serve as a guidance in the recruitment process, in case there is a need to appoint new members to the Board of Directors
Accountability about diversity (Best practice 2.1.6)	**Not applied**. The target minimum participation of the minority group of at least 30% was achieved in case of the composition of the Supervisory Board. Due to the size of the Board of Directors, the target minimum participation of the minority group of at least 30% was not achieved. For more details, please see explanation in point 2.1.5.
Appointment, succession and evaluation (Principle 2.2)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below. 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. in Articles of Association.
Succession (Best practise 2.2.4)	**Not applied.** The succession plan for the Board of Directors and Supervisory Board was not implemented in the curse of the reporting period. Succession plan will be executed during the terms of the year 2022.
Duties of the selection and appointment committee (Best practice 2.2.5)	**Not applicable.** 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.

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
Culture (Principle 2.5)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises 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)	**Not applied.** The misconduct reporting procedure was not implemented in the course of the reporting period 2021.The procedure for reporting actual and suspicion of misconduct was approved and established within the Company in February 2022.
Procedure for reporting actual or suspicion of misconduct or irregularities (Best practise 2.6.1)	**Not applied.** The best practise was applied since February 2022 (Please see explanation in point 2.6)
Preventing conflict of interest (Principle 2.7)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises 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	
Determination of management board remuneration (Principle 3.2)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Remuneration committee's proposal (Best practice 3.2.1)	**Not applied.** This best practise was not applied in the course of the reporting period. Proposal for the remuneration of individual members of the management board for the year 2022 will be submitted by the remuneration committee/Supervisory Board to the general meeting.
Accountability for implementation of remuneration policy (principle 3.4)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
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 how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
Policy on bilateral contacts with shareholders (Best practice 4.2.2)	**Not applied.** The Company does not have such policy in place. The Company was listed on the unregulated market and its investor base consisted mainly of retail investors.
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.
Casting votes (principle 4.3)	**Partially applied.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
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.
Issuing depositary receipts for shares (Principle 4.4)	**Not applicable.** An explanation how the Company deviates from this principle is based on the analysis of the individual best practises discussed below.
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.

A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

In accordance with the WSE Best Practices, companies listed on the main 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, principles, best practices 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.

No.	Principle / Best Practice	Comments of the Company
	1. Disclosure Policy, Investor Communications	
1.4.2	Present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.	***The principle is not applied*** Due to the size of the Company, 140 employees within 10 different locations, with different Labour codes and standards of living, the use of a common remuneration policy is not relevant. Equality principles applied throughout the Group are described in the Code of Ethics. The Company ensures that all employees are treated equally and objectively in opportunity and remuneration, using merit-based criteria.
1.5.	Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.	***The principle is not applied*** The amount of expense incurred by the Company and related to culture, sports, charities, media, social organization, trade unions and etc during year 2021 was immaterial in the context of the Group's overall business, hence this principle is applied
	2. Management Board, Supervisory Board	
2.1.	Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.	***The principle is not applied*** The diversity policy was drawn up as a part of the Supervisory Board profile, which is published on the Company's website. This policy assumes that the Supervisory Board strives for a mixed composition in respect of gender, age, nationality and background. Its aim is to have a composition consisting of at least twenty five percent (25%) female members and at least twenty five percent (25%) male members. The actual ratios meet the diversity criteria defined in the Supervisory Board policy in case of Supervisory composition Board. The policy assumes also that in case the actual situation differs from the diversity as aimed for in the Supervisory Board's profile, the Supervisory Board shall account for this in the annual report of the Company, including an indication how it expects to achieve this aim in the future. Due to the size of the Board of Directors, which historically consisted of two founding members only, it was not possible to apply the same diversity policy to the Board of Directors. The Company is committed to ensure that the Supervisory Board defines diversity policy for the Board of Directors during the course of 2022, which will serve as a guidance in the recruitment process, in case there is a need to appoint new members to the Board of Directors.
2.2.	Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.	***The principle is not applied*** The target minimum participation of the minority group of at least 30% was achieved in case of the composition of the Supervisory Board. Due to the size of the Board of Directors, which consists of two members - founders only, the target minimum participation of the minority group of at least 30% was not achieved.
2.7.	A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.	***The principle is not applied*** The principle is not fully applied however in the Rules of Procedure of the Supervisory Board point 3.2 states that "Management Board members and Supervisory Board members, shall report any other positions they may have to the Supervisory Board in advance and, at least annually, the other positions should be discussed at the Supervisory board meeting". This partially mitigates the risks which are addressed by this principle.
2.11.5.	In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following: assessment of the rationality of expenses referred to in principle 1.5;	***The principle is not applied*** Please see the explanation in point 1.5

No.	Principle / Best Practice	Comments of the Company
	3. Internal Systems and Functions	
3.1.	Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.	***The principle is applied*** The Company maintains efficient control, risk management, internal audit and compliance systems, adequate to the current size of the business. Due to the small size of the Company the tasks of the risk management and controlling was carried out by internal, financial specialists who are reporting directly to the Board of Directors. The function of internal audit unit is performed by internal audit specialists, with competence and knowledge of accounting and auditing procedures. The compliance function was carried out by the Chief Legal and Compliance Counsel, who is directly reporting to the Board of Directors. During the course of year 2021, the Supervisory Board assessed the existing risk management, controlling systems and internal audit measures and further details on this evaluation can be found in the Supervisory Board report for year 2021.
3.2.	Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.	***The principle not applicable.*** The Management Board and Supervisory Board believe that the current organization and resources responsible for the individual systems are sufficient and adequate to the size of the Company and specifics of its business. Given the nature of the Company's business, it seems reasonable to keep risk management and controlling department integrated as a part of the financial department, as they all provide necessary input for the investment decisions. This ensures that both financial and non-financial information is collected, analysed, and processed within the same department and the most optimal business decision is taken.
3.6.	The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.	***The principle is not applied.*** This principle is not applied as there is no separate internal audit unit in the Company, there is no head of the internal audit department, who could be placed in the organizational structure as required by this principle. Further explanation can be found in comment 3.1. and 3.3..
3.10.	Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.	***The principle not applicable.*** The Company is not participating in any of the mentioned indexes.
	4. General Meeting, Shareholder Relations	
4.1.	Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.	***The principle is not applied.*** Historically, there has never been an interest expressed by minority shareholders to participate in a general meeting by means of electronic communication (e-meeting). While the company does not offer participation at the general meeting through electronic means of communication, it provides its shareholders an option to (i) vote in advance on all resolutions on the agenda of a general meeting; and (ii) ask questions in advance, in order to ensure full participation of all shareholders. The shareholders also have an option to participate in quarterly investors podcast where they can pose questions and learn in detail about financial results, business development and strategy.
4.3.	Companies provide a public real-life broadcast of the general meeting.	***The principle is not applied.*** Please see the explanation provided in the principle 4.1.
4.5.	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 immediately takes steps which it is required to take in order to organise 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.	***The principle is not applied.*** The Company is incorporate in the Netherlands and therefore the Polish commercial code and regulation stipulated here does not apply to the Company.

The full text of the statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021 is available on the Company's website.

Management and Control Systems in Connection with Financial Reporting

With respect to financial reporting, the Company's general objective is to have reliable reporting and ensure that transactions are recorded and reported completely and correctly.

The Board of Directors regularly reviews the Group's financial performance and assesses whether adequate processes are in place to evaluate the risks and effectiveness of controls related to the financial reporting process at all levels of the organization. The Audit Committee oversees the Company's finances, financial reporting as well as the Internal Audit functions, as part of the Company's corporate governance.

Shareholders Meetings

Two General Meetings were held in the course of the year 2021. The Annual General Meeting was held on 1 June 2021, and an Extraordinary General Meeting was convened on 5 August 2021, both in accordance with the Company's Articles of Association.

The Annual General meeting approved the Consolidated Financial Statements of the Company for the year 2020 and approved the transfer of the corresponding consolidated loss in the amount of EUR 8,693,000 to the retained earnings in the shareholders equity, adopted the Group's Remuneration Policy, discharged and released the Supervisory Board and Board of Directors from liability, for their conduct performed in and relating to the financial year of 2020 and granted authorization to the Board of Directors to acquire shares in the share capital of the Company.

The Extraordinary General Meeting resolved to amend the Company's Articles of Association (Paragraph 3 of Article 7). Minutes of the meetings are available on the Company's website (photonenergy.com/en/investor-relations.html).

Major Shareholders

According to the Company's information, as of 31 December 2021, its main shareholders hold Shares representing the total number of votes in the General Meeting and the Company's share capital shown in the table below.

Shareholder	Number of Shares	Share in the Share Capital (%)	Number of Votes in the General Meeting	Share in the Total Number of Votes in the General Meeting (%)
Michael Gartner(1)	21,796,518	36.33	21,796,518	38.76
Georg Hotar(2)	20,920,436	34.87	20,920,436	37.20

(1) Michael Gartner owns 21,775,075 shares indirectly through Solar Future Cooperatief U.A. and 21,443 shares directly.
(2) Georg Hotar owns 20,843,375 shares indirectly through Solar Power to the People Cooperatief U.A. and 77,061 shares directly.

Solely by virtue of the voting power they hold, Michael Gartner and Georg Hotar are controlling shareholders of the Company. Based on representations of the members of the Board of Directors, there are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

The Powers of Board Members, in Particular the Power to Issue or Buy Back Shares

The Management Board is charged with the management of the Company. The Management Board may decide on the issue of shares if it was designated for that purpose by resolution of the General Meeting for a specified period of not more than five years. Upon the designation, the number of shares that may be issued, shall be determined. The designation may at any time be extended for a period of not more than five years. Unless provided otherwise upon the designation, it may not be revoked. As long as the designation is in force, the General Meeting shall not be authorised to resolve to issue shares. A resolution to issue shares shall stipulate the price and the further terms and conditions of the issue.

The Management Board may also limit or exclude the pre-emption rights if it was designated by the resolution of the General Meeting for a specified period of not more than five years as competent to limit or exclude pre-emption rights. Such a designation may only be made if the Management Board was previously designated as competent to issue shares or is simultaneously designated as such. The designation may at any time be extended for a period of not more than five years. Unless provided otherwise upon the designation, it may not be revoked. The designation shall terminate in any event if the designation of the Management Board as competent to issue shares terminates. A resolution of the general meeting to limit or exclude pre-emption rights or to designate the management board competent to limit or exclude pre-emption rights shall require a majority of at least eighty percent (80%) of the votes cast.

The Management Board may be authorized by the General Meeting to decide on acquisition of the Company's shares for a consideration. Such acquisition may only take place if and to the extent the General Meeting has authorized the Management Board for that purpose. Such authorisation shall be valid for not more than eighteen months. In the authorisation the General Meeting shall specify the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. The restrictions specified in Article 9 of the Articles of Association must be observed. This shall not be required if and to the extent the Company acquires shares in its own share capital for the purpose of transferring the same to employees of the Company or of a group company under a scheme applicable to such employees.

Resolutions of the Management Board with regard to an important change in the identity or character of the Company or the business enterprise are subject to the approval of the General Meeting, including in any case:

(a) transfer of the business enterprise or almost the entire business enterprise to a third party;

(b) entry into or termination of a long-term cooperation by the Company or a subsidiary with another legal entity or company or as a fully liable partner in a limited or general partnership, if such cooperation or termination thereof is of far-reaching significance to the Company;

(c) acquisition or disposal by the Company or a subsidiary company of a participating interest in the capital of a Company with a value of at least one third of the amount of the assets as shown in the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, as shown in the consolidated balance sheet with explanatory notes, according to the most recently adopted annual accounts of the Company.

Composition & functioning of the Statutory Bodies

The Company has a two-tier corporate structure. The managing body of the Company is the Board of Directors comprising managing directors, and the supervising body of the Company is the Supervisory Board comprising supervisory directors.

Board of Directors

The Board of Directors is the statutory executive body (raad van bestuur) and managing directors are collectively responsible for the Company's management and the general affairs of the Company. The Board of Directors is responsible for the day-to-day operations of the Company.

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.

Georg Hotar

Georg Hotar co-founded the Company in 2010 and was the Company's Chief Financial Officer until 2011. Since then he has spearheaded the Group's expansion in Europe and overseas as the Chief Executive Officer. Mr Hotar started his professional career in 1995 as an equity sales trader with IB Austria Securities in Prague. In 1996, he joined Carnegie AB in London as an equity analyst and later that year he moved to ICE Securities Ltd. in London as an equity analyst for the TMT sectors in the CEE region. In 1999, he joined FFC Fincoord Finance Coordinators Ltd. in Zurich as an investor relations specialist. In 2000, he founded Central European Capital, a financial advisory boutique headquartered in Prague. In 1999, he graduated from the London School of Economics with a BSc Accounting and Finance degree. In 2001, he completed and obtained a Master in Finance degree in finance from the London Business School.

Michael Gartner

Michael Gartner co-founded the Company in 2010 and was the Company's Chief Executive Officer until 2011. Since then he has held the position of Chief Technical Officer and Managing Director of Photon Energy Australia. Mr Gartner has an extensive experience in the photovoltaic business and is instrumental in driving the Company's utility-scale project development, EPC, commercial solar and off-grid and solar-hybrid power solutions. In 2007 when he developed one of the first large PV installations in the Czech Republic, he has successfully developed 326 MW of ready to build projects and a pipeline of 754 MW currently under development in Australia. Between 1994 and 2004, he was an equity and debt analyst and head of fixed income sales in ING and Commerzbank Securities in Prague. From 2005 to 2007, he ran an investment boutique specializing in medium-term notes in the Eurobond market and M&A. In 1991, he completed and obtained a bachelor's degree in economics from University of Newcastle in Australia. He holds MBA title from the US Business School in Prague obtained in 1994.

In accordance with the Company's Articles of Association, members of the Board of Directors shall be appointed by the General Meeting for a maximum period of four years and his term of office shall lapse on the day of the Annual General Meeting to be held in the fourth year after the year of his appointment. A Board member may always be re-appointed for another maximum period of four years. The General Meeting may at any time suspend and dismiss a Board member. The supervisory board is not authorised to suspend a Board member.

Supervisory Board

The Supervisory Board is a supervisory body (raad van toezicht) and supervisory directors are collectively responsible for the Company's supervision, advising the Board of Directors and the general affairs of the Company.

Name	Age	Gender	Nationality	Date of Initial Appointment	Term of Office	Function	Independency Status [1]
Boguslawa Skowronski	65	female	Swiss and Polish	4.12.2020	2024	Chairman of the Audit Committee	Independent
Marek Skreta	57	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent

[1] *Independency is defined within the meaning of the Dutch Corporate Code*

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.

To our best knowledge there were no transactions in the course of the year 2021, in which the conflict of interest with the members of the Board of Directors and members of the Supervisory Board occurred. The Company is compliant with the best practices 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code. In addition, no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2021, corresponding to the best practice provision 2.7.5 of the Code.

Articles of Association

Our Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and on our public website at www.photonenergy.com.

The Rules Governing the Amendment of the Articles of Association

In accordance with the Company's Article of Association, the resolution to amend the Articles of Association may only be adopted by the General Meeting on the proposal of the Management Board and it is adopted with a simple majority of votes cast. Notwithstanding the aforementioned, a resolution to amend Article 7.3 of the Articles of Association involving a change of the provision relating to the Qualified majority to limit or exclude pre-emption rights or to designate Management Board competent to limit or exclude pre-emption rights, requires a majority of at least eighty percent (80%) of the votes cast by the General Meeting. A proposal to amend the Articles of Association shall always be mentioned in the notice of the General Meeting. The text of the proposed amendment shall be made available at the offices of the Company for inspection by each shareholder and each usufructuary and pledgee to whom the voting rights accrue until the end of the meeting. Failing such, the resolution regarding the proposal may only be adopted by unanimous vote at a meeting at which the entire issued share capital is represented.

Diversity Policy

Supervisory Board

The diversity policy was drawn up as a part of the Supervisory Board profile, which is published on the Company's website.

The desired composition of the Supervisory Board is such that the combined expertise, experience, diversity and independence of the Supervisory Board members enables the Supervisory Board to best carry out the variety of its responsibilities and duties with regard to the Company and all stakeholders involved including its shareholders, consistent with applicable law and regulations.

The Supervisory Board strives for a mixed composition in respect of gender, age, nationality and background. Its aim is to have a composition consisting of at least twenty five percent (25%) female members and at least twenty five percent (25%) male members.

Board of Directors

Due to the size of the Board of Directors, which historically consisted of two founding members only, it was not possible to apply the same diversity policy to the Board of Directors.

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.

The Company is committed to ensure that the Supervisory Board defines diversity policy for the Board of Directors during the course of year 2022, which will serve as a guidance in the recruitment process, in case there is a need to appoint new members to the Board of Directors. Supervisory Board 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.

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 EU Takeover Directive, Photon Energy N.V. is required to report on, among other things, our capital structure; restrictions on voting rights and the transfer of securities; significant shareholdings in Photon Energy N.V.; the rules governing the appointment and dismissal of members of the Board of Directors and the Supervisory Board and the amendment of the Articles of Association; the powers of the Board of Directors (in particular the power to issue shares or to repurchase shares); significant agreements to which Photon Energy N.V. is a party and which are put into effect, changed or dissolved upon a change of control of the Company following a takeover bid; and any agreements between Photon Energy N.V. and the members of the Board of Directors or associates providing for compensation if their employment ceases because of a takeover bid. The information required by the Decree Article 10 EU Takeover Directive is included in this Corporate Governance Report and in the Directors' Report, as well as in the notes referred to in these sections.

Supervisory Board Report for Year 2021

The Supervisory Board of the Company 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, Dutch Corporate Code of Conduct, 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 and Diversity

Name	Age	Gender	Nationality	Date of Initial Appointment	Term of Office	Function	Independency Status [1]
Boguslawa Skowronski	65	female	Swiss and Polish	4.12.2020	2024	Chairman of the Audit Committee	Independent
Marek Skreta	57	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent

[1] *Independency is defined within the meaning of the Dutch Corporate Code*

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. Both Supervisory Directors fulfil the criteria of being independent referred to in the Polish Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and have no actual material relations with any shareholder who holds at least 5% of the total vote in the Company. The composition of the Supervisory Board also complies with the gender and other diversity requirements as defined in the Supervisory board profile. Diversity is considered important not only in terms of gender but also in terms of the requisite expertise and background. While we believe that our current Supervisory Board already provides such diversity of expertise, it was decided to enlarge the Supervisory Board by adding one more Supervisory Director with the background in audit and energy areas. The skills of the candidate shall be complementary to the current composition of the Supervisory Board. This appointment shall also allow the Supervisory Board to provide for more staggered retirement and succession plan.

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.

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.

In the financial year 2021, the Supervisory Board met 9 times (including while functioning as Audit Committee) and adopted two written resolutions. In the meetings, the Supervisory Board discussed a wide range of topics: the financial plan and strategy for the year 2021 was discussed at the beginning of the financial year, and detailed analysis of financial results was performed on a quarterly basis. The Supervisory Board (Audit Committee) further discussed the audit plan with the external auditors, and after the completion of the audit, the outcome of the audit. Furthermore, current operational, financial and legal affairs were analysed, new energy legislation in the countries of the Company's operation, and more generally, the Company's project pipeline. The Supervisory Board (Audit Committee) also reviewed Company's internal risk management, controlling, compliance and internal audit procedures (more on this topic below). The Supervisory Board has frequently participated in discussing the Company's long-term value creation and the strategy for its implementation, its targets and goals and whether and how such targets can be achieved. The discussions focused on optimal execution of strategic goals It was agreed that the Company's current project pipeline (planned growth in acquisition of new PV projects, PPA business and continuing O&M business) can secure long-term value creation. The Supervisory Board has also discussed the risks associated with it.

During the financial year of 2021 the Supervisory Board adopted and published the Supervisory Board profile which defines the size, composition and requirements of the Supervisory Board Directors including diversity policy and targets for the representation of gender minorities on the Supervisory Board. This profile is published on the Company's website. The Supervisory Board prepared the Remuneration Policy and it is published on the Company's website. The Supervisory Board approved the Remuneration Policy and the

Profile by a written resolution outside of its meeting. Furthermore, the Supervisory Board reviewed the Company's compliance report with the Dutch Corporate Governance Code and the Warsaw Stock Exchange Best Practices for the year 2021. The Supervisory Board also prepared the Remuneration Report for 2021 and will present it, as part of this annual report, to the Annual General Meeting for its advisory vote.

Attendance of Supervisory Board Members	Supervisory Board Meetings	Audit Committee Meetings
Boguslawa Skowronski	100%	100%
Marek Skreta	100%	100%

Evaluation

During an open discussion in the meeting, the Supervisory Directors performed a self-evaluation and also the evaluation of the Management Board, They agreed that the Supervisory Board operated efficiently and its cooperation with the Management Board and the auditors was good. It was concluded that the Supervisory Board as a whole, as well as its individual members, functioned properly during the first full financial year since its inception. There is a good cooperation and working relationship between the Supervisory and Management Boards in which the boards are sufficiently critical of one another. The communication from the Management Board takes place in a transparent and constructive manner. In these evaluation discussions, the Supervisory Board further concluded that going forward, given the growth of the Company, another person with appropriate expertise should be added to the Supervisory Board, mainly as an expert in the area of audit and to serve as an Audit Committee member. As such, the members shall complement one another sufficiently within the framework of the advisory and supervisory role towards the Company, while covering a wide range of focus areas and representation of expertise.

The Supervisory Board has further evaluated the functioning of the Management Board as a whole, as well as its individual members in its closed meeting and also in discussions with the Management Board. A special attention was given to the needs of the Company and realizing its long-term growth. It was established that the Management Board and its individual members function properly and the Management Board in its current structure provides adequate leadership role. The Supervisory Board also evaluated diversity of the Management Board and recommended that a diversity policy is defined for the Management Board in the course of 2022. Such policy can serve as a guidance in the recruitment process in case there is a need to appoint new Management Board members.

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, 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 established. Other committees, such as Remuneration Committee or Selection and Appointment Committee, will be established if the need for such committees arises in the future. Up until then, 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.

In the course of 2021, Audit Committee met three times. The Audit Committee met twice with the external auditor, reviewed the audit plan and was presented with the outcome of the audit. The Audit Committee also analysed the internal audit procedures and concluded that current alternative measures are sufficient to perform the internal audit functions and adequate to the size of the Company. The Supervisory Board will consider each year whether it is necessary to establish an internal audit department.

The Supervisory Board, performing a function of the Remuneration and Nomination Committee, evaluated the Management Board's and Supervisory Board's remuneration, prepared the Remuneration Report which shall be submitted to the General Meeting, and shall also nominate a third member of the Supervisory Board for appointment by the General Meeting.

Assessment of the Internal Control, Risk Management, Compliance Systems

The Supervisory Board has performed a thorough review of the internal risk management systems, controlling and legal compliance policies The assessment includes the evaluation of the existing processes in place, human resources, its competences, and responsibilities as well as the reporting structure within the organization. The Supervisory Board performed the analysis through the consultations with the responsible personnel, by analysing the procedures and evaluating whether adequate resources are in place, and also by discussing relevant topics with external auditors. The results of this analysis were discussed with the Management Board. The Supervisory Board has concluded that given the size of the Company and nature of its business, the current structures ensuring the internal control and risk management are sufficient and that no separate internal audit department has to be created at the moment.

Assessment of the Compliance with the Best Corporate Governance Standards

Supervisory Board reviewed the compliance report for 2021 and discussed with the Management Board the practises which were improved during year 2021 and those which still remain as 'not applied'. The Supervisory Board gave recommendations on measures which shall be taken to further improve the compliance with best practises during the course of the year 2022. The Supervisory Board reviewed the report on the regulations related to current and periodic reporting of the Company and requested to have those reviewed by a reputable external legal advisor, which has been completed.

Supervisory Board reviewed the procedure for reporting actual or suspected irregularities established by the Management Board.

Financial Statements 2021

The financial statements were audited by PricewaterhouseCoopers Accountants N.V. whose nomination and engagement as the external auditor for 2021 financial year was unanimously recommended by the Supervisory Board on 24 September 2021. It established that the external auditor was independent of the Company. The 2021 financial statements were approved by the Supervisory Board on 11 April 2022. The Supervisory Board will submit the financial statements to the 2022 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 2021.

Amsterdam, 11 April 2022

Marek Skreta, Chairman

Bogusława Skowroński, Member

Original signed.

Remuneration Report

The remuneration of the Management Board members is paid out in accordance with the Remuneration Policy, prepared by the Supervisory Board and adopted by the General Meeting on 1 June, 2021. It aims to attract, motivate and retain qualified and experienced individuals and reward them with a competitive remuneration package while considering its size and unique characteristics. Gender, age, nationality, race, ethnic origin or other personal characteristics do not play any role in determining remuneration practice.

This Remuneration Report comprises information within the meaning of articles 2:135b Dutch Civil Code and Section 3.4.1 of the Dutch Corporate Governance Code and is also published as part of the 2021 Annual Report. It is submitted to the General Meeting for an advisory vote.

Management Board Remuneration

Fixed Remuneration

The Management Board members take part in the day-to-day activities and they receive a fixed remuneration adequate to the competitive market levels of remuneration. In 2021, the Company did not perform any comparison within a reference group of its international/industry peers in order to determine the remuneration.

Since the Management Board members are also majority shareholders, it has been decided that their compensation for the responsibility and function of the Management Board members shall be deemed realized through the value creation and share appreciation. In accordance with the Remuneration Policy, the Management Board members therefore receive remuneration solely as part of their employment by an affiliated company within the Photon Energy Group and they do not receive compensation for their duties of serving on the Management Board for the Group of entities.

Furthermore, no emoluments of the Managing Directors, including pension payments were charged to the Company. No service contracts with the Company nor any of its Subsidiaries have been provided to a Managing Director that give entitlement to 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. Michael Gartner receives a regular salary as an employee in his function as managing director of Photon Energy Australia Pty Ltd. in Australia.

The internal pay ratio, as average compensation of the Management Board members in relation to the average annual compensation per full time employee of the Company for the financial year 2021 is 5.3. The Company's shares were not listed on the public regulated markets before January 2021, and therefore, the Company was not obliged to publish the Remuneration Report in the previous financial years. For this reason, the Company is not publishing the comparison of the internal ratios for previous financial years, annual change in the remuneration over the last five financial years, the development of the Company's performance and the average remuneration of the employees of the Company who are not directors during this period.

The fixed compensation also includes the participation of the Management Board in the employee share purchase program in which Mr Hotar received shares in the value of EUR 1 thousand and Mr Gartner received shares in the value of EUR 2 thousand.

Variable Remuneration and Stock Options

The Managing Directors currently do not receive variable remuneration, stock options or any other rights to acquire shares in the Company. In line with the Remuneration Policy, the interests of the Company in long-term value creation are ensured by the members of the Management Board being also the founders and majority shareholders of the Company. As such, the long-term incentive for the Management Board is the Company's share appreciation. Both directors benefit primarily from the growth of the Company's value so their interests are aligned with the interest of other (minority) shareholders.

No stock options or other rights were granted to the Managing Directors or the employees of the Company in 2021.

Claw-backs / Severance Payments

No claw-back of remuneration was exercised in 2021. No severance payment was made to the members of the Management Board.

Overview of the Total Remuneration of the Management Board in 2021

In thousands of EUR	Total Fixed Compensation	Total Variable Compensation	Ratio Fixed/Variable Compensation	Stock Options Granted
Georg Hotar, Managing Director and CEO	321	0	100%	0
Michael Gartner, Managing Director and CTO	144	0	100%	0

Loans

The following loans have been granted to the Managing Directors by the Company or the Company's affiliated entity.

In thousands of EUR	Total Loan Amount as of 31 December 2021
Georg Hotar, Managing Director and CEO	556
Michael Gartner, Managing Director and CTO	84

The loans bear an interest rate of 3% and are repayable on 31 December 2022.

The Company or its affiliated entity also provided loans to the entities fully owned by the Managing Directors.

In thousands of EUR	Total Loan Amount as of 31 December 2021
Solar Age Investments B.V.*	988
Solar Power to the People Cooperatief U.A.**	182

** Company jointly controlled by Mr Georg Hotar and Michael Gartner*
*** Company controlled by Mr Georg Hotar*

The loans bear an interest rate of 3% and are repayable on 31 December 2022.

Supervisory Board Remuneration

The Remuneration Policy aims at providing a competitive compensation package to attract, motivate and retain qualified Supervisory Directors while considering the Company's size and its unique characteristics. The members of the Supervisory Board receive fixed remuneration to compensate them for the services they provide as members of the Supervisory Board. No variable remuneration or share-based (stock option plans) remuneration is awarded to the Supervisory Board members and they do not receive any Company performance related compensation.

Each member of the Supervisory Board is entitled to reimbursement by the Company for all expenses incurred by him/her in connection with performing his/her duties as the Supervisory Board member. Due to its small size, all members of the Supervisory Board perform functions of the Audit and other Committees. Therefore, the chairman of the Supervisory Board and the chairman of the Audit Committee are not entitled to an extra compensation for the performance of their function.

The Company does not grant loans, advance payments or guarantees to members of the Supervisory Board.)

Overview of the Supervisory Board Remuneration in 2021

In thousands of EUR	Total Fixed Compensation
Boguslawa Skowronski	15
Marek Skreta	15

Proposal for Board of Directors and Supervisory Board Remuneration for 2022

The Supervisory Board exercising its function of Remuneration Committee proposes that the structure of the Management Board and Supervisory Board remuneration remains similar in 2022.

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Consolidated Statement of Comprehensive Income for the Year Ended 31 December

In thousands of EUR	Note	2021	2020
Revenue	9	36,359	28,258
Other income	10	418	384
Raw materials and consumables used	11	-12,729	-4,642
Solar levy	12	-883	-874
Personnel expenses	13	-6,742	-5,831
Other expenses	14	-6,839	-8,855
Earnings before interest, taxes, depreciation & amortisation (EBITDA)		**9,584**	**8,440**
Depreciation	18,19,20	-10,670	-8,311
Impairment charges	15	-231	-359
Gain (loss) on disposal of investments	8.3	464	0
Share of profit equity-accounted investments (net of tax)	8.3	141	88
Results from operating activities (EBIT)		**-712**	**-142**
Financial income	16	245	123
Financial expenses	16	-6,770	-6,031
Gains less losses on derecognition of financial liabilities at amortised costs	16	-420	0
Revaluation of derivatives	16	1,730	-478
Profit/loss before taxation (EBT)		**-5,927**	**-6,528**
Income tax due/deferred	17	-506	-2,165
Profit/loss from continuing operations		**-6,433**	**-8,693**
Profit/loss		**-6,433**	**-8,693**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	18,27	738	14,424
Revaluation of other investments	21	2,657	0
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	27	2,769	-3,509
Derivatives (hedging)	27,33	2,347	-115
Items that will be reclassified subsequently to profit or loss – related to JV			
Derivatives (hedging)	27,33	17	-23
Other comprehensive income		**8,528**	**10,777**
Total comprehensive income		**2,095**	**2,084**
Profit/loss attributable to:			
Attributable to the owners of the company		-6,404	-8,654
Attributable to non-controlling interest		-29	-39
Profit/loss for the year		**-6,433**	**-8,693**
Total comprehensive income attributable to:			
Attributable to the owners of the company		2,124	2,123
Attributable to non-controlling interest		-29	-39
Total comprehensive income		**2,095**	**2,084**
Earnings per share			
Earnings per share (basic) (in EUR)	28	-0.118	-0.167
Earnings per share (diluted) (in EUR)	28	-0.107	-0.145
Total comprehensive income per share (in EUR)	28	0.035	0.035

The notes on pages 78 to 131 are an integral part of these financial statements.

Consolidated Statement of Financial Position as of 31 December

In thousands of EUR	Note	31 December 2021	31 December 2020
Assets			
Intangible assets	20	844	1,260
Property, plant and equipment	18	127,492	126,330
Right of use- leased assets	19	2,138	2,274
Long term advances for property, plant equipment		98	0
Investments in equity-accounted investees	8.3	1,626	2,641
Other receivables - non-current	24	529	506
Other non-current financial assets	21	9,736	2,042
Non-current assets		**142,463**	**135,053**
Inventories	23	2,197	1,010
Contract asset	25	1,131	1,025
Trade receivables	24	3,756	4,662
Other receivables	24	5,327	1,467
Loans to related parties	24,37	1,811	1,137
Current income tax receivable	32	303	0
Prepaid expenses		268	260
Liquid assets	26	39,362	14,290
Cash and cash equivalents		*32,506*	*9,893*
Liquid assets with restriction on disposition		*3,629*	*4,109*
Precious metals		*3,227*	*288*
Current assets		**54,155**	**23,851**
Total assets		**196,618**	**158,904**
Equity & Liabilities			
Equity	27		
Share capital		600	600
Share premium		31,443	23,946
Revaluation reserve		40,251	40,679
Legal reserve		13	13
Hedging reserve		2,039	-325
Currency translation reserve		2,022	-2,580
Retained earnings		-24,680	-22,098
Other capital funds	27	38	87
Treasury shares held	27	-38	-87
Equity attributable to owners of the Company		**51,688**	**40,235**
Non-controlling interests		-150	-121
Total equity		**51,538**	**40,114**
Liabilities			
Loans and borrowings	29	41,106	44,143
Issued bonds	29	57,223	46,739
Lease liability	19	1,676	1,936
Other non-current liabilities	29	373	401
Provisions	30	545	520
Deferred tax liabilities	22	10,199	9,885
Non-current liabilities		**111,122**	**103,624**
Loans and borrowings	29	4,354	6,008
Issued bonds	29	24,107	0
Trade payables	31	2,275	3,630
Other payables	31	2,202	3,593
Contract liabilities	25	423	836
Lease liability	19	597	469
Current tax liabilities	17,32	0	630
Current liabilities		**33,958**	**15,166**
Total liabilities		**145,080**	**118,790**
Total equity and liabilities		**196,618**	**158,904**

The notes on pages 78 to 131 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
Restated balance as at 1 January 2020	27	**600**	**23,760**	**13**	**29,220**	**929**	**-187**	**88**	**-88**	**-16,410**	**37,926**	**-83**	**37,843**
Profit/loss for the year		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-8,654**	**-8,654**	**-39**	**-8,693**
Increase in revaluation of PPE	18	0	0	0	14,424	0	0	0	0	0	14,424	0	14,424
Change in fair value of derivatives	33	0	0	0	0	0	-115	0	0	0	-115	0	-115
Change in fair value of other investments (FVOCI)	21,27	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency translation differences	27	0	0	0	0	-3,509	0	0	0	0	-3,509	0	-3,509
Change in fair value of derivatives (JV share)	33	0	0	0	0	0	-23	0	0	0	-23	0	-23
Other comprehensive income		***0***	***0***	***0***	***14,424***	***-3,509***	***-138***	***0***	***0***	***0***	***10,777***	***0***	***10,777***
Total comprehensive income		***0***	***0***	***0***	***14,424***	***-3,509***	***-138***	***0***	***0***	***-8,654***	***2,123***	***-39***	***2,084***
Recycled from revaluation reserve to retained earnings	27	0	0	0	-2,965	0	0	0	0	2,965	0	0	0
Transfer of own shares to employees/New shares placed with share premium	27	0	186	0	0	0	0	-1	1	0	186	0	186
BALANCE at 31 December 2020	27	**600**	**23,946**	**13**	**40,679**	**-2,580**	**-325**	**87**	**-87**	**-22,098**	**40,235**	**-121**	**40,114**
Profit/loss for the year		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-6,404**	**-6,404**	**-29**	**-6,433**
Increase in revaluation of PPE	18,27	0	0	0	738	0	0	0	0	0	738	0	738
Change in fair value of derivatives	27	0	0	0	0	0	2,347	0	0	0	2,347	0	2,347
Change in fair value of other investments (FVOCI)	21,27	0	0	0	2,657	0	0	0	0	0	2,657	0	2,657
Foreign currency translation differences	27	0	0	0	0	2,769	0	0	0	0	2,769	0	2,769
Change in fair value of derivatives (JV share)	33	0	0	0	0	0	17	0	0	0	17	0	17
Other comprehensive income		***0***	***0***	***0***	***3,395***	***2,769***	***2,364***	***0***	***0***	***0***	***8,528***	***0***	***8,528***
Total comprehensive income		***0***	***0***	***0***	***3,395***	***2,769***	***2,364***	***0***	***0***	***-6,404***	***2,124***	***-29***	***2,095***
New shares placed with share premium	27	0	7,497	0	0	0	0	-49	49	0	7,497	0	7,497
Other movements	27	0	0	0	0	1,832	0	0	0	0	1,832	0	1,832
Recycled from revaluation reserve to retained earnings	27	0	0	0	-3,822	0	0	0	0	3,822	0	0	0
BALANCE at 31 December 2021	27	**600**	**31,443**	**13**	**40,251**	**2,022**	**2,039**	**38**	**-38**	**-24,680**	**51,688**	**-150**	**51,538**

The notes on pages 78 to 131 are an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December

In thousands of EUR	Note	2021	2020
Cash flows from operating activities			
Loss/profit for the year before tax		**-5,927**	**-6,528**
Adjustments for:			
Depreciation	18,19,20	10,670	8,311
Share of profit of equity-accounted investments	8	-141	-88
Loss on sale of property, plant and equipment		0	48
Gain on disposal of financial investments	8	-464	0
Net finance costs	16	5,215	6,386
Other non-cash items		4,346	497
Changes in:			
Trade and other receivables	24	-1,478	-1,062
Precious metals	26	0	-288
Gross amount due from customers for contract work	25	-106	-717
Prepaid expenses	24	-7	70
Inventories	23	-1,187	129
Trade and other payables	31	-2,351	-1,573
Income tax paid (advances)	31	-2,349	817
Net cash from operating activities		**6,221**	**6,002**
Cash flows from investing activities			
Acquisition of property, plant and equipment	18,20	-8,619	-18,310
Acquisition of subsidiaries, associates, JV	8	0	-6
Acquisition of other financial asset - precious metals	26	-2,849	0
Acquisition of other investments	21	-4,325	-1,855
Proceeds from sale of investments	8	1,560	0
Net cash used in investing activities		**-14,233**	**-20,171**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	27	7,754	168
Proceeds from borrowings	29	15,416	16,579
Transfer to/from restricted cash account	26	397	-1,268
Repayment of borrowings	29	-19,898	-5,312
Repayment of principal element of lease liability	19,29	-577	-325
Proceeds from issuing bonds	29	56,092	7,684
Payment of placement fee/exchange bonus fee for bonds issued	16,29	-1,202	0
Repayment of long term liabilities/bonds	29	-21,281	0
Interest payments	29	-6,076	-5,429
Net cash from financing activities		**30,625**	**12,097**
Net decrease/increase in cash and cash equivalents		**22,613**	**-2,072**
Cash and cash equivalents at 1 January		**9,893**	**12,406**
Cash and cash equivalents at 31 December	26	**32,506**	**9,893**

The notes on pages 78 to 131 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

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 2021 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.

Photon Energy N.V. is the Group's ultimate parent company. It is a a joint-stock company incorporated and domiciled in Netherlands. Principal place of business on the Company is Netherlands.

Photon Energy NV's shares are listed on the regulated markets of the Warsaw and Prague Stock Exchanges, as well as on the Quotation Board of the Frankfurt Stock Exchange. Trading of the shares on regulated markets on the Warsaw Stock Exchange and Prague Stock Exchange commenced on 5 January 2021. Trading of the Company's shares on the Quotation Board of the Open Market of the Frankfurt Stock Exchange (FSX) commenced on 11 January 2021.

The bonds are traded on the Open Market of the Frankfurt Stock exchange, and on the stock exchanges in Berlin, Hamburg, Hanover, Munich and Stuttgart.

The Group is mainly 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, procurement and 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 11 April 2022.

Going Concern

In preparing these accounts on a going concern basis, management used its best estimates to forecast cash movements. 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
- Note 2.4.5 – Key assumptions used in measurement of fair value of other financial investments

Other factors, such as climate-related risks, do not have significant impact on Group's operations and do not lead to a significant risk of material adjustments and therefor are not considered to be significant judgements.

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. On December 2021 the Company has repaid all outstanding financial liabilities towards RL and as of 17 January 2022 the Group has exercised its call options.

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.

2.4.5 Key assumptions used in measurement of fair value of other financial investments

Other financial investments are stated at its fair value based on valuation models prepared by management. These models and the assumptions underlying them are regularly reviewed by the management. Management considers that the valuation of its other financial investment is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

Other financial investments include primarily ordinary and preference shares and related share options held (see also Note 21). The principal assumptions underlying the estimation of the fair value are following:

- Market price of the shares
- Probability of the realisation of the share options granted and expected market price of the shares to be purchased at the realisation of the share options
- Discount rate reflecting required return on investment on this type of the Group's investments

These valuations are regularly compared to actual market data and most recent actual similar transactions made on the relevant market.

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)

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. There are no impact on the Group's consolidated financial statements and no impacts are expected.

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 2022 or later, and which the Group has not early adopted.

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 Group is currently assessing the impact of the amendments on its consolidated financial statements and no significant impacts are expected.

IFRS 17 "Insurance Contracts" (Issued on 18 May 2017 and Effective for Annual Periods beginning on or after 1 January 2021, the Effective Date Subsequently Modified to 1 January 2023 by the Amendments to IFRS 17 as Discussed below).

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. The Group is currently assessing the impact of the amendments on its consolidated financial statements and no impacts are expected.

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 Group is currently assessing the impact of the amendments on its consolidated financial statements and no impacts are expected.

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

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (Issued on 31 March 2021 and Effective for Annual Periods Beginning on or after 1 April 2021).

In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 (Issued on 7 May 2021 and Effective for Annual Periods Beginning on or after 1 January 2023).

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. [The Group is currently assessing the impact of the amendments on its consolidated financial statements. 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, Romania, Poland and Australia as of 31 December 2021 and 2020) 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. Regular way purchases and sales of financial assets are accounted for at trade date.

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 20-30 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 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.

Government grants for power generation intended as a compensation for the price of power, are recognised under revenue from electricity generation.

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, Romania, 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 from electricity generation, 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

There were no changes presentation of financial information during the year.

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. For PVPs the future cash flows are calculated for the period equaling the estimated useful life (30 years in Australia, 25 years in the Czech Republic, Slovakia and Hungary) and are based on Feed-in-Tariffs or expected electricity and certificate prices on the relevant markets and 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. As of 31 December 2021 the cash flow projections are prepared for 25 years in Czech Republic, Slovak Republic and Hungary, equal to the expected technical and commercial life time of the projects. Main other inputs used in the models are the following: overall project budget, taxes, interest rates, reserve funds, feed in tariff or electricity market price assumptions, 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 Parameters in 2021

In Q3 2021 Czech Republic and Slovakia introduced changes to the feed-in-tariffs valid as of 1 January 2022.

In July 2021 the Slovak parliament approved an amendment to the energy law introducing an extension of the feed-in-tariffs for PV power plants commissioned in 2009 to 2011 from 15 years to 20 years. This measure was accompanied by a reduction in the applicable feed-in tariffs, which are assessed for each individual PV power plant, taking into account additional investment costs and higher operations and maintenance costs related to the extended technical life. The new feed-in-tariffs were set with the objective of being neutral to the present value of the assets. The Group updated the DCF models for Slovakia to reflect these changes and it resulted in an increase of fair value of property, plant and equipment by EUR 334 thousand (net impact to the revaluation reserve of property, plant and equipment by EUR 270 thousand and EUR 105 thousand for the JV share on revaluation reserve of property, plant and equipment).

In September 2021, the Lower Chamber of Parliament of the Czech Republic passed a new law regarding the support of renewable energy sources (RES) which empowered government to set maximum project internal rates of returns (IRR) for the various supported RES of between 8.4% and 10.6% for the respective support periods. For PV power plants commissioned in the years 2009 and 2010, an additional 10% solar levy has been approved. As such, 2009 power plants will pay 10% and 2010 power plants will pay a total of 20% (increased from the previously applied rate of 10%) starting from 1 January 2022. The Group updated the DCF models for Czech Republic to reflect these changes and it resulted in a decrease of fair value of property, plant and equipment by EUR 3,843 thousand (net impact to the revaluation reserve of property, plant and equipment of EUR 3,229 thousand). See also Note 18 and 27.

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.

In September 2021, an additional 10% solar levy was introduced in the Czech Republic for the powerplants put in operation in 2009 and 2010 (see 5.1 above).

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. For 2022 the Group opted for the green bonus scheme again. In July 2021, the Slovak Republic decided to prolong and reduce the feed-in-tariff for the power plants connected in 2010 and 2011 (see 5.1 above).

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, RON, PLN 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 39,362 thousand at 31 December 2021 (2020: EUR 14,290 thousand), which represents its maximum credit exposure on these assets. Liquid Assets consist of following items:

In thousands of EUR	2021	2020
Cash and cash equivalents	32,506	9,893
Liquid assets with restriction on disposition	3,629	4,109
Precious metals	3,227	288
Liquid assets	**39,362**	**14,290**

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 3,629 thousand as at 31 December 2021 (2020: EUR 4,109 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.

The Czech SPVs owned 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. With the early repayment of the bank loans by the Czech SPVs the derivatives were liquidated end of December 2021.

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 87 PV power plants with a total installed capacity of 90.5 MWp is producing electricity as usual. 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	2021	2020
Total liabilities	145,080	118,790
Less: Liquid assets	39,362	14,290
Net debt	105,718	104,500
Total equity	51,538	40,114
Net debt to equity ratio at 31 December	**2.05**	**2.61**

Equity ratios:

	2021	2020
Full Equity ratio	26.2%	25.2%
Adjusted Equity ratio (for bond governance)	28.6%	28.9%

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.

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 and recognition of Other comprehensive income from revaluation of newly connected power plants (this segment includes SPV that finished building of photovoltaic power plants and those that are connected to the distribution network and produce electricity).
- **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 2021 nor 2020.

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 2021 to 31 December 2021

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	5,594	8,315	19,402	2,572	476	**36,359**	0	**36,359**
Internal revenues from the sale of products, goods & services	4,551	906	1,287	1,888	2,692	**11,325**	-11,325	**0**
Total revenues	**10,145**	**9,221**	**20,690**	**4,460**	**3,168**	**47,684**	**-11,325**	**36,359**
Other external income	174	5	10	21	209	**418**	0	**418**
Raw materials and consumables used	-9,123	-7,479	-1,893	-1 893	-669	-21,057	8,328	**-12,729**
Solar levy	0	0	-883	0	0	**-883**	0	**-883**
Personnel expenses and other expenses	-3,701	-282	-767	-2,422	-8,837	**-16,009**	2,428	**-13,581**
EBITDA	**-2,505**	**1,464**	**17,156**	**167**	**-6,128**	**10,154**	**-570**	**9,584**
Depreciation	-40	-6	-9,191	-732	-701	**-10,670**	0	**-10,670**
Impairment charges	0	0	-231	0	0	**-231**	0	**-231**
Gain (loss) on disposal of investments	0	0	0	0	464	**464**	0	**464**
Profit/loss share in entities in equivalency	0	0	141	0	0	**141**	0	**141**
Results from operating activities (EBIT)	**-2,545**	**1,459**	**7,876**	**-566**	**-6,365**	**-142**	**-570**	**-712**
Financial income	86	48	452	468	2,318	3,371	-3,126	245
Interest expense	-304	-108	-3,088	-365	-5,836	**-9,701**	3,126	**-6,575**
Other net financial expenses	-160	41	-983	29	879	**-195**	0	-195
Gains less losses on derecognition of financial liabilities recognised at amortised costs	0	0	0	0	-420	**-420**	0	-420
Revaluation of derivatives	0	0	488	0	1,242	**1,730**	0	**1,730**
Profit/loss before taxation (EBT)	**-2,924**	**1,439**	**4,744**	**-434**	**-8,182**	**-5,357**	**-570**	**-5,926**
Income Tax (income and deferred)	14	-26	-458	-15	-20	**-506**	0	**-506**
Profit/loss after taxation	**-2,909**	**1,412**	**4,286**	**-449**	**-8,202**	**-5,863**	**-570**	**-6,433**
Other comprehensive income	-18	25	6,336	-122	2,307	8,528	0	8,528
Total comprehensive Income	**-2,927**	**1,438**	**10,622**	**-572**	**-5,896**	**2,665**	**-570**	**2,095**
Assets	**20,351**	**5,009**	**144,679**	**14,770**	**188,085**	**372,894**	**-176,276**	**196,618**
Liabilities	**-19,870**	**-4,369**	**-101,327**	**-24,303**	**-174,407**	**-324,276**	**179,196**	**-145,080**
Investments in JV accounted for by equity method	0	0	1,626	0	0	1,626	0	1,626
Additions to non-current assets	0	46	8,493	80	3,795	12,414	0	12,414

Operating segments for the period from 1 January 2020 to 31 December 2020

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	0	0	2,641	0	0	2,641	0	2,641
Additions to non-current assets	0	0	15,191	0	690	15,881	0	15,881

7. Operating Segments (Continued)

All the operational segments are managed on an international basis (not on a country level). In 2021 the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Peru, Romania, Poland, Mongolia, South Africa and the Netherlands with headquarters in the Netherlands.

In 2021, revenues were generated in all above mentioned markets, except of the Netherlands, Romania, Poland, Peru, Mongolia and South Africa. 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.

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 in a region. 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.

During 2021 the Group commissioned powerplants in Australia and Hungary where electricity is sold directly into the wholesale electricity market and the revenues from sale of this electricity are based on actual market prices.

Revenues from customers over 10% of total revenues

In thousands of EUR	**2021**	**2020**
E.ON Energie, a.s.	5,859	5,985
MAVIR Zrt.	4,285	4,081
Lord Howe Island Board	-*	2,938
Total revenue from customers over 10% of total revenues	**10,144**	**13,004**
Total revenue	**36,359**	**28,258**

*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 2021, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- On 22 March 2021, Photon Energy N.V. became 99% shareholder of Photon Energy Project Development XXK in Mongolia
- On 21 April 2021, Photon Energy N.V. became 100% shareholder of Photon Renewable Energy Pty. Ltd. In South Africa
- On 17 May 2021, Photon Energy Project Development XXK became 100% shareholder of PEPD Solar XXK. in Mongolia
- On 25 June 2021, Photon Energy N.V. became 100% shareholder of Solar Age SPV 1 Pty. Ltd. In South Africa
- On 17 November 2021, Photon Energy N.V. became 100% shareholder of Photon Energy AUS SPV 12 Pty. Ltd.,
- On 13 December 2021, Photon Energy N.V. became 100% shareholder of Debden Solar Sp. z o.o.
- On 13 December 2021, Photon Energy N.V. became 100% shareholder of Beckton Solar Sp. z o.o.
- On 14 December 2021, Photon Energy N.V. became 100% shareholder of Alperton Solar Sp. z o.o.
- On 21 December 2021, Photon Energy N.V. became 100% shareholder of Ealing Solar Sp. z o.o.
- On 21 December 2021, Photon Energy N.V. became 100% shareholder of Chigwell Solar Sp. z o.o.

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.

8.2 Acquisitions of Subsidiaries

During 2021 there were no acquisitions of subsidiaries.

After 31 December 2021, Photon Energy N.V. (directly or via its subsidiaries) acquired the following entities:

- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 3 s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 4 s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 6 s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 8 s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 10 s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Exit 90 SPV s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Onyx Energy s.r.o.
- On 17 January 2022, KORADOL AG became 100% shareholder of Onyx Energy projekt II s.r.o.
- On 17 January 2022, KORDOL AG became 100% shareholder of Kaliopé Property s.r.o.
- On 10 February 2022, ALFEMO AG became 90% shareholder and KORADOL AG became 10% shareholder of Siria Solar Srl.

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.

Other Developments in 2021

- On 5 February, Photon Energy N.V. became 100% shareholder of Photon Water Australia Pty. Ltd
- On 11 February 2021, Photon Energy N.V. became 12,01% shareholder of Lerta S.A.
- On 8 March 2021, Photon Energy N.V. acquired by share swap additional 40.01% and subsequently held 65% stake of MARYVALE SOLAR FARM Pty. Ltd. In exchange Photon Energy N.V. swapped it's 49.00% shares of GUNNING SOLAR FARM Pty. Ltd. and it's 24.99% shares of SUNTOP Stage 2 Solar Farm Pty. Ltd.
- On 8 June 2021, Photon Energy N.V. became 100% shareholder of Photon Remediation Technology N.V.
- On 21 June 2021, MEDIÁTOR Ingatlanközvetítő és Hirdető Kft. was successfully renamed to MEDIÁTOR PV Plant Kft.,
- On 21 June 2021, PROMA Mátra Ingatlanfejlesztési Kft. was successfully renamed to PROMA Mátra PV Plant Kft.,
- On 14 October 2021, Photon Energy Projects s.r.o. became 1% shareholder of Photon Energy Romania Srl. - transfer from PEO NL B.V.
- On 28 October 2021, Global Investments Protection AG has sold its 99% interests in Photon Energy Peru S.A.C.,
- On 28 October 2021, Photon Energy N.V. has sold its 1% interests in Photon Energy Peru S.A.C.
- On 25 November 2021, Becontree Solar Srl. was successfully renamed to Photon Energy Operations Romania Srl., – change of shareholders structure where 95% shares is now owned by Photon Energy Operations N.V., remaining 5% shares holds Photon Energy Operations CZ s.r.o.
- On 20 December 2021, was registered merger of Photon Energy Engineering Europe GmbH and Photon Energy Technology EU GmbH into Photon Energy Technology EU GmbH., Energy Engineering Europe GmbH ceased to exist as of 1 January 2021
- On 21 April 2021, Photon Energy N.V. became 100% shareholder of Photon Renewable Energy Pty. Ltd.,
- On 17 May 2021, Photon Energy Project Development XXK. became 100% shareholder of PEPD Solar XXK.,
- On 8 June 2021, Photon Energy N.V. became 100% shareholder of Photon Remediation Technology N.V.,

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.

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	2021	2020
	Joint ventures	Joint ventures
Carrying amount at 1 January	**2,641**	**2,666**
Share of profit of joint ventures	141	88
Acquisition of joint ventures	302	0
Disposal of joint ventures	-1,412	0
Share of other comprehensive income of joint ventures	122	41
Dividends received from joint ventures	-168	-154
Carrying amount at 31 December	**1,626**	**2,641**

Joint ventures

Investments in equity-accounted investees amounting to EUR 1,626 thousand (2020: EUR 2,641 thousand) represent the nominal share in the joint ventures owned by the Group.

In 2021, Photon Energy has exchanged its 49% stake in the Gunning Solar Farm and 25% stake in the Suntop2 Solar Farm for 74% stake in Maryvale Solar Farm. Following the acquisition, the Group sold its 35% stake in Maryvale to its former JV partner Polpo. After the transaction, the Company possessed a 65% stake in Maryvale Solar Farm. In December 2021 the Company sold its remaining 65% stake in Maryvale Solar Farm Pty. Ltd.

2021:

In thousands of EUR	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	PE AUS SPV 6	Total
Definition	joint venture	joint venture	joint venture	joint venture	
Share	50%	50%	50%	51%*	
Equity of the entity	1,170	856	1 232	-300	2,958
Share on equity	**585**	**428**	**616**	**-3**	**1,626**
Net profit	112	80	86	0	278
Share of profit	**56**	**40**	**43**	**0**	**141**
Cash and cash equivalents	200	209	270	1	679
Current assets	211	222	290	0	723
Long-term assets	1,940	1,486	2,017	0	5,443
Current liabilities	-661	-586	-704	-260	-2,212
Long-term liabilities	-380	-249	-419	0	-1,048
Depreciation	161	215	141	-	517
Interest expense	25	23	28	-	76
Revenues	-416	-434	-375	-2	-1,228
Total comprehensive income (loss)	**-23**	**91**	**81**	**-**	**149**

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

2020:

In thousands of EUR	Photon SK SPV 1	Solar-park Myjava	Solar-park 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

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2021 and 31 December 2020. 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 2021

- On 8 March 2021, in exchange for acquisition of additional 40.01% of MARYVALE SOLAR FARM Pty. Ltd. disposed its 49.00% shares of GUNNING SOLAR FARM Pty. Ltd. and its 24.99% shares of SUNTOP Stage 2 Solar Farm Pty. Ltd.
- On 13 December 2021, Photon Energy N.V. has sold its 65% interests in Maryvale Solar Farm Pty. Ltd.,

Net assets held by the companies and net gain/loss on the disposal in 2021 can be presented as follow:

In thousands of EUR	Suntop Solar Farm	Gunnning Solar Farm	Maryvale Solar Farm	Total
Total consideration received in cash	**0***	**0***	**1,560**	**1,560**
Net assets	0	0	-1,096	-1,096
Gain/loss on disposal	**0**	**0**	**464**	**464**

*No consideration was received in cash and the shares were exchanged for shares in Maryvale.

Disposals in 2020

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

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	2021	2020
At a point of time	8,315	3,214
Over time	25,584	22,163
Total revenue from contracts with customers	**33,899**	**25,377**
Compensations for sales from electricity generation	2,460	2,881
Total revenue	**36,359**	**28,258**

Revenues by major revenue types:

In thousands of EUR	2021	2020
Sale of electricity and certificates	16,942	13,568
Revenues from EPC contracts	5,594	5,601
Sale of goods and technologies	8,315	3,214
Rendering of services	3,048	2,994
Total revenue from contracts with customers	**33,899**	**25,377**
Compensations for sales from electricity generation	2,460	2,881
Total revenue	**36,359**	**28,258**

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 (sale of electricity into the wholesale market at actual market prices).

Revenues from sales of electricity from fixed feed-in-tariffs in 2021 amounted to EUR 16,893 thousand (2020: EUR: 16,412 thousand), revenues from sales of electricity from contract for difference revenue model amounted to EUR 1,909 thousand (2020: EUR 37 thousand) and revenues from sales of electricity for market price amounted to EUR 601 thousand. There was no sale of electricity for PVP with merchant model in 2020.

Total amount of subsidies returned under the contract for difference scheme in 2020 was EUR 19 thousand as the average market price of electricity sold to the market exceeded the agreed price.

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. Total amount of compensations for sales from electricity generation invoiced to OKTE in 2021 amounted to EUR 2,460 thousand (2020: EUR 2,881 thousand).

Even though the revenues were invoiced in 2021 and 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	2021	2020
Czech Republic	20,468	15,059
Slovak Republic	861	332
Australia	5,574	5,492
Germany	31	-
Hungary	6,683	4,419
Other	282	75
Total revenue from contracts with customers	**33,899**	**25,377**
Compensations for sales from electricity generation – Slovak Republic	2,460	2,881
Total revenue	**36,359**	**28,258**

Increase in total revenues in 2021 is mainly a result of higher revenues in the sale of technology. Increase in revenues in 2021 from the sale of electricity is attributable to commissioning of new power plants in various regions in Hungary and Australia.

10. Other Income

In thousands of EUR	2021	2020
Covid compensation	203	117
Grants received	99	66
Proceeds from sale of cars	0	49
Settlement agreement/insurance compensation	38	49
Fitout contribution for new office in Prague	0	0
Miscellaneous	78	103
Total Other income	**418**	**384**

11. Raw Materials and Consumables Used

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

In thousands of EUR	2021	2020
Goods (modules, invertors, etc)	-12,463	-4,437
Material consumed	-266	-205
Raw materials and consumables used	**-12,729**	**-4,642**

Raw materials and consumables consist mainly of material and goods used for technology sales and necessary for construction of photovoltaic power plants. Its increase is mainly caused by higher technology sales and higher consumption of material during 2021.

12. Solar Levy

In thousands of EUR	2021	2020
10% solar levy	-883	-874
Solar levy	**-883**	**-874**

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	2021	2020
Wages and salaries	-5,527	-4,816
Social and health insurance	-988	-852
Pension costs	-227	-163
Personnel expenses	**-6,742**	**-5,831**

Pension costs represent contributions to state defined pension contributions schemes.

On 31 December 2021 the Group employed 144 employees. 4 were employed in Slovakia by Slovak entities; 16 were employed in Hungary, 21 in Australia; 10 in Poland, 4 in Romania, 1 in Switzerland and 1 in the Netherlands. The remaining 87 employees were employed in the Czech Republic.

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.

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	2021	2020
3rd party services received	-2,850	-5,067
Construction subcontractors -services	-310	-33
Accounting services	-482	-519
Legal costs	-426	-484
Other direct costs	-358	-396
Balancing/scheduling/service costs	-336	-7
Warehousing and Freight	-259	-577
Insurance	-348	-336
Audit costs	-211	-223
Travel & Accommodation costs	-179	-338
Marketing	-133	-38
Cars – fuel and maintenance	-233	-166
Bank fees	-143	-113
Projects write off	-122	0
Electricity used	-90	-65
Team development	-90	-85
Security	-73	-157
Investor relations costs	-64	-41
Repairs and maintenance	-48	-53
Land tax	-45	-46
Tools & equipment	-39	-53
Miscellaneous	0	-58
Total Other expenses	**-6,839**	**-8,855**

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

15. Impairment Charges

In thousands of EUR	2021	2020
Net creation/release of bad debt provisions	-206	-3
Write off receivables	-25	-224
Write off financial investment	0	-132
Total Impairment charges	**-231**	**-359**

In 2021 the Group created specific impairment provision to receivables from Slovak distribution companies relating to the so-called G-component in total amount of EUR 227 thousand.

In 2021 the Group has written off receivables of EUR 25 thousand which were fully provided. In 2020 the Group had written off receivables of EUR 224 thousand for which no impairment provisions were created. 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 2021 the Group has written off no financial investments (2020: EUR 132 thousand).

16. Financial Income and Financial Expense

In thousands of EUR	2021	2020
Interest revenue calculated using the effective interest method*	125	123
Revaluation of precious metals	120	0
Financial income	**245**	**123**
Interest expense on loans & borrowings calc. using effective interest method	-6,576	-5,599
Foreign exchange gains and losses (net)	-194	-406
Revaluation of precious metals	0	-26
Financial expense	**-6,770**	**-6,031**
Gains less losses on derecognition of financial liabilities – bonds	-420	0
Gains less losses on derecognition of financial liabilities recognised at amortised costs	**-420**	**0**
Net result from revaluation of trading derivatives	1,730	-478
Revaluation of derivatives	**1,730**	**-478**

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

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

The Group capitalised borrowing costs arising on financing directly attributable to the construction of Leeton on Fivebough power-plants of EUR 171 thousand (2020: EUR 175 thousand).

Gains less losses on derecognition of financial liabilities in 2021 of EUR 420 thousand (2020: EUR 0) represent exchange bonus paid to the existing bondholders for the exchange of the EUR bond (see also Note 29).

Net result from revaluation of derivatives represent change in fair value of derivatives for which no hedge accounting is applied (see also Note 33) of EUR 488 thousand in 2021 (2020: EUR -478 thousand).. These derivatives were terminated as of the end of 2021. Change in FV of share options presented as FVPL financial assets of EUR 1,242 thousand (2020: EUR 0) is also included in Net result from revaluation of trading derivatives, see also Note 21.

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	2021	2020
Current tax expense		
Current year	-1,438	-2,009
Deferred tax expense		
Deferred tax on temporary differences	932	-156
Total tax expense	**-506**	**-2,165**

For movement in deferred tax arising on temporary difference see Note 22.

17.2 Reconciliation of Effective Tax Rate

In thousands of EUR	2021	2020
Loss (-) / profit (+) before income tax	**-5,927**	**-6,528**
Theoretical tax return / charge (25%)	1,482	1,632
Effects of different tax rates in other countries	-356	-648
Unrecognised tax losses of the period	-1,426	-3,336
Use of prior year losses (previously not recognised)	-390	
Recognition of deferred tax assets previously not recognised	184	187
Total tax expense	**-506**	**-2,165**

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	In progress	Total
Net carrying amounts					
Gross revalued amount at 1 January 2020	4,554	136,816	1,518	5,259	148,147
Accumulated depreciation at 1 January 2020	0	-44,930	-1,208	0	-46,138
Net carrying amounts 1 January 2020	**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					
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**
Other Additions/Transfers	696	14,152	436	-6,791	8,493
Revaluation increase (Note 27)	0	1,181	0	0	1,181
Depreciation for the year	0	-9,178	-325	0	-9,503
Effect of movements in exchange rates	0	845	0	146	991
Net carrying amounts					
Gross revalued amount at 31 December 2021	5 169	182,473	1,628	3,052	192,322
Accumulated depreciation at 31 December 2021	0	-64,208	-622	0	-64,830
Net carrying amounts 31 December 2021	**5 169**	**118,265**	**1,006**	**3,052**	**127,492**

Non-current assets by geographical location (i)

In thousands of EUR	2021	2020
The Czech Republic	54,276	58,828
The Slovak Republic	12,077	10,719
Netherlands	66	29
Hungary	48,396	54,178
Australia	22,800	11,299
Poland	3,670	0
Romania	1,178	0
Total	**142,463**	**135,053**

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

Revaluation details by power plants:

In thousands of EUR **Photovoltaic power plants**	**kWp**	**Original costs less accumulated depreciation as at 31 December 2021**	**Revalued amount less accumulated depreciation as at 31 December 2021**	**Original costs less accumulated depreciation as at 31 December 2020**	**Revalued amount less accumulated depreciation as at 31 December 2020**
Breclav	347	419	852	441	1,007
Mostkovice	926	1,072	3,151	1,142	3,643
Svatoslav	1,231	1,338	3,512	1,408	4,001
Slavkov	1,159	1,494	3,773	1,572	4,317
Zvikov	2,031	2,344	7,282	2,467	8,322
Dolni Dvoriste	1,645	1,969	5,445	2,073	6,065
Radvanice	2,305	2,818	7,468	2,966	8,833
Komorovice	2,354	2,749	8,047	2,893	9,031
Zdice 1	1,499	1,776	5,493	1,869	6,107
Zdice 2	1,499	1,783	4,972	1,877	5,668
Blatna	700	912	1,003	1,013	1,059
Mokra Luka II	963	1,146	1,448	1,266	1,498
Mokra Luka III	963	1,130	1,495	1,249	1,569
Jovice V	979	1,038	1,220	1,147	1,238
Jovice VI	979	1,037	1,218	1,146	1,215
Babina II	999	1,238	1,238	1,422	1,311
Babina III	999	1,245	1,245	1,421	1,319
Prsa	999	1,279	1,362	1,422	1,510
Fertod I	528	475	491	505	518
Tiszakecske	5,512	3,414	4,569	3,621	4,808
Almasfuzito	5,494	3,304	4,634	3,502	4,900
Nagyecsed	2,067	1,364	1,711	1,446	1,800
Fertod II	3,487	2,336	3,004	2,473	3,159
Kunszentmarton I	1,394	1,019	1,209	1,079	1,272
Taszar	2,103	1,500	1,895	1,588	1,993
Monor	5,552	3,220	5,065	3,410	5,322
Tata	5,375	4,350	5,284	4,604	5,556
Malyi	2,085	1,828	1,845	1,934	1,941
Kunszentmarton II	1,386	1,038	1,152	1,098	1,211
Puszpokladany	14,118	9,910	14,727	10,477	15,545
Leeton and Fivebough	14,522	11,945	16,123	0	0
Tolna 1	1,358	1,007	1,501	0	0
	87,558	**73,497**	**123,434**	**64,531**	**115,738**

Revalued amount of EUR 123,434 thousand as at 31 December 2021 (31 December 2020: EUR 115,738 thousand) includes net carrying amount of photovoltaic power plants and value of land connected to the photovoltaic power plants of EUR 5,169 thousand as at 31 December 2021 (31 December 2020: EUR 4,473 thousand) which are included under Land.

In 2021, due to legislative changes in Czech Republic and Slovakia, the Group updated the DCF models to reflect the conditions valid as of 1 January 2022, which resulted in net decrease of fair value of the property, plant and equipment in Czech Republic and Slovakia by EUR 3,509 thousand including the impact of deferred tax (EUR 2,895 thousand excluding the impact of deferred tax, (see Note 5.1.)

During Q3 and Q4 2021, the Group performed revaluation of newly connected power plants in Australia and Hungary resulting in increase of the value of property, plant, and equipment by EUR 4,690 thousand including the the impact of deferred tax (EUR 3,591 thousand excluding the impact of deferred tax.

In 2021 the Group capitalized borrowing cost of EUR 171 thousand (2020: EUR 175 thousand) into Property, plant and equipment.

Assets pledged

As at 31 December 2021 the following properties with a carrying amount of EUR 71,939 thousand (2020: EUR 130,872 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 0 thousand (2020: EUR 2,601 thousand) pledged to RL, EUR 333 thousand (2020: EUR 333 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 1,189 thousand (2020: EUR 1,206 thousand) to K&H Bank and EUR 371 thousand (2020: EUR 94) to CIB Bank.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 0 thousand (2020: EUR 55,720 thousand) pledged to RL, EUR 9,897 thousand (2020: EUR 10,386 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 26,807 thousand (2020: EUR 32,480 thousand) pledged to K&H Bank Hungary and EUR 17,219 thousand (2020: EUR 0) pledged to CIB Bank. Property, plant and equipment – Photovoltaic power plants in an amount of EUR 16,123 thousand (2020: EUR 0) were pledged in Australia.

Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 3,052 thousand (2020: EUR 9,697 thousand) comprising mainly of power plants under construction in Hungary and Romania (2020: Australia and Hungary).

Sale of property, plant and equipment

There were no sales of property, plant and equipment in 2021 nor 2020.

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 2020		**1,513**	**1,011**	**7**	**2,531**
Additions		0	10	0	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**
Additions		0	52	0	52
Depreciation charge		-104	-473	-2	-578
Effect of translation to presentation currency		18	373	0	390
Carrying amount as at 31 December 2021		**1,281**	**857**	**0**	**2,138**

The Group recognised lease liabilities as follows:

In thousands of EUR	31 December 2021	31 December 2020
Short-term lease liabilities	597	469
Long-term lease liabilities	1,676	1,936
	2,273	**2,405**

Interest expense included in financial expenses of 2021 was EUR 65 thousand (2020: EUR 123).

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

Total cash outflow for leases in 2021 was EUR 642 thousand (2020: EUR 448 thousand).

20. Intangible Assets

In thousands of EUR	Intangible assets in course of development	Software	Total
Cost	623	489	1,112
Accumulated amortisation	0	-189	-189
Carrying amount as at 1 January 2020	**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	33	1,768	1,801
Accumulated amortisation	0	-541	-541
Carrying amount as at 31 December 2020	**33**	**1,227**	**1,260**
Additions/transfers	126	0	126
Amortisation charge	0	-589	-589
Effect of movements in exchange rates	0	47	47
Carrying amount as at 31 December 2021	**159**	**685**	**844**
Cost	159	1,864	2,023
Accumulated amortisation	0	-1,179	-1,179
Balance at 31 December 2021	**159**	**685**	**844**

Intangible assets in course of development at 31 December 2021 of EUR 159 thousand represents mainly externally developed new software for monitoring and O&M services (Ignition Scada) and technology for webshop.

21. Other Financial Investments

Other non-current investments include following investments:

In thousands of EUR	2021	2020
Other financial investments		
Other financial assets at FVTPL	1,242	-
Other financial assets at FVOCI	8,494	2,042
Total non-current financial assets	**9,736**	**2,042**

The table below discloses investments in equity securities at 31 December 2021 by measurement categories and classes:

In thousands of EUR	Other financial assets at FVTPL	Other financial assets at FVOCI	Total
Other financial investments			
Corporate shares	-	6,759	6,759
Share options	1,242	-	1,242
Shares not yet registered	-	1,735	1,735
Total Other financial investments at 31 December 2021	**1,242**	**8,494**	**9,736**

The table below discloses investments in equity securities at 31 December 2020 by measurement categories and classes:

In thousands of EUR	Other financial assets at FVTPL	Other financial assets at FVOCI	Total
Other financial investments			
Corporate shares	-	2,042	2,042
Total Other financial investments at 31 December 2020	**-**	**2,042**	**2,042**

(a) Other financial assets at FVOCI – Corporate shares

At 31 December 2021, the Group designated investments disclosed in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

In thousands of EUR	Fair value at 31 December 2021	Dividend income recognised for the year
Other financial assets at FVOCI		
Investment in Raygen Resources Pty Ltd ordinary shares	3,434	0
Investment in Raygen Resources Pty Ltd preference shares	1,921	0
Investment in Lerta SA ordinary shares	1,404	0
Shares not yet registered (Lerta SA)	1,735	0
Total Other financial assets at FVOCI	**8,494**	**0**

At 31 December 2020, the Group designated investments disclosed in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

In thousands of EUR	Fair value at 31 December 2020	Dividend income recognised for the year
Other financial assets at FVOCI		
Investment in Raygen Resources Pty Ltd ordinary shares	1,138	0
Investment in Lerta SA ordinary shares	904	0
Total Other financial assets at FVOCI	**2,042**	**0**

At 31 December 2021 securities at FVOCI include equity securities which are not publicly traded. Due to the nature of the local financial markets, it is not possible to obtain current market value for these investments. For these investments, fair value is estimated by reference to subscription value of additional shares placed. Refer to Note 35.

Reconciliation of movements in Other financial assets at FVOCI follows:

In thousands of EUR	Investment in Raygen Resources Pty Ltd	Investment in Lerta SA	Total
Other financial assets at FVOCI as at 1 January 2020	**0**	**0**	**0**
Investments in other financial assets at cost*	1,138	904	2,042
Other financial assets at FVOCI as at 31 December 2020	**1,138**	**904**	**2,042**
Additional investments in other financial assets at cost	1,897	163	2,060
Revaluation recognised in OCI (Note 27)	2,320	337	2,657
Shares not yet registered	0	1,735	1,735
Other financial assets at FVOCI as at 31 December 2021	**5,355**	**3.139**	**8,494**

During 2021 the Group acquired 127,173 preference shares of Raygen Resources Pty Ltd and its share on equity of the entity remained almost unchanged at 7.60% (2020: 7.85%). As at 31 December 2020 the investments represented 250,000 ordinary shares of Raygen Resources Pty Ltd. Raygen is a company specialising in high-efficiency concentrated PV generation with thermal absorption and storage.

During 2021 the Group acquired additional 214,286 shares of Lerta SA and its share on equity of the entity remained unchanged at 12.01% (2020: 12.01%). Following the set-off of convertible loan agreement in December 2021, the Group acquired additional 2,500,000 newly issued shares of Lerta S.A., but these were registered only after the year end, see also Note 40 subsequent events.

As at 31 December 2020 the investment represented 1,629,728 ordinary shares of Lerta SA. Lerta develops Virtual Power Plant technologies and services.

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	2021	2020
Recognised deferred tax asset resulting from:		
Accumulated tax losses carried forward	371	187
Recognised deferred tax liability resulting from:		
Derivatives	-211	0
Property, plant and equipment	-10,359	-10,072
Net deferred tax liability	**-10,199**	**-9,885**

Movement in temporary differences during the year:

In thousands of EUR	Balance as at 1 January 2020	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	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 2021
Accumulated tax losses carried forward	**0**	187	0	0	187	184	0	0	371
Revaluation reserve – Derivatives	0	0	0	0	0	0	0	-211	-211
Property, plant and equipment	**-7,369**	-343	660	-3,020	-10,072	748	-485	-548	-10,359
Total	**-7,369**	**-156**	**660**	**-3,020**	**-9,885**	**932**	**-485**	**-759**	**-10,199**

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.

Majority of deferred tax balances are expected to be recovered or settled after more than 12 months after the reporting period and therefore the whole deferred tax liability is presented as Non Current Liability.

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. Recognised deferred tax asset relates mainly to tax losses to be utilised in Czech Republic, Hungary 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	2021	2020
Unrecognised deferred tax asset resulting from:			
Fair value of hedging derivatives (to be recognised against equity)	33	9	34
Provisions and other temporary differences		42	50
Accumulated tax losses		2,397	2,497
Unrecognised deferred tax asset		**2,448**	**2,581**

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 2021 the Group has unused tax losses carry forward of EUR 18,004 thousand for which no deferred tax assets have been recognised. Out of these tax losses, EUR 914 thousand expire in 2022, EUR 7,071 thousand expire in the period 2023-2025, EUR 9,465 thousand expire in the period 2026-2030 and EUR 553 thousand have an unlimited expiry date.

As of 31 December 2020 the Group had 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 were to expire in 2021, EUR 5,904 thousand in the period 2022-2024, EUR 3,460 thousand in the period 2025-2030 and EUR 3,452 thousand had an unlimited expiry date.

23. Inventories

In thousands of EUR	2021	2020
Goods	2,197	1,010
Inventories	**2,197**	**1,010**

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 12,463 thousand (31 December 2020: EUR 4,437 thousand).

24. Trade and Other Receivables, Loans to Related Parties

Trade and other receivables

In thousands of EUR	Note	2021	2020
Trade receivables (gross)		4,147	4,835
Other than trade receivables		1,576	0
Loans provided to related parties	37	1,811	1,137
Fair value of derivatives	33	2,302	0
Less credit loss allowance		-391	-173
Total financial assets with trade and other receivables		**9,445**	**5,799**
Advances paid – current and non current		1,872	1,624
VAT receivables		106	349
Total non-financial assets with trade and other receivables		**1,978**	**1,973**
Total trade and other receivables, loans to related parties		**11,423**	**7,772**

Trade receivables of EUR 4,147 thousand (2020: EUR 4,835 thousand) include mainly current and overdue receivables from sale of electricity, O&M services and sales of technologies. Other than trade receivables include mainly other receivables from reinvoicing, loans provide to non-related parties and other receivables in total amount of EUR 1,576 thousand (2020: EUR 0 thousand).

Current and non-current advances paid of EUR 1,872 thousand (2020: EUR 1,624 thousand) include mainly paid non-current advances relating to Resolar provision of EUR 529 thousand (2020: EUR 506 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 1,343 thousand (2020: 1,007 thousand).

Receivables of EUR 25 thousand were written off during 2021 (2020: EUR 224 thousand which were not provided for).

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 2021 and 31 December 2020.

	31 December 2021				31 December 2020			
In thousands of EUR	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**
Trade receivables								
Current	0.15%	2,595	-3	2,592	0.10%	2,455	-3	2,452
Less than 30 days overdue	0.70%	988	-7	981	0.50%	718	-4	714
30 to 90 days overdue	2.00%	24	0	24	1.00%	764	-8	756
90 to 360 days overdue	3.00%	108	-3	105	2.50%	514	-13	501
Over 360 days overdue	87.00%	432	-377	55	specific	384	-145	239
Total for trade receivables		**4,147**	**-390**	**3,757**		**4,835**	**-173**	**4,662**
Other receivables	0.15%	1,577	-1	1,576	0,10%	0	0	0
Total		**5,724**	**-391**	**5,723**		**4,835**	**-173**	**4,662**

Specific ECL for receivables overdue for more than 360 days as at 31 December 2020 was 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	**2021**	**2020**
Allowance for credit losses on trade and other receivables as at 1 January	**173**	**172**
New originated	*2*	*1*
Released due to write off	*-25*	*0*
Changes in estimates and assumptions	*229*	*2*
Total credit loss allowance charge in profit or loss for the period	**206**	**3**
Foreign exchange movements	**12**	**-2**
Allowance for credit losses on trade and other receivables as at 31 December	**391**	**173**

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	**2021**	**2020**
Current contract assets from contracts with customers	1,131	1,025
Loss allowance	0	0
Total current contract assets	**1,131**	**1,025**
Contract liabilities – advances from customers	423	836
Total current contract liabilities	**423**	**836**

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 2021 the most significant part of the contract asset was represented by North East Water project in Australia of EUR 753 thousand EUR (2020: Lord Howie Island project of EUR 263 thousand).

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 (2020: 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 2021 is determined according to provision matrix presented in the table below.

	31 December 2021				31 December 2020			
In thousands of EUR	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%	1,131	0	1,131	0.2%	1,025	0	1,025
Total	**0.2%**	**1,131**	**0**	**1,131**	**0.2%**	**1,025**	**0**	**1,025**

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	2021	2020
Cash and cash equivalents	32,486	9,869
Cash with restriction on disposition	3,629	4,109
Money in transit	0	2
Cash on hand	20	22
Precious metals	3,227	288
Liquid assets	**39,362**	**14,290**

Cash with restriction on disposition includes mainly DSRA (debt service reserve accounts) and MRA (maintenance reserve accounts) for Slovak, Hungarian and Australian SPVs (2020: as well Czech SPVs) 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 were released in line with construction milestones of the related projects in 2021, and therefore were included in Cash and cash equivalents.

Part of the movement on Cash with restriction on disposition related to operating activities of the Group in 2021 in amount of EUR 79 thousand (2020: EUR 144 thousand) was presented as Change in trade and other receivables. Movement in Cash with restriction on disposition relating to borrowings of EUR 397 thousand (2020: EUR -1,268 thousand) was presented in Cash flows from financing activities.

27. Capital and Reserves

Share capital and share premium

Ordinary shares

In shares	2021	2020
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 2021 treasury shares included 3,747,635 ordinary shares of the Company (2020: 8,784,000 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 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.

On 25 June 2021, the Company announced the results of an offering of its existing treasury shares addressed to qualified investors. In total, 5 million shares were placed at a price of PLN 7.0, which corresponds to the gross amount of PLN 35.0 million. Total proceeds of EUR 7,766 thousand from the placement net of placement costs of EUR 442 thousand were recorded in Share premium.

Movement in share capital can be analysed as follow:

In thousands of EUR	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2020	**600**	**23,760**	**-88**	**24,272**
Treasury shares allocated to employees	0	186	1	187
At 31 December 2020	**600**	**23,946**	**-87**	**24,459**
Treasury shares allocated to employees	0	173	0	173
Treasury shares allocated to qualified investors	0	7,324	49	7,373
At 31 December 2021	**600**	**31,443**	**-38**	**32,005**

As of 31 December 2021 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.	21,775,075	*36,29%*	21,775,075	*38,71%*
Solar Power to the People Cooperatief U.A.	20,843,375	*34,74%*	20,843,375	*37,05%*
Photon Energy N.V.	3,747,635	*6,25%*	0	*0,00%*
Free float	13,633,915	*22,72%*	13,633,915	*24,24%*
Total	**60,000,000**	***100.00%***	**56,252,365**	***100.00%***

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	*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%***

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

Mr. Michael Gartner indirectly owns 38.71 % of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 37.05 % of votes, via Solar Power to the People Coöperatief U.A. and directly 0.18% of votes at the Shareholders Meeting.

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	2021	2020
Legal reserve fund	13	13
Revaluation reserve	40,251	40,679
Currency translation reserve	2,021	-2,580
Hedging reserve	2,039	-325
Other capital funds	38	87
Total reserves	**44,362**	**37,874**

Legal reserve fund

The Legal 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 2021 (2020: EUR 13 thousand).

Revaluation reserve

In thousands of EUR	Revaluation reserve – PPE	Revaluation reserve – Other financial investments	Revaluation reserve total
Balance as at 1 January 2020	**29,220**	**0**	**29,220**
Increase arising on revaluation of properties (Note 18)	17,665	0	17,665
Increase arising on revaluation of properties - DT recognised	-3,158	0	-3,158
Move from revaluation reserve to retained earnings	-2,965	0	-2,965
Other movements	-82	0	-82
Balance as at 31 December 2020	**40,680**	**0**	**40,680**
Increase of revaluation reserve (Note 18)	1,181	2,657	3,838
Increase of revaluation reserve - DT recognised	-548	0	-548
Share on increase on revaluation of properties - JV	105	0	105
Move from revaluation reserve to retained earnings	-3,822	0	-3,822
Other movements	-2	0	-2
Balance as at 31 December 2021	**37,594**	**2,657**	**40,251**

The revaluation reserve arises on the revaluation of photovoltaic power plants (PVP).

In 2021, due to legislative changes in the Czech Republic and Slovakia, the Group updated the DCF models to reflect the conditions valid as of 1 January 2022. These changes resulted in an increase of EUR 271 thousand of revaluation reserve for the property, plant and equipment located in Slovakia and a decrease of revaluation reserve for the property, plant and equipment located in Czech Republic by EUR 3,229 thousand (see also Note 18). The Group also recognised increase in group's share on revaluation reserve of property, plant and equipment for equity accounted investments in Slovakia of EUR 105 thousand.

In addition, the Group performed revaluation of newly connected power plants in Australia in Q3 2021 and Hungary in Q4 2021 resulting in an increase revaluation reserve of property, plant, and equipment by EUR 3,591 thousand.

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.

In 2020, 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 (increased to 20 years as of 2022) and up to 25 years in Hungary.

The amount equal to the amount of depreciation coming from revaluation recycled to retained earnings in 2021 equals to EUR 3,822 thousand (2020: EUR 2,965 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	**2021**	**2020**
Balance at beginning of year	-2,580	930
Foreign currency differences arising from the translation of financial statements and foreign exchange gains or losses arising from net investments	4,601	-3,509
Balance at end of year	**2,021**	**-2,580**

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	**2021**	**2020**
Balance at beginning of year	-325	-187
Change in fair value of hedging derivatives – fully consolidated entities (Note 31)	2,348	-115
Share on change in fair value of hedging derivatives of JV	17	-23
Balance at end of year	**2,039**	**-325**

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 2021 and 2020.

28. Earnings Per Share

In EUR	**2021**	**2020**
Basic earnings per share	-0.118	-0.167
Diluted earnings per share	-0.107	-0.145
Total comprehensive income per share		
Basic TCI per share	0.039	0.041
Diluted TCI per share	0.035	0.035

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2021 was based on the loss attributable to ordinary shareholders of EUR -6,404 thousand (2020: loss EUR -8,654 thousand) and a weighted average number of ordinary shares outstanding of 54,359 thousand (2020: 52,201 thousand).

Share on profit of equity-accounted investees amounted to EUR 141 thousand (2020: EUR 88 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 2021 and 2020 was based on the total comprehensive income of EUR 2,095 thousand (2020: EUR 2,122 thousand) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 54,359 thousand (2020: of 52,201 thousand).

Weighted average number of ordinary shares

There were no new shares issued in 2021 nor 2020. The number of shares at the year-end 2021 and 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	2021	2020
Non-current liabilities		
Issued bonds	57,223	46,739
Long-term secured bank loans	41,106	44,143
Long term lease liability	1,676	1,936
Long-term portion of other loans	373	401
Total	**100,378**	**93,219**
Current liabilities		
Issued bonds	24,107	0
Current portion of long-term secured bank loans, including accrued interest	4,354	6,008
Short-term lease liability	597	469
Total	**29,058**	**6,477**
Total loans & borrowings	**129,436**	**99,696**

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 2020	**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**
Cash flows					
Loan drawdowns / New issues of bond	15,416	56,092	0	0	71,508
Placement costs paid	0	-782	0	0	-782
Repayments of principal	-19,898	-21,281	-577	0	-41,756
Interest payments	-2,224	-3,751	-65	-36	-6,076
Capitalized interest	-171	0	0	0	-171
Non-cash changes					
Interest expense, including capitalized interest	2,395	4,251	65	36	6,747
Other non-cash movements	0	0	52	0	52
Foreign exchange adjustments	-209	62	393	-28	218
Liabilities from financing activities at 31 December 2021	**45,460**	**81,330**	**2,273**	**373**	**129,436**

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 2021		31 December 2020	
				Credit limit	Utilised	Credit limit	Utilised
Secured bank loan (Raiffeisen)	CZK	3M PRIBOR + 3.7%	1.1.2023	0	0	14,736	14,736
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–3.1%	28.6.2024	2 220	2,220	3,066	3,066
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–2.9%	31.12.2024	2 538	2,538	3,335	3,335
Secured bank loan (K&H)	HUF	3M BUBOR + 2.2–2.5%	28.6.2034 31.3.2035	22,643	21,629	24,263	23,178
Secured bank loan (CIB)	HUF	3M BUBOR + 2.5%	31.12.2035	14,415	14,415	2,748	0*
Secured bank loan (Infradebt)	AUD	3M BBSW (min 0,5%) + 2,35-3,25%	31.12.2025	4,618	4,618	5,662	5,662**
Accrued fees and interest				0	40	0	174
Total interest bearing liabilities				**46,434**	**45,460**	**53,810**	**50,151**

* The loans have not been drawn at 31 December 2020
** The loan represent amount drawn, but not yet released at 31 December 2020, see also Note 26

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

All secured bank loans are pledged by SPVs' assets of power plants including real estate if any and technology receivables generated by power plants. In case of secured bank loans denominated in CZK nearly all power plants are cross-collateralized, see also Note 18.

During 2020, Photon Energy secured non-recourse project financing for additional power plants in Hungary 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 total amount withdrawn as of the year end 2021 equaled to HUF 5.3 billion (EUR 14.4 million).

During 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 was 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 majority of covenants at 31 December 2021 and is not aware on any negative consequences relating to non-compliance with selected covenants. The Group was in compliance with of covenants at 31 December 2020.

Issued bonds

In thousands of EUR	Amortised amount		Fair value	
	2021	**2020**	**2021**	**2020**
Current liabilities				
EUR bond 2017/22	23,735	0	24,350	0
Non-current liabilities				
Green bond 2021/27	54,602	0	57,201	0
EUR bond 2017/22	0	44,923	0	49,165
CZK bond 2016/23	2,993	1,816	2,832	2,051
Total	**81,330**	**46,739**	**84,383**	**51,216**

In November 2021, the Group has issued new EUR green bond with annual coupon of 6.50% and maturity in November 2027 (six-year maturity). The EUR green bond 2021/27 was offered to bondholders of the existing 2017/2022 EUR bond in form of an exchange offer and as a result, EUR 21,281 thousand were exchanged. The principal amount of EUR 50,000 thousand was oversubscribed and the overall volume of the new green bond was increased to EUR 55,000 thousand. Total amount of placement costs paid for the issuance/exchange of the Green bond amounted to EUR 1,202 thousand. Exchange bonus paid to existing bondholder of EUR 420 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 782 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

The EUR green bonds 2021/27 are traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart. The net proceeds of the transaction are allowed to be used only for financing and expanding eligible assets in accordance with its Green Financing Framework.

In October 2017, the Group has issued EUR bonds with an annual coupon of 7.75% and maturity in October 2022. Outstanding nominal amount as of 31 December 2021 was EUR 24,419 thousand (31 December 2020: EUR 45,000 thousand). Outstanding nominal amount of EUR 24,419 thousand as at 31 December 2021 which is due in October 2022 has been presented in Current liabilities.

EUR bonds 2017/22 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 3,052 thousand as of 31 December 2021 (2020: EUR 1,899 thousand). CZK bonds 2016/23 are traded on the unregulated market segment of the Prague's Stock Exchange.

Accrued interest of EUR 700 thousand at 31 December 2021 for EUR bond (EUR 327 thousand) and Green bonds (EUR 372 thousand) is presented within current liabilities.

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6,78% (applicable credit spread) + risk free rate for relevant currency (2020: 3%) and are within level 2 of the fair value hierarchy.

Other long-term financing

Other long-term financing of EUR 373 thousand (2020: EUR 401 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	**2021**	**2020**
Carrying amount as at 1 January	**520**	**534**
Unwinding the present value discount	0	0
Foreign exchange impact	25	-14
Carrying amount as at 31 December	**545**	**520**

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 529 thousand (2020: EUR 506 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	2021	2020
Trade payables		2,275	3,630
Other payables		1,023	2,649
Derivatives	33	0	410
Total financial liabilities with trade and other payables		**3,298**	**6,689**
Payables to employees		552	410
Other liabilities		626	124
Total non-financial liabilities with trade and other payables		**1,178**	**534**
Total trade and other payables		**4,476**	**7,223**

Trade payables of EUR 2,275 thousand (2020: EUR 3,630 thousand) include mainly regular trade payables and payables for supply of goods and services to the Group.

32. Current Income Tax Receivables / Current Tax Liability

Current income tax receivables of EUR 303 thousand (2020: EUR 0) represent tax advances for income tax paid mainly in Hungary, Czech Republic and Slovakia. Current tax liabilities as at 31 December 2020 of EUR 630 thousand represented income tax liability relating mainly to the Czech SPVs, selected SK and Hungarian SPVs and one Hungarian entity.

33. Derivative Financial Instruments

In thousands of EUR	31 December 2021		31 December 2020	
	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	0	0	-162
Hedging derivatives	2,351	-49	0	-248
Value of interest rate swaps	**2,351**	**-49**	**0**	**-410**
Net value of interest rate swaps	**2,302**	**0**	**0**	**-410**
Other Derivative Financial Instruments				
Shares options (Note 21)	1,242	0	0	0
Net Value of Other Derivative Financial Instruments	**1,242**	**0**	**0**	**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 2021 and 31 December 2020 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 2021

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	45,460	6,282	6,163	16,532	30,452	59,429
Bonds	81,330	29,315	6,780	10,725	58,575	105,395
Lease liability	2,273	593	345	712	913	2,563
Other LT loans	373	249	124	0	0	373
Trade and other payables	3,298	3,298	0	0	0	3,298
Total future payments, including future principal and interest payments	**132,734**	**39,737**	**13,412**	**27,970**	**89,940**	**171,058**

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	0	54,183
Lease liability	2,405	469	350	909	1,039	2,767
Other LT loans	401	267	134	0	0	401
Trade and other payables	6,279	6,279	0	0	0	6 279
Derivatives	410	410	0	0	0	410
Total future payments, including future principal and interest payments	**106,385**	**18,773**	**56,910**	**27,043**	**20,294**	**123,020**

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 2021						
Total financial assets	48,807	1,131	0	0	9,736	59,674
Total financial liabilities	3,308	45,512	24,169	57,472	2,273	132,734
Net interest sensitivity gap at 31 December 2021	**45,499**	**-44,381**	**-24,169**	**-57,472**	**7,463**	**-73,060**
31 December 2020						
Total financial assets	20,089	0	0	0	3,067	23,156
Total financial liabilities	6,700	50,207	67	47,006	2,405	106,385
Net interest sensitivity gap at 31 December 2020	**13,389**	**-50,207**	**-67**	**-47,006**	**662**	**-83,229**

Actual interest expense related to bank loans and borrowings incurred by the Company in 2021 was EUR 2,224 thousand (2020: EUR 1,825 thousand related to the loans drawn in the amount of EUR 45,460 thousand (31 December 2020: EUR 50,151 thousand. Information on variable interest rates for all bank loans received is included in Note 29.

At 31 December 2021, if interest rates at that date had been 100 basis points lower (2020: 100 basis points lower) with all other variables held constant, profit for the year would have been EUR 455 thousand (2020: EUR 502 thousand) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 100 basis points higher (2020: 100 basis points higher), with all other variables held constant, profit would have been EUR 455 thousand (2020: EUR 502 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.

34.4 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 2021				At 31 December 2020			
	Monetary financial assets	**Monetary financial liabilities**	**Derivatives**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
EUR	32,865	-85,897	-49	-53,081	3,486	-57,156	-102	-53,772
CZK	3,607	-3,942	0	-335	6,004	-16,005	-162	-10,163
HUF	4,418	-37,032	2,351	-30,263	6,330	-23,178	-146	-16,994
AUD	12,896	-5,442	0	7,454	6,460	-10,095	0	-3,635
CHF	27	0	0	27	15	0	0	15
PLN	3,261	0	0	3,261	904	0	0	904
Other	30	0	0	30	0	0	0	0
Total	**57,104**	**-132,313**	**2,302**	**-72,907**	**23,199**	**-106,434**	**-410**	**-83,645**

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 2021		At 31 December 2020	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
EUR strengthening by 10% (2020: strengthening by 10%)	0	0	0	0
CZK strengthening by 10% (2020: strengthening by 10%)	47	0	909	15
HUF strengthening by 10% (2020: strengthening by 10%)	2,965	-214	1,532	29
AUD strengthening by 10% (2020: strengthening by 10%)	-678	0	330	0
PLN strengthening by 10% (2020: strengthening by 10%)	-296	0	-82	0
Total	**2,038**	**-214**	**2,689**	**44**

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	2021				2020			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Precious metals	3,227	0	0	3,227	288	0	0	288
Derivatives	2,302	0	0	2,302	0	0	0	0
Other financial investments	0	0	9,736	9,736	0	0	2,042	2,042
Non financial assets								
Property, plant and equipment	0	0	123,434	123,434	0	0	115,738	115,738
Total assets recurring FV measurement at 31 December	**5,529**	**0**	**133,170**	**138,699**	**288**	**0**	**117,780**	**118,068**
Financial liabilities								
Derivatives	0	0	0	0	0	410	0	410
Total assets recurring FV measurement at 31 December	**0**	**0**	**0**	**0**	**0**	**410**	**0**	**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 2021:

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	123,434	DCF	Note 5.1	See below	See below	See below
Other financial investments	9,736	MtM	Note 5.3	See below	See below	See below
Total assets recurring FV measurement at 31 December	**133,170**					

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	115,738	DCF	Note 5.1	See below	See below	See below
Other financial investments	2,042	MtM	Note 5.3	See below	See below	See below
Total assets recurring FV measurement at 31 December	**117,780**					

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 5% to 13% for 2021 (2020: 7% to 11%).

Other financial investments are stated at its fair value based on valuation models prepared by management. Other financial investments include primarily ordinary and preference shares and related share options held (see also Note 21). The principal assumptions, in addition to the market price of the shares, are probability of the realisation of the share options granted and discount rate reflecting required return on investment on this type of the Group's investments.

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 31.12.2021:

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-3,221	-6.4%	5,240	10.5%
CZ power plants	-5,789	-12.1%	7,109	14.9%
SK power plants	-1,591	-10.7%	2,022	13.6%
AU power plants	-3,109	-19.9%	5,226	33.5%

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%
AU power plants	*n/a	*n/a	*n/a	*n/a

*n/a – powerplants in Australia were commissioned only during 2021

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 31.12.2021:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
HU power plants	852	1.7%	-863	-1.7%
CZ power plants	910	1.9%	-910	-1.9%
SK power plants	361	2.4%	-361	-2.4%
AU power plants	316	2.0%	-316	-2.0%

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%
AU power plants	*n/a	*n/a	*n/a	*n/a

*n/a – powerplants in Australia were commissioned only during 2021

Sensitivity analysis of DCF for power plants – change in electricity and LGC prices

The below analysis shows impact of change in electricity prices by +/-10% on the enterprise/entity value for selected power plants in absolute and relative figures as of 31.12.2021:

In thousands of EUR	Electricity prices +10%	Electricity prices +10% in %	Electricity prices -10%	Electricity prices -10% in %
HU power plants - FIT	320	0.7%	-318	-0.7%
HU power plants - Merchant	175	11.4%	-175	-11.4%
AU power plants - prices	1,332	8.5%	-1,332	-8.5%
AU power plants - LGCs	253	1.6%	-253	-1.6%

No analysis is presented as at 31.12.2020 as there was no sensitivity to changes in electricity prices for HU powerplants as at 31.12.2020 as there were no powerplants with merchant revenue model.

Sensitivity analysis of MtM of other financial investments – changes in significant estimates

The below analysis shows impact of change in significant estimates on the MtM value in absolute and relative figures as of 31.12.2021:

In thousands of EUR	Market price of the share +10%	Market price of the share +10% in %	Market price of the share -10%	Market price of the share -10% in %
Investment in Lerta SA	314	10,0%	- 314	-10,0%
Investment in Raygen Resources Pty Ltd	547	8,3%	- 920	-13,9%

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
Investment in Raygen Resources Pty Ltd	- 125	-1,9%	143	2,2%

In thousands of EUR	Probability +10%	Probability +10% in %	Probability -10%	Probability -10% in %
Investment in Raygen Resources Pty ltd	186	2,8%	-186	-2,8%

No analysis is presented as at 31.12.2020 as no significant investments with sentitivity to changes in significant estimates held.

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	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at AC								
Trade and other receivables	0	5,332	0	5,332	0	4,662	0	4,662
Loans provided	0	1,811	0	1,811	0	1,137	0	1,137
Other	0	37,266	0	37,266	0	15,027	0	15,027
Total assets	**0**	**44,409**	**0**	**44,409**	**0**	**20,826**	**0**	**20,826**
Financial liabilities								
Borrowings								
Bank loan	0	45,460	0	45,460	0	50,151	0	50,151
Issued bonds	0	84,383	0	84,383	0	46,739	0	46,739
Lease liabilities	0	2,273	0	2,273	0	2,405	0	2,405
Other non-current liabilities	0	373	0	373	0	401	0	401
Other financial liabilities								
Trade and other payables	0	3,298	0	3,298	0	6,689	0	6,689
Total liabilities	**0**	**135,787**	**0**	**135,787**	**0**	**106,385**	**0**	**106,385**

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 2021:

In thousands of EUR	FVOCI	FVPL	AC	Total
Assets				
Cash and cash equivalents	0	0	32,506	32,506
Liquid assets with restriction on disposition	0	0	3,629	3,629
Precious metals	0	3,227	0	3,227
Other financial assets	8,494	1,242	0	9,736
Contract asset	0	0	1,131	1,131
Trade and other receivables	2,302	0	5,332	7,634
Loans provided	0	0	1,811	1,811
Total financial assets	**10,796**	**4,469**	**44,409**	**59,674**

As of 31 December 2021, all of the Group's financial were carried at AC.

31 December 2020:

In thousands of EUR	FVOCI	AC	Total
Assets			
Cash and cash equivalents	0	9,893	9,893
Liquid assets with restriction on disposition	0	4,109	4,109
Other financial assets	2,042	0	2,042
Contract asset	0	1,025	1,025
Trade and other receivables	0	4,662	4,662
Loans provided	0	1,137	1,137
Total financial assets	**2,042**	**20,826**	**22,868**

As of 31 December 2020, no financial assets were classified in FVPL category.

As of 31 December 2020, all of the Group's financial liabilities except for derivatives were carried at AC. Derivatives of EUR 162 thousand were classified in FVPL and EUR 248 thousand in FVOCI category.

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 2021, 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	1,170	-	641
Investments in JV	8	-	1,626	-

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 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%.

Loans to key management personnel were in 2020 presented as Other receivables. The Company decided to present loans to key management personnel as Loans to related parties in 2021 financial statements. Comparative figures were not corrected.

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Key management personnel
Revenue from services rendered		-	72	-
– Interest income	16	73	-	17

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	24	-	21

Key Management Compensation

Key management includes Directors and Senior management. Members of the board of directors did not receive any compensation during 2021 nor 2020 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 727 thousand in 2021 (2020: EUR 717 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 2021 nor 31 December 2020.

38. Group Entities

Subsidiaries and joint ventures

The following entities were in the Group as at 31 December 2021:

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

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
55	Green-symbol Invest Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
56	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
57	Onyx-sun Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
58	Tataimmo Kft	100%	HU	Budapest	Full Cons.	ALFEMO
59	Öreghal Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
60	European Sport Contact Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
61	ALFEMO Alpha Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
62	ALFEMO Beta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
63	ALFEMO Gamma Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
64	Archway Solar Kft.	100%	HU	Budapest	Full Cons.	PENV
65	Barbican Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
66	Belsize Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
67	Blackhorse Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
68	Caledonian Solar Kft	100%	HU	Budapest	Full Cons.	ALFEMO
69	Camden Solar Kft	100%	HU	Budapest	Full Cons.	ALFEMO
70	Hampstead Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
71	Ráció Master Oktatási	100%	HU	Budapest	Full Cons.	ALFEMO
72	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
73	MEDIÁTOR PV Plant Kft	100%	HU	Budapest	Full Cons.	ALFEMO
74	PROMA Mátra PV Plant Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
75	Optisolar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
76	Ladány Solar Alpha Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
77	Ladány Solar Beta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
78	Ladány Solar Gamma Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
79	Ladány Solar Delta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
80	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALFEMO
81	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Budapest	Full Cons.	ALFEMO
82	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALFEMO
83	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
84	VENTITERRA ALFA Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
85	VENTITERRA BETA Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
86	Hendon Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
87	Mayfair Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
88	Holborn Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
89	Photon Energy Project Development XXK (PEPD)	99%	MN	Ulaanbaatar	Full Cons.	PEP
90	PEPD Solar XXK.	100%	MN	Ulaanbaatar	Full Cons.	PEPD
91	Solar Age Polska S.A.	100%	PL	Warsaw	Full Cons.	PENV
92	Photon Energy Polska Sp. Z o.o.	100%	PL	Warsaw	Full cons.	PENV
93	Photon Energy Operations PL Sp. z o.o.	100%	PL	Łodz	Full cons.	PEONV
94	Alperton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
95	Beckton Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
96	Debden Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
97	Chigwell Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
98	Ealing Solar Sp. z o.o.	100%	PL	Poznań	Full cons.	PENV
99	Stanford Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
100	Halton Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
101	Aldgate Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PESCZ
102	Holloway Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
103	Moorgate Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
104	Redbridge Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
105	Watford Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PESCZ
106	Photon Energy Operations Romania Srl.	100%	RO	Bucharest	Full cons.	PEONV &
107	Greenford Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
108	Chesham Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PESCZ
109	Photon Energy Romania SRL	100%	RO	Bucharest	Full cons.	PENV & PEP
110	Photon Renewable Energy Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV
111	Solar Age SPV 1 Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV
112	PE Solar Technology Ltd.	100%	UK	London	Full Cons.	PENV

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

Notes:

Country of registration:				***Consolidation method:***
AU – Australia	*DE – Germany*	*MN – Mongolia*	*RO – Romania*	*Full Cons. – Full Consolidation*
CH – Switzerland	*HU – Hungary*	*PL – Poland*	*SK – Slovakia*	*Not Cons. – Not Consolidated*
CZ –Czech Republic	*NL – Netherlands*	*PE – Peru*	*SA – South Africa*	*Equity – Equity Method*
			UK – United Kingdom	

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%

Other consolidated entities

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

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 (see also note 2.4.1).

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

	Name	% of share capital held by the holding company	Country of regis-tration	Seat of the company	Consolid. method	Legal Owner
1	Photon Energy N.V. (PENV)	Holding	NL	Amsterdam	Full Cons.	-
2	Photon Energy Operations NL B.V.	100%	NL	Amsterdam	Full Cons.	PEONV
3	Photon Energy Engineering B.V. (PEEBV)	100%	NL	Amsterdam	Full Cons.	PENV
4	Photon Energy Operations N.V. (PEONV)	100%	NL	Amsterdam	Full Cons.	PENV
5	Photon Remediation Technology N.V. (PRTNV)	100%	NL	Amsterdam	Full Cons.	KORADOL
6	Photon Energy Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PENV
7	Gunning Solar Farm Pty. Ltd.	49%	AU	Sydney	Equity	PENV
8	Photon Energy AUS SPV 1 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
9	Leeton Solar Farm Pty Ltd	100%	AU	Sydney	Full Cons.	PENV
10	Fivebough Solar Farm Pty Ltd.	100%	AU	Sydney	Full Cons.	PENV
11	Photon Energy AUS SPV 4 Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
12	Suntop Stage 2 Solar Farm Pty. Ltd.	25%	AU	Sydney	Equity	PENV
13	Photon Energy AUS SPV 6 Pty. Ltd.	51%*	AU	Sydney	Equity	PENV
14	Maryvale Solar Farm Pty. Ltd.	25%	AU	Sydney	Equity	PENV
15	Photon Energy Operations Australia Pty.Ltd.	100%	AU	Sydney	Full Cons.	PEONV
16	Photon Energy Engineering Australia Pty Ltd	100%	AU	Sydney	Full Cons.	PEEBV
17	Photon Remediation Technology Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PRTNV
18	Photon Energy SGA Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
19	Photon Water Australia Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
20	Global Investment Protection AG (GIP)	100%	CH	Zug	Full Cons.	PENV
21	ALFEMO AG (ALFEMO)	100%	CH	Zug	Full Cons.	PENV
22	KORADOL AG (KORADOL)	100%	CH	Zug	Full Cons.	PENV
23	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Prague	Full Cons.	PENV
24	Photon SPV 1 s.r.o.	100%	CZ	Prague	Full Cons.	KORADOL
25	Photon SPV 11 s.r.o.	100%	CZ	Prague	Full Cons.	KORADOL
26	Photon Energy Operations CZ s.r.o. (PEOCZ)[1]	100%	CZ	Prague	Full Cons.	PEONV
27	Photon Energy Control s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
28	Photon Energy Technology CEE s.r.o.	100%	CZ	Prague	Full Cons.	PEEBV
29	Photon Water Technology s.r.o.	65%	CZ	Prague	Full Cons.	PENV
30	Photon Remediation Technology Europe s.r.o.	100%	CZ	Prague	Full Cons.	PENV
31	Photon Energy Solutions s.r.o. (PESCZ)	100%	CZ	Prague	Full Cons.	PENV
32	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Prague	Full Cons.	PENV

	Name	% of share capital held by the holding company	Country of regis-tration	Seat of the company	Consolid. method	Legal Owner
33	Photon Energy Cardio s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
34	Photon Maintenance s.r.o. (former The Special One s.r.o.)	100%	CZ	Prague	Full Cons.	PENV
35	Photon Energy Technology EU GmbH	100%	DE	Neuhagen**	Full Cons.	PENV
36	Photon Energy Corporate Services DE GmbH	100%	DE	Neuhagen**	Full Cons.	PENV
37	Photon Energy Engineering Europe GmbH	100%	DE	Neuhagen**	Full Cons.	PEEBV
38	EcoPlan 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
39	EcoPlan 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
40	Fotonika s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
41	Photon SK SPV 1 s.r.o.	50%	SK	Bratislava	Equity	PENV
42	Photon SK SPV 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
43	Photon SK SPV 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
44	Solarpark Myjava s.r.o.	50%	SK	Bratislava	Equity	PENV
45	Solarpark Polianka s.r.o.	50%	SK	Bratislava	Equity	PENV
46	SUN4ENERGY ZVB s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
47	SUN4ENERGY ZVC s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
48	ATS Energy, s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
49	Photon Energy Operations SK s.r.o.	100%	SK	Bratislava	Full Cons.	PEONV
50	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Budapest	Full Cons.	ALFEMO
51	Fertod Napenergia-Termelo Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
52	Photon Energy Operations HU Kft.	100%	HU	Budapest	Full Cons.	PEONV
53	Photon Energy Solutions HU Kft.	100%	HU	Budapest	Full Cons.	PENV
54	Future Solar Energy Kft	100%	HU	Budapest	Full Cons.	ALFEMO
55	Montagem Befektetési Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
56	Solarkit Befektetesi Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
57	Energy499 Invest Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
58	SunCollector Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
59	Green-symbol Invest Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
60	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
61	Onyx-sun Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
62	Tataimmo Kft	100%	HU	Budapest	Full Cons.	ALFEMO
63	Öreghal Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
64	European Sport Contact Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
65	ALFEMO Alpha Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
66	ALFEMO Beta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
67	ALFEMO Gamma Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
68	Archway Solar Kft.	100%	HU	Budapest	Full Cons.	PENV
69	Barbican Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
70	Belsize Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
71	Blackhorse Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
72	Caledonian Solar Kft	100%	HU	Budapest	Full Cons.	ALFEMO
73	Camden Solar Kft	100%	HU	Budapest	Full Cons.	ALFEMO
74	Hampstead Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
75	Ráció Master Oktatási	100%	HU	Budapest	Full Cons.	ALFEMO
76	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
77	MEDIÁTOR Ingatlanközvetítő és Hirdető Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
78	PROMA Mátra Ingatlanfejlesztési Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
79	Optisolar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
80	Ladány Solar Alpha Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
81	Ladány Solar Beta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
82	Ladány Solar Gamma Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
83	Ladány Solar Delta Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
84	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALFEMO
85	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Budapest	Full Cons.	ALFEMO
86	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALFEMO
87	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
88	VENTITERRA ALFA Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
89	VENTITERRA BETA Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
90	Hendon Solar Kft	100%	HU	Budapest	Full Cons.	ALFEMO
91	Mayfair Solar Kft.	100%	HU	Budapest	Full Cons.	ALFEMO
92	Holborn Solar Kft.	100%	HU	Budapesta	Full Cons.	ALFEMO
93	Photon Energy Peru S.C.A.	100%	PE	Lima	Full Cons.	GIP & PENV

	Name	% of share capital held by the holding company	Country of regis-tration	Seat of the company	Consolid. method	Legal Owner
94	Solar Age Polska S.A.	100%	PL	Warsaw	Full Cons.	PENV
95	Photon Energy Polska Sp. Z o.o.	100%	PL	Warsaw	Full Cons.	PENV
96	Photon Energy Operations PL Sp. z o.o.	100%	PL	Łodz	Full Cons.	PEONV
97	Stanford Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
98	Halton Solar Srl..	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
99	Aldgate Solar Srl	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
100	Holloway Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
101	Moorgate Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
102	Redbridge Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
103	Watford Solar Srl	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
104	Becontree Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
105	Greenford Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
106	Chesham Solar Srl.	100%	RO	Bucharest	Full Cons.	PEP & PESCZ
107	Photon Energy Romania SRL	100%	RO	Bucharest	Full Cons.	PENV & PEONL
108	PE SOLAR TECHNOLOGY LTD.	100%	UK	London	Full Cons.	PENV

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

Notes:
Country of registration:
AU = Australia *DE = Germany* *PE = Peru* *SK = Slovakia*
CH = Switzerland *HU = Hungary* *PL = Poland* *UK = United Kingdom*
CZ = Czech Republic *NL = Netherlands* *RO = Romania*

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

Photon Energy Operations CZ s.r.o. established a branch office in Romania.
PEP & PESCZ – Photon Energy Projects s.r.o. owns 95% and Photon Energy Solution s.r.o. owns 5%

Other consolidated entities

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

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 (see also note 2.4.1).

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 2021 and 2020 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 11,838 thousand EUR (2020: EUR 16,245 thousand) to subsidiaries creditors. Bank accounts restricted due to guarantees are included in restricted cash presented in Note 26.

40. Subsequent Events

Acquisition of Subsidiaries Previously Owned by Raiffeisen – Leasing, s.r.o.

Following the early repayment of remaining project financing of its Czech PV portfolio provided by Raiffeisen - Leasing, s.r.o. ("RL") on 30 December 2021, the Group exercised the call option for purchase of a 100% shares in the RL SPVs on 17 January 2022 and became sole shareholder of the related SPVs (see also overview of entities in note 38).

Additional Investment Into Lerta S.A.

Following the execution of the convertible loan agreement, 2,500,000 newly issued shares of Lerta S.A. were registered on 7 February 2022. Total number of shares of Lerta S.A. held by Photon Energy N.V. amounts to 4,129,728 and represents 23.98% share.

Following the registration of new shares and the fact, that the Group obtained significant influence, but not control, over the financial and operating policies, the investment will be subsequently reclassified into Investments in equity-accounted investments and the Group will recognise its share of the profit or loss and other comprehensive income, from the date that significant influence has been obtained.

Photon Energy switches 43.5 MWp of its Hungarian PV Portfolio to Merchant Electricity Sales

Photon Energy N.V. has temporarily switched all Hungarian PV power plants in its proprietary portfolio receiving support on the basis of KÁT-licenses and METÁR-KÁT-licenses to selling the produced electricity on the Hungarian day-ahead market to benefit from the currently much higher electricity prices. This switch is effective from 1 April 2022 and is based on Hungarian Government Decree that allows PV power plants to temporarily exit the support schemes and to return to the respective support scheme at any time after a 12-month-period. The Group has also permanently opted out of six of ten METÁR licenses for its PV power plants in Puspokladány and will be selling the produced electricity on the Hungarian day-ahead market to benefit from the currently much higher electricity prices with effect from 1 April 2022. Photon Energy's portfolio of KÁT- and METÁR-KÁT-licensed PV power plants consists of 51 units with a total installed capacity of 35 MWp. The six METÁR-licensed PV power plants which have permanently exited the support scheme have a combined installed capacity of 8.5 MWp and the four METÁR licensed PV power plants remaining in the support scheme have a total installed capacity of 5.6 MWp. Based on production forecasts as well as the closing Hungarian baseload futures prices on the European Energy Exchange (EEX) in Leipzig on 25 February 2022, the Management Board of Photon Energy N.V. has calculated that in Q2, Q3 and Q4 2022 the Company's Hungarian PV power plant portfolio (excluding the Tolna merchant PV power plant) is projected to generate electricity sales revenues of EUR 10.3 million compared to EUR 5.0 million (based on the feed-in-tariff/contract-for difference rate of HUF 35,540/EUR 97.10). More than 95% of these additional revenues are expected to feed through to the Group's consolidated EBITDA. Energy prices in Hungary just like in the rest of Europe have been highly volatile in recent months, hence, final results may differ materially. The Management Board of Photon Energy N.V. is convinced that based on the current electricity market outlook for the following 24-36 months this mostly reversible exit from the Hungarian support scheme strongly improves the Group's profitability and maximizes the return on investment on its Hungarian portfolio.

Russian invasion of Ukraine and the imposition of international sanctions

The Russian invasion of Ukraine that started in February 2022 and the international sanctions imposed after, may have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally. Photon Energy Group carefully monitors recent development and actions. As the Group has no direct investment or ongoing business relationships in these countries, no impacts are expected to the Group, but economic sanctions on individuals, organizations, or countries business interruptions, like supply chains, due to sanctions, military conflict, commodity, lack of payment methods and broader market instability, or retaliatory actions could impact our clients, business partners and their affiliates, customers, counterparties, or suppliers/vendors.

Photon Energy Group

Standalone Financial Statements

For the Year Ended 31 December 2021

Company Balance Sheet as of 31 December 2021

(before profit appropriation)

In thousands of EUR	Note	31 December 2021	31 December 2020
Assets			
A. Fixed assets		**65,725**	**59,235**
I. Intangible fixed assets		**36**	**30**
3. Concessions, licences and intellectual property		36	30
II Tangible fixed assets		0	0
III Financial fixed assets		**65,689**	**59,205**
1. Interests in group companies	42	30,882	32,685
2. Accounts receivable from group companies	43	25,060	26,520
5. Other investments	42	9,747	0
B. Current assets		**101,883**	**56,665**
II Accounts receivable		**81,281**	**56,551**
1. Trade debtors	44	7,953	8,110
2. From group companies	43,44	70,165	45,452
4. Other accounts receivable	44	3,158	2,898
6. Prepayments and accrued income	44	4	91
IV Cash at banks and in hand	44	**20,602**	**114**
Assets		**167,608**	**115,900**

Equity and liabilities	**Note**	**31 December 2021**	**31 December 2020**
A. Equity	45	**79,336**	**63,077**
I. Called-up share capital		600	600
II. Treasury shares		-38	-87
III. Share premium		44,554	37,057
IV. Revaluation reserve		19,037	15,644
V. Legal and statutory reserves		38	87
VI Other reserves*		1,533	-184
VII Retained earnings		9,945	6,321
Profit for the year		3,667	3,639
C. Long-term debt	46	**59,403**	**48,803**
2. Other bonds and private loans		57,223	46,739
7. Accounts payable to group companies		2,180	2,064
D. Current liabilities	47	**28,869**	**4,020**
2. Other bonds and private loans	46	24,107	0
5. Trade creditors		1,008	237
7. Accounts payable to group companies		3,493	3,098
11. Other liabilities		12	402
12. Accruals and deferred income		249	283
Equity and liabilities		**167,608**	**115,900**

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

The notes on pages 136 to 145 are an integral part of these financial statements.

Company Income Statement for the Financial Year Ended 31 December 2021

In thousands of EUR	Note	1 January – 31 December 2021	1 January – 31 December 2020
Net turnover	49	3,269	2,771
Other operating income/Capital gain from disposal of financial investments		484	0
Total operating income		**3,753**	**2,770**
Costs of raw materials and consumables		0	0
Wages and salaries		-77	-72
Impairment of current assets		0	-214
Other operating expenses	50	-3,717	-2,826
Total operating expenses		**-3,794**	**-3,111**
Other interest income and similar income	51	2,144	1,339
Changes in value of fixed asset investments	48	1,242	0
Interest expense and similar expenses	52	-4,948	-3,788
Results before tax		**-1,603**	**-2,790**
Taxes		-13	0
Share in profit/loss of participations	53	5,283	6,429
Net result after tax		**3,667**	**3,639**

The notes on pages 136 to 145 are an integral part of these financial statements.

Photon Energy Group

Notes to the Company Financial Statements

For the Year Ended 31 December 2021

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. Share of profit in consolidated subsidiaries (net of tax) is presented in Share in profit/loss of participations.

Other investments include investment of the Company where the Company has no significant influence and other financial instruments, and are valued at fair value.

Changes in fair value of investments into equity instruments are recognised in Revaluation reserve in equity, changes in fair value of other financial instruments (derivatives) are recognised in Income statement in line Changes in value of fixed asset investments.

41.3 Changes in Presentation of Financial Information

In 2021, in order to improve quality of presentation, the Company changed presentation of Receivables from group companies. Except for this change, there were no other changes in presentation during the year.

42. Financial Fixed Assets

In thousands of EUR	**31 December 2021**	**31 December 2020**
Interests in group companies	30,882	30,643
Other investments	9,747	2,042*
Total Financial Fixed Assets	**40,629**	**32,685**

**presented in Interest in group companies as at 31 December 2020*

Other non-current investments include following investments:

In thousands of EUR	**Fair value at 31 December 2021**	**Fair value at 31 December 2020**
Investment in Raygen Resources Pty Ltd ordinary shares	3,434	1,138
Investment in Raygen Resources Pty Ltd preference shares	1,921	904
Investment in Lerta SA ordinary shares	1,405	0
Share options	1,247	0
Shares not yet registered	1,740	0
Total Other investments	**9,747**	**2,042**

The movements of the Financial Fixed assets can be shown as follows:

In thousands of EUR	Participating interests in group companies	Other investments	Shares not yet registered	Total
Balance as at 31 December 2019	**25,957**	**0**		**25,957**
Share in result of participating interests	6,429	0	0	6,429
Other movements	-557	0	0	-557
Share in foreign currency translation differences in participating interest	-238	0	0	-238
Dividend payout	-948	0	0	-948
New investments	0	2,042	0	2,042
Balance at 31 December 2020	**30,643**	**2,042**	**0**	**32,685**
Share in result of participating interests	5,283	0	0	5,283
Sale of investments	-1,014	0	0	-1,014
Other movements	87	0	0	87
Share in PPE revaluation reserve s in participating interest	76	0	0	76
Share in derivatives revaluation in participating interest	2,359	0	0	2,359
Revaluation of investments - OCI	0	2,657	0	2,657
Revaluation of investments - PL	0	1,242	0	1,242
Dividend received by Company	-6,690	0	0	-6,690
New investments	138	2,066	1,740	3,944
Balance at 31 December 2021	**30,882**	**8,007**	**1,740**	**40,629**

2021

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. No impairment provision to the financial fixed assets has been recorded as at 31 December 2021 nor 2020.

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.

Other investments include investment of the Company where the Company has no significant influence and other financial instruments, and are valued at fair value.

Changes in fair value of investments into equity instruments are recognised in Revaluation reserve in equity, changes in fair value of other financial instruments (derivatives) are recognised in Income statement in line Changes in value of fixed asset investments.

The Company, with statutory seat in Amsterdam, is the holding company and has the financial interests as disclosed under note 38.

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

43. Accounts Receivable from Group Companies

In thousands of EUR	31 December 2021	31 December 2020
Accounts receivable from group companies – non current	25,060	26,520
Accounts receivable from group companies – current	70,165	45,452
Total loans provided	**95,225**	**71,972**

Movement schedule for loans provided:

In thousands of EUR	2021	2020
Opening balance	**71,972**	**64,650**
Newly provided loans	34,827	45,781
Accrued interest	1,090	1,194
Loans repayments/transfers	-13,367	-39,235
FX differences	703	-418
Closing balance	**95,225**	**71,972**

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 2021 and 31 December 2020.

44. Current Assets

In thousands of EUR	31 December 2021	31 December 2020
Trade debtors	7,953	8,110
Receivables from group companies	70,165	45,452
Other accounts receivable	3,158	2,898
Prepayments and accrued income	4	91
Cash at banks and in hand	20,602	114
Total current assets	**101,883**	**56,665**

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 2021 include trade receivables from companies within the Group of EUR 7,953 thousand (2020: EUR 8,110 thousand).

Receivable from group companies of EUR 70,165 thousand (2020: 45,452 thousand) represent loans provided to group companies. These loans are due on 31 December 2022 and therefor are presented as current assets, interest charged on these loans is 3%.

Other accounts receivable include mainly loans receivables provided outside the Group of EUR 1,929 thousand (2020: 2,724 thousand) and other short term assets of EUR 801 thousand (2020: EUR: 758 thousand).

Receivables from related parties (Georg Hotar and Michael Gartner) of EUR 411 thousand (2020: EUR 398 thousand) are included in Other account receivable, see also note 37 of consolidated financial statements. 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	Own treasury shares	Share premium	Revalua-tion reserve	Currency translation reserve	Hedging reserve	Treasury shares reserve	Retained earnings	Unappro-priated result	Total equity
Balance at 1 January		**600**	**-88**	**36,871**	**15,644**	**688**	**233**	**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		-	1	186	-	-	-	-1	-	-	186
Actual result		-	-	-	-	-	-	-	-	3,639	3,639
Balance at 31 December 2020		**600**	**-87**	**37,057**	**15,644**	**-406**	**223**	**87**	**6,320**	**3,639**	**63,077**
Foreign currency translation differences in participating interest		-	-	-	-	-640	-	-	-	-	-640
Transfer to retained earnings		-	-	-	-	-	-	-	3,639	-3,639	0
Derivatives		-	-	-	-	-	2,356	-	-	-	2,356
Revaluation of PPE and other investments		-	-	-	3,393	-	-	-	-	-	3,393
Other movements		-	-	-	-	-	-	-	-14	-	-14
New shares placed with premium		-	49	7,497	-	-	-	-49	-	-	7,497
Actual result		-	-	-	-	-	-	-	-	3,667	3,667
Balance at 31 December 2021		**600**	**-38**	**44,554**	**19,037**	**-1,046**	**2,579**	**38**	**9,945**	**3,667**	**79,336**

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 2021 treasury shares included 3,747,635 ordinary shares of the Company (2020: 8,784,000 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 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. There are no costs associated with the issue of the shares that could be deducted from the amount of share premium, so all amount of premium is considered to be fully paid for tax purposes.

On 25 June 2021, the Company announced the results of an offering of its existing treasury shares addressed to qualified investors. In total, 5 million shares were placed at a price of PLN 7.0, which corresponds to the gross amount of PLN 35.0 million. Total proceeds of EUR 7,766 thousand from the placement net of placement costs of EUR 442 thousand were recorded in Share premium.

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 on the revaluation of fixed financial assets. Revaluation reserve from PPE amounted to EUR 19,037 thousand at 31 December 2021 (31 December 2020: EUR 15,644 thousand) and revaluation reserve arising from revaluation of other financial investments amounted to EUR 2,657 thousand at 31 December 2021 (31 December 2020: EUR 0).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to EUR -1,046 thousand at 31 December 2021 (31 December 2020: EUR -406 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to EUR 2,580 thousand at 31 December 2021 (31 December 2020: EUR 223 thousand).

Unappropriated Result

To the General Meeting of Shareholders the following appropriation of the result 2021 will be proposed: the loss of EUR 3,667 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

Unappropriated Result 2021 contains the amount of EUR 141 thousand of net profit of joint ventures, where the entity cannot control the distribution of these profits. This represent the legal reserve following article 389 subsection 6 of Book 2 of the Dutch Civil Code. This profits are regularly distributed to JV partners. The amount of EUR 88 thousand of net profit of joint ventures retained in 2020 was distributed to the Company in 2021.

Movement schedule of retained earnings:

In thousands of EUR	
Balance at 1 January 2020	**-7,679**
Movements in 2020	13,999
Closing balance 31 December 2020	**6,320**
Movements in 2021	3,625
Closing balance 31 December 2021	**9,945**

Reconciliation of consolidated group equity with company equity

In thousands of EUR	31 December 2021	31 December 2020
Group equity	**51,538**	**40,114**
Non-controlling interest	-150	-121
Group equity attributable to owners of the Company	**51,688**	**40,235**
Non-attributable losses of financial interest recognised in equity*	27,648	22,842
Shareholders' equity (Company)	**79,336**	**63,077**

In thousands of EUR	31 December 2021	31 December 2019
Group total comprehensive income	**2,095**	**2,084**
Profit/loss attributable to non-controlling interest	-29	-39
Group total comprehensive income attributable to the owners of the company	**2,124**	**2,123**
Non-attributable losses of financial interest recognised in profit and loss*	1,543	1,516
Net result (Company)	**3,667**	**3,639**

*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.

46. Long-Term Debt

In thousands of EUR	31 December 2021	31 December 2020
Other bonds – non current	57,223	46,739
Accounts payable to group companies	2,180	2,064
Total Long-Term Debt	**59,403**	**48,803**

As at 31 December 2021: Long term liabilities of EUR 58,575 thousand are due in more than 5 years. As at 31 December 2020 all long term liabilities were due within period 1 to 5 years.

Other bonds

In thousands of EUR	31 December 2021	31 December 2020
Other bonds – current	24,107	0
Other bonds – non current	57,223	46,739
Total	**81,330**	**46,739**

Movement schedule for issued bonds:

In thousands of EUR	2021	2020
Opening balance	**46,739**	**38,823**
Newly issued bonds	56,092	7,684
Placement cost paid	-782	0
Repayments of principal	-21,281	0
Accrued interest	4,251	3,614
Coupon paid	-3,751	-3,331
FX differences	62	-51
Closing balance	**81,330**	**46,739**

In November 2021, the Group has issued new EUR green bond with annual coupon of 6.50% and maturity in November 2027 (six-year maturity). The EUR green bond 2021/27 was offered to bondholders of the existing 2017/2022 EUR bond in form of an exchange offer and as a result, EUR 21,281 thousand were exchanged. The principal amount of EUR 50,000 thousand was oversubscribed and the overall volume of the new green bond was increased to EUR 55,000 thousand. Total amount of placement costs paid for the issuance/exchange of the Green bond amounted to EUR 1,202 thousand. Exchange bonus paid to existing bondholder of EUR 420 thousand was recognised in income statement while the remaining amount of EUR 782 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate.

The EUR green bonds 2021/27 are traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart. The net proceeds of the transaction are allowed to be used only for financing and expanding eligible assets in accordance with its Green Financing Framework.

In October 2017, the Group has issued EUR bonds with an annual coupon of 7.75% and maturity in October 2022. Outstanding nominal amount as of 31 December 2021 was EUR 24,419 thousand (31 December 2020: EUR 45,000 thousand). Outstanding nominal amount of EUR 24,419 thousand as at 31 December 2021 which is due in October 2022 has been presented in Current liabilities.

EUR bonds 2017/22 are traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hanover, 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 3,052 thousand as of 31 December 2021 (2020: EUR 1,899 thousand). CZK bonds 2016/23 are traded on the unregulated market segment of the Prague's Stock Exchange.

Movement schedule for non current liabilities:

In thousands of EUR	2021	2020
Opening balance	**2,064**	**2,128**
FX revaluation	116	-64
Closing balance	**2,180**	**2,064**

47. Current Liabilities

In thousands of EUR	31 December 2021	31 December 2020
Other bonds and private loans	24,107	0
Trade payables	3,493	237
Accounts payable from group companies	1,008	3,098
Other liabilities	12	403
Accruals and deferred income	249	283
Total Current Liabilities	**28,869**	**4,020**

All current liabilities fall due in less than one year, unless otherwise disclosed below.

Other bonds and private loans included in current liabilities as 31 December 2021 include EUR bonds which matures in October 2022.

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.

Accounts payable from group companies of EUR 1,008 thousand represent loans from group companies. These loans are due on 31 December 2022 and therefor are presented as current liabilities, interest charged on these loans is 3%.

The fair value of the accounts payable from group companies approximates the book value, due to their short-term character.

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 thousands of EUR	Amortised amount		Fair value	
	2021	**2020**	**2021**	**2020**
Current liabilities				
EUR bond 2017/22	23,735	0	24,350	0
Non-current liabilities				
EUR bond 2017/22	54,602	0	57,201	0
EUR bond 2017/22	0	44,923	0	49,165
CZK bond 2016/23	2,993	1,816	2,832	2,051
Total	**81,330**	**46,739**	**84,383**	**51,216**

49. Net Turnover

In thousands of EUR	**2021**	**2020**
Revenues from provision of services	3,269	2,771
Net turnover	**3,269**	**2,771**

Revenues from provision of services of EUR 3,269 thousand (2020: 2,771 thousand) represent services provided to the companies in the Group.

50. Other Operating Expenses

In thousands of EUR	**2021**	**2020**
Consulting services	-3,348	-2,273
Audit and accounting services	-221	-231
Investment relations costs	-64	-40
Legal	-47	-101
Miscellaneous	-37	-179
Other Operating Expenses	**-3,717**	**-2,826**

Audit fees are presented separately in Note 55.

51. Other Interest Income and Similar Income

In thousands of EUR	**2021**	**2020**
Interest Income	1,721	1,339
Other Income	422	0
Other Interest Income and Similar Income	**2,144**	**1,339**

Interest Income from group companies amounted in 2021 to EUR 1,656 thousand (2020: EUR 1,289 thousand). Other Income of EUR 422 thousand (2020: EUR 0) include mainly FX gains.

52. Other Interest Expense and Similar Expense

In thousands of EUR	2021	2020
Interest expense	-4,485	-3,780
Exchange bonus paid	-420	0
Other expense	-43	-9
Other Interest Expense and Similar Expense	**-4,948**	**-3,788**

Exchange bonus paid to existing bondholder of EUR 420 thousand was recognised in Other Interest Expense and Similar Expense. Remaining amount of placement fees paid of EUR 782 thousand is included in the amortised amount of the Issued bonds and will be recognised as interest expense from Issued bonds using effective interest rate. (see also Note 46).

Interest expense from group companies amounted in 2021 to EUR 208 thousand (2020: EUR 171 thousand).

Other expense of EUR 43 thousand (2020: EUR 9) include mainly FX losses.

53. Share in Results from Participating Interests

An amount of EUR 5,283 thousand (profit) of share in results from participating interests relates to group companies (2020: profit of EUR 6,429 thousand).

54. Employee Benefits and Information

The company has only 1 employee (2020: 1 employee) who is working in Netherlands. No employees are working outside of Netherlands.

The two members of the board of directors are not employees of the Company and did not receive any compensation during 2021 nor 2020 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.

55. 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 2021:

2021:

In thousands of EUR	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers firms and affiliates	Total
Statutory audit of annual accounts	116	98	214
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 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

56. 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 2021 nor 2020. 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 20210 the directors of the Company control 75.94% (2020: 84.44%) 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.

57. Cash Flow Statement

The Company was not required to prepare Cash Flow Statements previously, therefore it presents figures only for the year 2021:

In thousands of EUR	**2021**
Cash flows from operating activities	
Loss/profit for the year before tax	**-1,603**
Adjustments for:	
Gain on disposal of financial investments	-464
Net finance costs	3,161
Change in FV of derivatives	-1,242
Other non cash items	1,358
Changes in:	
Trade and other receivables	-17
Trade and other payables	1,143
income tax paid	-13
Net cash from operating activities	**2,323**
Cash flows from investing activities	
Acquisition of property, plant and equipment	-6
Acquisition of subsidiaries, including loans provided to group companies	-24,876
Acquisition of other investments	-4,325
Proceeds from sale of investments	1,560
Dividends received	6,690
Net cash used in investing activities	**-20,957**
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	7,754
Proceeds from issuing bonds	56,092
Placement costs paid	-1,202
Repayment of long term liabilities/bonds	-21,281
Interest payments	-3,962
Interest received	1,721
Net cash from financing activities	**39,122**
Net decrease/increase in cash and cash equivalents	**20,488**
Cash and cash equivalents at 1 January	**114**
Cash and cash equivalents at 31 December	**20,602**

Loans provided to group companies are included in Cash flows from Investing activities.

Amsterdam, 11 April 2022

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.

Refer to the Note 38 of the Consolidated financial statements.

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 2021

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 2021 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 2021 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 2021 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 of 31 December 2021
- the following consolidated statements for the year 2021: comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

The standalone financial statements comprise:
- the company balance sheet as of 31 December 2021;
- the company income statement for the financial year ended 31 December 2021;
- 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 regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures in the context of our audit of the financial statements as a whole and forming our opinion thereon. The information in support of our opinion, e.g. comments and observations regarding individual key audit matters, our audit approach regarding fraud risks and our audit approach regarding going concern was set up in this context and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Photon Energy N.V. is a global provider of solar power and clean water solutions, dedicated to ensuring that everyone has access to clean, affordable energy and water. 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.

The adverse effects of the COVID-19 pandemic on the global economy diminished during 2021 however was still observable in specific areas such as supply chain disruptions and travel restrictions. We carefully considered the impact on the company and took that into account in designing and executing our audit.

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. We paid attention to, amongst others, the assumptions underlying the physical and transitional climate change related risks.

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, revenue recognition from construction contracts and valuation of the call option for purchase of shares, we considered those matters as key as set out in the section 'Key audit matters' of this report.

Other areas of focus, that were not considered key audit matters, related to refinancing and issuance of new bonds, the valuation of derivatives, the valuation of other investments, classification of contract for difference revenue model and consolidation of special purpose entities.

In executing our audit, 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 specialists in the areas of information technology and taxation, and valuation experts in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €239,000.

Audit scope

- We conducted audit work at the head office of the Group.
- All subsidiaries of the Group (components) were included in the scope of the audit.
- Audit coverage: we performed the audit of the financial statements for the Group as a whole and tested all material financial statement line items without segregation per the components.

Key audit matters

- Valuation of the photovoltaic power plants.
- Recognition of revenue from construction contracts.
- Valuation of the call option for the purchase of shares of Raygen.

Materiality

The scope of our audit was 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	€239,000 (2020: €180,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 2.5% of EBITDA (2020: 2.2%). We increased the benchmark percentage in line with gained understanding of the Company and its business and therefore lower audit risk.
Rationale for benchmark applied	We used EBITDA as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that EBITDA is 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.
Component materiality	In relation to ISA 600 we did not allocate the overall group materiality but targeted all material financial statement line items regardless of which component's transactions it contains.

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 any misstatement identified during our audit above €23,900 (2020: €18,000) 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, Poland, Romania, Slovakia, Australia and some other countries with relatively low operational activities. The financial information of these entities is included in the consolidated financial statements of Photon Energy N.V. Refer to Note 38 of the consolidated financial statements for the details of the 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 financial 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.

The impact of climate change on our audit

Sustainability is a core value at Photon Energy N.V., viewed by management as a core to the continuous growth and success. The Company's revenue is connected to activities adding sustainable value to the environment. In 2021, management of Photon Energy N.V. further expanded the climate change related risk assessment. We refer to section 'Climate Change-related Risks', 'Corporate Social Responsibility' and 'Sustainable Investments' of the 'Directors' Report' where management defined potential physical as well as transitional risks, risk governance, metrics and investment strategy. Management acknowledged the complexity of the regulatory environment and stakeholders' expectations. In adopting a strategic approach to sustainability, management was focusing on addressing material external risks to become more resilient and adaptable in the face of challenges such as climate change and creating a space for innovation.

Climate change initiatives and commitments impact the preparation of the Group's financial statements in a variety of ways, all with inherent uncertainties. In note 2.4, 'Use of Estimates and Judgments', management pointed out that climate-related risks do not have significant impact on Group's operations and do not lead to a significant risk of material adjustments and therefor are not considered to be significant judgements.

As we have not been engaged in expressing assurance over the sustainability reporting, our procedures in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information reported. During our planning procedures, we have made enquiries of management to understand and assess the extent of the potential impact of climate related risk on the Group's financial statements.

We challenged the appropriateness of management's assessment of the potential impact (e.g. estimated useful life of assets, access to financing) on major accounting estimates. The impact of climate related risks is not considered to be a separate key audit matter.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section 'Culture and Values' of the Directors' Report for description of governance structure and policies in place, on which management relies when managing the risk of fraud.

We further evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We assessed whether those factors indicate that a risk of material misstatement due to fraud is present. In doing this we:

- We inquired with executive management as to whether they have any knowledge of (suspected) fraud, their views on overall fraud risks within the Group and their perspectives on the Groups mitigating controls addressing the risk of fraud. We also discussed management's process for identifying fraud risks; fraud and error risks in the entity and financial statements; management's process for responding to fraud risks, whether they have knowledge of any actual, suspected or alleged fraud

- We also inquired accounting personnel and other employees about known fraud and error risks in the entity and the financial statements; management's communication to employees of its views on business practices and ethical behaviour, whether they have knowledge of any actual, suspected or alleged fraud
- We assessed the IT environment around key systems. We paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.

Based on fraud risk factors identified we performed the following specific procedures over the identified fraud risk factors:

Identified fraud risks	***Audit procedures***
Risk of management override of controls It is generally presumed that management is in a unique position to perpetrate fraud because of the available opportunity to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Management measures performance of the group through monitoring EBITDA and revenue, which are considered key performance indicators. A risk of override or bypassing of controls as management may be inclined to ensure targets are met, has been identified. In this context, we paid specific attention to non-routine transactions and areas of significant management estimations where management bias may result in fraudulent reporting. This is a presumed significant risk in all our audits.	To address this specific risk, we executed the following strategy: • Where relevant to our audit, we evaluated the design and effectiveness of controls in the processes of generating and processing journal entries. We assessed whether deficiencies in controls may create additional opportunities for fraud and incorporated respective corroborative procedures in our audit approach. • We considered the outcome of our audit procedures over the estimates and significant accounting areas and assessed whether control deficiencies and misstatements identified were indicative of fraud. Where necessary, we planned and performed additional auditing procedures to ensure that fraud risk is sufficiently addressed in our audit. • We evaluated key accounting estimates and judgements used in key accounting areas (like photovoltaic powerplant valuation, valuation of investments) for biases, including retrospective reviews of prior year's estimates where available. Further reference is made to key audit matters in this auditor's report. • We performed data analysis and focused on journal entries related to the fraud risk factors identified during the fraud risk assessment. Where we identified instances of unexpected journal entries, we performed additional audit procedures to address each identified risk. • We evaluated whether the business rationale (or lack thereof) of the significant transactions concluded in 2021 suggests that the Group may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. • We incorporated an element of unpredictability in the nature, timing and extent of procedures. • We performed substantive testing procedures over the consolidation entries. • Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of the internal controls.

Identified fraud risks	*Audit procedures*
Risk of fraud in revenue recognition Management performance is linked to financial results, thus there may be intention from management's side to improve Group's performance through fictitious revenue postings, premature revenue recognition or deliberate manipulation with manual inputs to invoice or journal entries. This is a presumed significant risk in all our audits.	To address this specific risk, we executed the following strategy: • We discussed with management the increased risk of overriding or bypassing controls in order to meet certain key performance indicators. • We discussed and inquired with management the tone at the top, to assess to what extent not meeting targets have an impact on career opportunities or bonuses within the Company, and whether they have any knowledge of (suspected) fraud. In our conversations we addressed their views on overall fraud risks within the Group and their perspectives on the Groups mitigating controls addressing the risk of fraud in revenue. • We updated our understanding of the revenue and receivable process through performing an end-to end walkthrough of the process whereby identifying individual revenue streams applicable to the Company and its subsidiaries. • We assessed the IT environment around key systems, including IT dependent controls related to the revenue and receivables cycle. We also assessed the design and effectiveness of the internal control measures related to revenue recognition and processing journal entries related to revenue. • Using data analysis, we identified revenue entries with a credit impact to revenue accounts and non-regular off-sets and substantively tested them to verify that their nature did not represent fraudulent transactions or reporting. • We performed substantive audit procedures to assess whether IFRS 15 criteria for recognising revenue in 2021, were met. We also performed substantive audit procedures over the credit notes issued to customers after year end (where material) to verify that no material transactions were recorded in 2021 that were subsequently reversed through credit notes in 2022. • Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the accuracy of the revenue reporting.

Audit approach going concern

As disclosed in note 2.1 in the financial statements, management prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management's going-concern assessment included, amongst others:

- Assessment of appropriateness of the application of the going-concern assumption in preparing the annual accounts by management. We corroborated management's assumption with the approved budget 2022, facts and circumstances that came to our attention from our auditing procedures.
- Inquiries of management and accounting staff as to their knowledge of going concern risks beyond the period of twelve months after the reporting period.
- We performed a look-back analysis on approved budgets to assess the accuracy of the forecasting process.

- An analysis of the financial position per balance sheet date in comparison to prior year-end to assess whether events or circumstances exist that may lead to a going concern risk.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

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, 18 and 35 to the consolidated financial statements for the related disclosure.*	
As at 31 December 2021 photovoltaic plants represents more than 60% 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 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).	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 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.
This valuation is significant to our audit due to complexity and high judgement applied within the assessment process. Until 31 December 2021 Cash flows were calculated for the period equal to the duration of the Feed-in-Tariff (period with guaranteed sales prices) in a given country and based on the expected after-tax cost of debt and expected cost of equity. As of 31 December 2021, the cash flow projections are prepared for 25 years in Czech Republic, Slovak Republic and Hungary, equal to the expected technical and commercial lifetime of the projects.	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 and performed look-back analysis

Key audit matter	*Our audit work and observations*
Significant assumptions used in the models are the following: • production volume; • operating and capital expenditures; • discount rates; • prices of electricity and large-scale green certificates (LGCs) for merchant models in Australia and Hungary (not relevant for Feed-In-Tariff). 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.	On a sample basis we inspected the technical documentation for historic operating, maintenance 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 have evaluated the expected prices and large-scale generation certificates (LGCs) together with our valuation experts to publicly available forwards/futures prices of electricity in relevant markets. We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Notes 5.1, 18 and 35 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 2021.
Recognition of revenue from Construction contracts *Refer to Notes 4.11 and 9 to the consolidated financial statements for the related disclosure.* In 2021 about 15% 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.	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. Furthermore, 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.

Key audit matter	*Our audit work and observations*
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.	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 2021 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 2021.
Valuation of call option for purchase of shares *Refer to Notes 2.4.5, 21 and 35 to the consolidated financial statements for the related disclosure.* We understand that investment in the non-traded company Raygen has a long-term strategic importance for Photon because of its development of promising photovoltaic technology. In 2021 and 2020 Photon subscribed for Raygen's ordinary shares and preferential shares. As a part of the subscription agreement, Photon also has a call option for additional shares in consideration for the services provided by Photon in respect of developing and completing a Qualifying solar project during a period of 5 years. Photon Energy has a policy of applying the irrecoverable election to present fair value changes of particular investments in equity instruments in other comprehensive income (OCI). The call option for additional shares in Raygen is considered as embedded derivative and is presented separately through FVPL. Fair value is measured in accordance with IFRS 13 Fair Value Measurement. Significant assumptions used in the estimation of fair value of share option are the following: • expected market price of the shares • probability of realization of the share options • discount rate reflecting the rate of return on investment.	We verified that the evaluation of the call option for the purchase of shares as embedded derivative with fair value measurement through FVPL is in line with IFRS 9. We checked the appropriateness of the method used for valuation under IFRS 13 Fair Value Measurement. We assessed the competence, capabilities and experience of 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. We have evaluated the expected market price of shares together with our valuation team considering Raygen is a nontraded company. We have inquired with management about the project stage and challenged the probability of realization of the share options. Together with our valuation experts we evaluated the reasonableness and appropriateness of the discount rate 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 valuation.

Key audit matter	Our audit work and observations
Applied measurement methods materially impact the value of Other non-current financial assets and Revaluation of derivatives Therefore, we consider the Valuation of call option for purchase of shares in Raygen to be a key audit matter.	We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Notes 2.4.5, 21 and 35 to the consolidated financial statements). Our procedures did not result in any material findings with respect to the fair value of right for additional shares.

Report on the other information included in the annual report

The annual report contains other information (the 'Other Information'). This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the 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 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures 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. The board of directors are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Photon Energy N.V. on 4 December 2020 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 4 December 2020. Our appointment has been renewed by the shareholders.

European Single Electronic Format (ESEF)

Photon Energy N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by Photon Energy N.V. complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

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 55 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 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, 11 April 2022
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2021 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 actions taken to eliminate threats or safeguards applied.

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.

Barbara Strozzilaan 201
Amsterdam 1083 HN
The Netherlands

Corporate number: 51447126
VAT number: NL850020827B01

+31 20 240 25 70
photonenergy.com