Photon Energy Group

Photon Energy N.V.

Annual Report 2022

PricewaterhouseCoopers Accountants N.V.
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Photon Energy N.V.
Annual Report 2022

Contact Details:

Photon Energy N.V.
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Legal form: Joint-stock company (Naamloze Vennootschap)
Registration: Dutch Chamber of Commerce (Kamer van Koophandel)
Company No.: 51447126
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This report is available online at photonenergy.com

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

Photo on page 12–13: Nate Paul Productions
Photo on page 74–75: Lord Howe Island Board / Jack C Shick

Photon Energy Group

Clean energy and water.
The fundamentals of life.

Founded
in **2008**

Active in
16 countries

280+
employees

900+ MWp
PV projects in development

103.6 MWp
proprietary portfolio

380+ MWp
O&M portfolio

121.6 GWh of clean
energy produced in 2022

Shares traded in **Poland,**
Germany and **the Czech Republic**

CO_2e savings of
49,013 tonnes in 2022

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safety
innovation
sustainability
community
integrity

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Komorovice, Czech Republic

Photon Energy Group

Introduction

Financial Information

In thousands	EUR		PLN		CZK	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	**95,136**	**36,359**	**445,684**	**165,970**	**2,337,032**	**932,436**
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	24,308	9,584	113,877	43,747	597,137	245,773
Results from operating activities (EBIT)	16,984	-712	79,566	-3,250	417,219	-18,258
Profit / loss before taxation (EBT)	8,725	-5,927	40,875	-27,055	214,335	-151,999
Profit / loss	6,262	-6,433	29,335	-29,364	153,823	-164,969
Other comprehensive income	1,410	8,528	6,605	38,929	34,633	218,705
Total comprehensive income	**7,672**	**2,095**	**35,939**	**9,565**	**188,455**	**53,735**
Non-current assets	189,279	142,463	885,961	654,889	4,564,472	3,541,639
Current assets	64,548	54,155	302,129	248,946	1,556,567	1,346,301
Of which Liquid assets	21,358	39,362	99,969	180,944	515,041	978,548
Total assets	253,826	196,618	1,188,085	903,831	6,121,015	4,887,916
Total equity	**70,475**	**51,538**	**329,871**	**236,914**	**1,699,494**	**1,281,233**
Non-current liabilities	149,792	111,122	701,131	510,815	3,612,228	2,762,489
Current liabilities	33,559	33,958	157,078	156,101	809,265	844,196
Operating cash flow	2,847	6,221	13,339	28,399	69,945	159,547
Investment cash flow	-33,429	-14,233	-156,606	-64,971	-821,197	-365,013
Financial cash flow	9,348	30,625	43,793	139,793	229,636	785,372
Net change in cash	**-21,234**	**22,613**	**-99,475**	**103,222**	**-521,616**	**579,910**
EUR exchange rate – low	–	–	4.493	4.451	24.115	24.860
EUR exchange rate – average	–	–	4.685	4.565	24.565	25.645
EUR exchange rate – end of period	–	–	4.681	4.597	24.115	24.860
EUR exchange rate – high	–	–	4.953	4.716	25.865	26.420

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

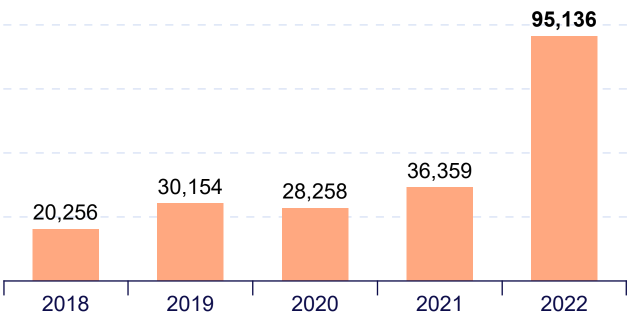
In 2022, the Group's revenues increased by 161.7% to hit a record EUR 95.136 million, thanks to an 81.6% increase in revenues from the sale of electricity generated by a growing proprietary portfolio selling electricity on the market, while other revenue streams increased by a remarkable 253.2% YOY, driven by a sound procurement strategy.

EBITDA improved to EUR 24.308 million (+153.6% YOY), while EBIT swung from a loss of EUR -0.712 million to a EUR 16.984 million profit.

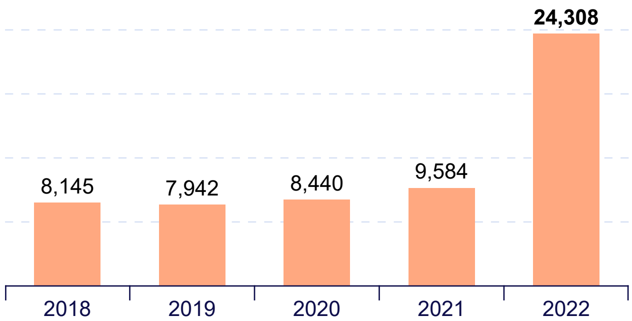
Bottom line, the Group reported a net profit of EUR 6.262 million compared to a EUR -6.433 million loss in 2021 and a TCI of EUR 7.672 million compared to EUR 2.096 million a year ago.

Equity increased by 36.7% YOY, while the adjusted equity ratio increased at a sound level of 32.0%.

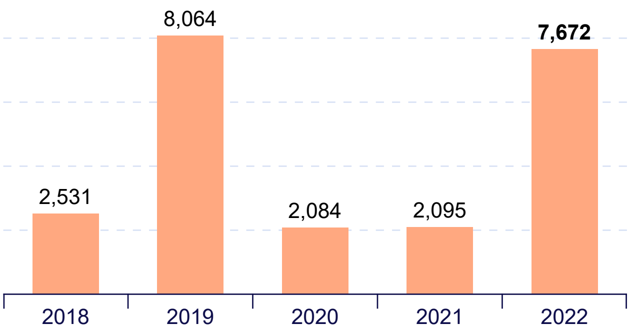
Total Revenues *(In thousands of EUR)*



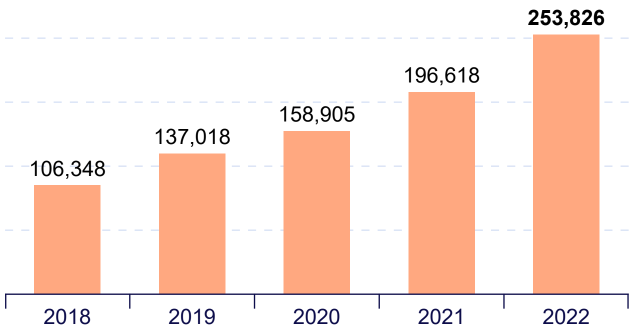
EBITDA *(In thousands of EUR)*



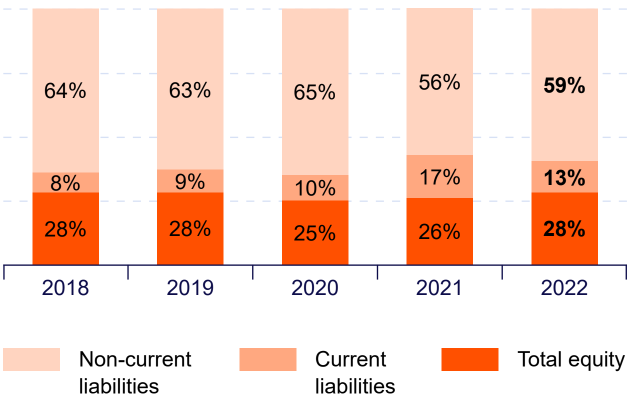
Total Comprehensive Income *(In thousands of EUR)*



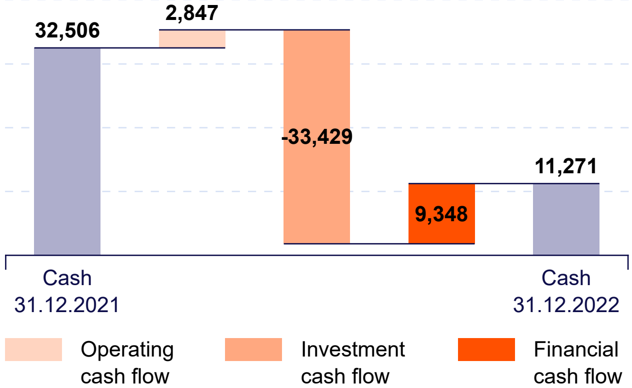
Total Assets *(In thousands of EUR)*



Breakdown of Liabilities and Equity



Cash Flow Profile in 2022 *(In thousands of EUR)*



Letter from the Management

Dear Stakeholders,

We saw a very eventful year in 2022, with continued project development activities across our key markets, as well as the strategic expansion of our business model through the full acquisition of Lerta, including its Virtual Power Plant (VPP) technologies and energy market services. We increased revenues by 161.7% to a record EUR 95.136 million, exceeding our guidance of EUR 85.0 million, and EBITDA by 153.6% to a record EUR 24.308 million, meeting our guidance of EUR 24.0 million. Throughout the year, we delivered on our growth strategy by finalising construction works on projects with a combined capacity of 32 MWp in Romania, with the first of these plants commissioned in February 2023. In addition, we acquired the development rights for a 9.8 MWp/10 MWh solar-and-battery energy storage system facility in Australia. This represents our first utility-scale solar-plus-storage installation and will serve as a prototype for a future roll-out across our European markets. We also refinanced our PV assets in the Czech Republic and launched a B2B eCommerce platform to strengthen our position as a leading supplier of PV modules, inverters and batteries across the CEE region at a time of skyrocketing demand. We are very excited to embark on the next steps in our journey together.

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

Key Achievements

In 2022, we completed and connected one power plant with a combined capacity of 1.4 MWp in Hungary and started the construction on a combined 32 MWp in Romania. We decided to enter the Hungarian market in 2017, followed by the Romanian market shortly after. Although Romania was probably the least popular solar market in Europe at that time, we began sowing the seeds of our presence there with our projects currently under construction. We were among the first investors in this now booming investment market. In Hungary, we have built nearly 52 MWp, of which a total of 46.2 MWp operates on a merchant basis. Switching to a merchant model has become the financial backbone of our business, improving the Group's profitability and maximising the return on investment on our Independent Power Producer (IPP) portfolio. There is now a regulatory response to high energy prices with the decision made, at the EU level, that power plants should not generate more than EUR 180 per MWh. While it has a certain impact on our business, this amount remains well above our profitability requirements, when compared to our Levelized Cost of Electricity (LCOE).

Since the very beginning, the fuel for our strategy has been project development. That means that we control a pipeline of projects that we very often develop from scratch, or co-develop in some instances. Having control is extremely important, as the integration of in-house development and engineering to our projects makes us the master of our own destiny. From the moment we have all permits in place, the construction process is executed based on projects which are designed for long-term ownership. In Europe, we have increased our project pipeline in Hungary, Poland and Romania to a combined 617 MWp (+29.7% YOY).

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. 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, we acquired the development rights and land for a 9.8 MWp / 10 MWh solar-and-battery energy storage system facility in New South Wales. This transaction marks a significant milestone as Photon Energy Group's first utility-scale solar-and-battery storage project. This project will make a meaningful contribution to the NSW Government's objective to deliver a 50% cut in emissions by 2030, compared to 2005 levels.

In the area of remediation, which is a process used to eliminate various contaminants from water and soil, 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 project to eliminate or reduce per- and polyfluorinated substances (PFAS) contamination.

2022 was also an exciting year with regards to our presence on capital markets. In the second half of the year, we increased the placement of our Green Bond to EUR 77.5 million, and to a total

EUR 80.0 million as of the publication date for this report. Through these bond taps, we managed to win new institutional investors. 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, confirmed by a Second Party Opinion from imug | rating. This underlines our commitment to sustainable development and transparency for our stakeholders.

Last but not least, after more than three years of ever closer cooperation between our companies, we acquired a full control of Lerta S.A. Founded in 2016, Poland-based Lerta initially operated as a software provider for traditional utilities. Over the years, the company evolved into an independent, asset-free energy company focused on the optimisation of renewable energy sources and energy flexibility. Its proprietary AI software platform, Lerta Energy Intelligence, allows Lerta to forecast and optimise the output of renewable power plants and the load of industrial clients based on current prices and grid needs.

This allows Lerta to simultaneously transform a rooftop or a plot of land or roof into a high-performance renewable generation asset, support energy consumers in adapting to new market realities and optimising their energy costs, while also helping network operators to balance their grids and to avoid blackouts. Since its inception, Lerta has grown to become Poland’s third-largest renewable energy aggregator, with energy trading licenses in six countries across Central and Eastern Europe. We can confidently state that this acquisition is the result of a perfect synergy of vision, values, entrepreneurial spirit and long-term thinking.

Outlook for 2023

Our business model began with an offer of comprehensive services for solar power plants, from development and engineering to maintenance. From there, we focused on developing our own portfolio of proprietary power plants, the vast majority of which is now selling clean energy directly to the market. Looking ahead to 2023, we see many opportunities for growth in the established Australian and Hungarian markets and the newly added Polish and Romanian markets for the expansion of PV generation capacity.

The Group also intends to continue to disrupt and transform the PV industry. This is illustrated by our investment in RayGen, a company specialising in high-efficiency concentrated PV generation with thermal absorption and storage, as well as the aforementioned integration of Lerta. By combining our products and services with Lerta, we can now offer comprehensive, integrated renewable energy solutions to both energy generators and consumers. In addition to these exciting prospects, we will retain our focus on the expansion of our operations and maintenance (O&M) solutions and the development of various water treatment technologies, as well as their preparation for their commercialisation.

Based on the status quo of price caps and windfall taxes adopted by the governments in the Group’s core markets in the CEE region, the management board expects a modest negative impact in the Czech Republic and Hungary and no negative impact in Slovakia and Romania, with a potential slowdown in roll-out plans in Poland. New capacity additions in Romania and Hungary are expected to drive material revenue and EBITDA growth in 2023 and beyond.

Resulting from our operating leverage manifesting across all of our business lines, consolidated revenues for 2023 are expected to increase to EUR 150.0 million from EUR 95.1 million in 2022, representing a 57.7% increase YOY, leading to an increase of EBITDA to EUR 29.0 million from EUR 24.3 million in 2022 (+19.3% YOY).

Financial Results

In 2022, the Group’s revenues increased by 161.7% to hit a record EUR 95.136 million, thanks to an 81.6% increase in revenues from the sale of electricity, primarily attributable to higher revenues from the electricity production generated by the Company’s new power plants operating on a merchant basis as well as to high electricity prices on the market, while other revenue streams increased by a remarkable 253.2% YOY, driven by a sound procurement strategy. EBITDA hit a record EUR 24.308 million (+153.6% YOY), while EBIT swung from a loss of EUR -0.712 million to a EUR 16.984 million profit. We reported a net profit of EUR 6.262 million compared to a EUR -6.433 million loss in 2021. TCI amounted to EUR 7.672 million compared to EUR 2.096 million a year ago, while the adjusted equity ratio increased at a sound level of 32.0%.

We met our full-year 2022 financial guidance to increase our consolidated revenues to EUR 85.0 million from EUR 36.4 million in 2021, and EBITDA to EUR 24.0 million from EUR 9.6 million in 2021.

For the past fifteen years, we have provided services for solar installations around the world, built a proprietary portfolio of 92 PV power plants with a total capacity of 103.6 MWp (as of the publishing date of this report), become an independent clean energy provider and expanded the scope of our work, establishing Photon Water to deliver ground-breaking clean water solutions and integrating Lerta, a next-generation energy company.

Over this time, our team has grown from six people to nearly 300 in seven countries across two continents. In a consolidation of our experience and expertise, we embarked on an exciting path combining solar energy, energy storage and water technologies to create more wide-ranging, adaptable water and renewable energy solutions.

We would like to thank you all for your continued support, and for the trust you have bestowed upon our company, while special thanks go to our hard-working employees who remain the lifeblood of Photon Energy Group.

Amsterdam, 24 April 2023

Board of Directors

Michael Gartner, Director

Georg Hotar, Director

Leeton, Australia

Photon Energy Group

Company Profile

Who We Are

Slavkov, Czech Republic

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.

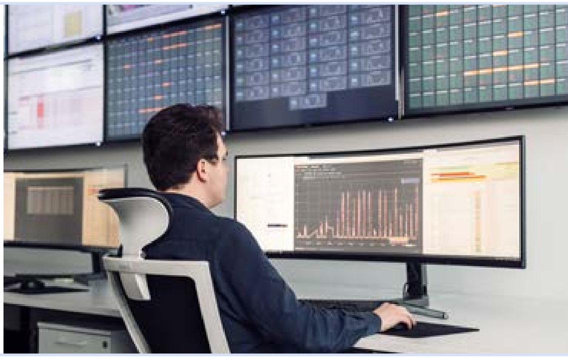
Photon Energy N.V., the holding company for Photon Energy Group, is listed on the Warsaw, Prague and Frankfurt Stock Exchanges.

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

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

Photon Energy delivers clean energy solutions to energy producers and consumers. Our comprehensive products and services cover the entire lifecycle of photovoltaic systems.

Beyond the work we do with our customers, we are also an independent power producer: we develop build, own and operate PV installations around the world.

Project Development

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

Technology

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

Engineering

We design and build PV installations and energy storage systems.

Operations and Maintenance

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

LERTA

A recent acquisition of Photon Energy Group, Lerta delivers clean energy directly to consumers through its Virtual Power Plant. The Lerta VPP aggregates and distributes clean energy from a variety of sources, including solar, wind and biogas.

Since its founding, Lerta has grown to become Poland's third-largest renewable energy aggregator, with energy trading licenses in six countries across Central and Eastern Europe.

Photon Water

Photon Water provides clean water solutions for all environments, from treatment and remediation services to the management of wells and other water resources.

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

Remediation

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

Wells and Resources

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

Water Treatment

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

Water Resource Management

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

Sustainability

Highlights of 2022

Tracking of our **CO_2e footprint** across scope 1, scope 2 and scope 3 emissions

Creation of a donation policy, including the establishment of **CSR days for employees**

Employee engagement and **ESG survey**

Our **Green Bond** was tapped to EUR 77.5 million

Pilot project to test our **in-situ nanoremediation technology** with experts from universities in Liberec and Stuttgart

Development of **internal training course** related to insider trading and our Code of Ethics

Further details are available in our 2022 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.

A renewal of our ESG rating profile has been initiated and the result of the process will be available on 4 May 2023.

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.

GRI Framework

Our 2022 Sustainability Report has been prepared in accordance with the GRI framework. We believe that GRI reporting in-creases accountability and provides transparency surrounding our sustainability goals, efforts and outcomes.

The GRI reporting framework consists of universal standards and topic standards that organisations can use to prepare and report information that showcases significant sustainability impacts.

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.
- We use only demineralised water to clean PV panels, not 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 help ensure a positive impact on the local economy through job creation.

Social Conduct

- We have stringent health and safety policies and procedures in place, 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 2022.
- 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; 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 Photon Energy Group 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. He has contributed 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. After many successful years with the Group, Clemens will be leaving at the end of May, following a handover period to our new CFO Andrej Horánsky.

Ricky D'Ambrosca

COO

Ricky is responsible for the day-to-day administration of Photon Energy Group and its operational functions as a business. He joined the company in 2022 in order to strengthen our management team during this period of growth. Previously, Ricky worked at ADP Employer Services as senior client services director for the EMEA region. He has led 450+ associates spanning twenty countries providing services for 250 clients for 100 large corporate entities.

Supervisory Board

and Audit Committee

Bogusława Skowroński

Bogusława is an independent Supervisory Board member as defined by the Dutch Corporate Governance Code. 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.

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.

Ariel Sergio Davidoff

Ariel is a member of the Photon Energy Group supervisory board and chairman of the audit committee. He is a partner at Lindemannlaw, an international law firm based in Zurich. The law firm focuses on UHNW entrepreneurs and regulated clients, such as banks, external asset managers and mutual funds. Prior to joining Lindemannlaw, Ariel held various positions in the banking industry in Switzerland and Lichtenstein, including the position of CEO. In addition, he recently co-funded several companies in the Swiss financial sector.

Our Team

As of 31 December 2022

283	39	37%	22
Employees *	Average age	Female employees	Nationalities

'The culture here is friendly and multicultural, which is an awesome environment to work in.'

Světlana Karafiátová
Receptionist

'I'm glad to be part of a company that works in renewables, the sector of tomorrow.'

Mihai Banica
Project Manager

'The management team makes me feel like I work with them, not for them, and that we have a mutual goal.'

Alexandra Materna
Sales Manager

'The work we do is very dynamic. Every day is different, so it's always challenging and exciting.'

Mark Csete
Project Development Manager

* Incl. 63 employees added to our staff following the acquisition of Lerta on 12 December 2022. These are not included in the employee demographic numbers.

Teambuilding at Lhota Lake
Lhota, Czech Republic

Lunch & Learn
Sydney, Australia

Kongres PV
Warsaw, Poland

All-staff Meeting
Prague, Czech Republic

Our Markets

Power Plants Owned by Photon Energy Group

O&M Services for Power Plants

Inverter Maintenance Services

Energy Trading Licence

Photon Water Services

Photon Energy Group Office

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2022 PV Market Overview

Worldwide

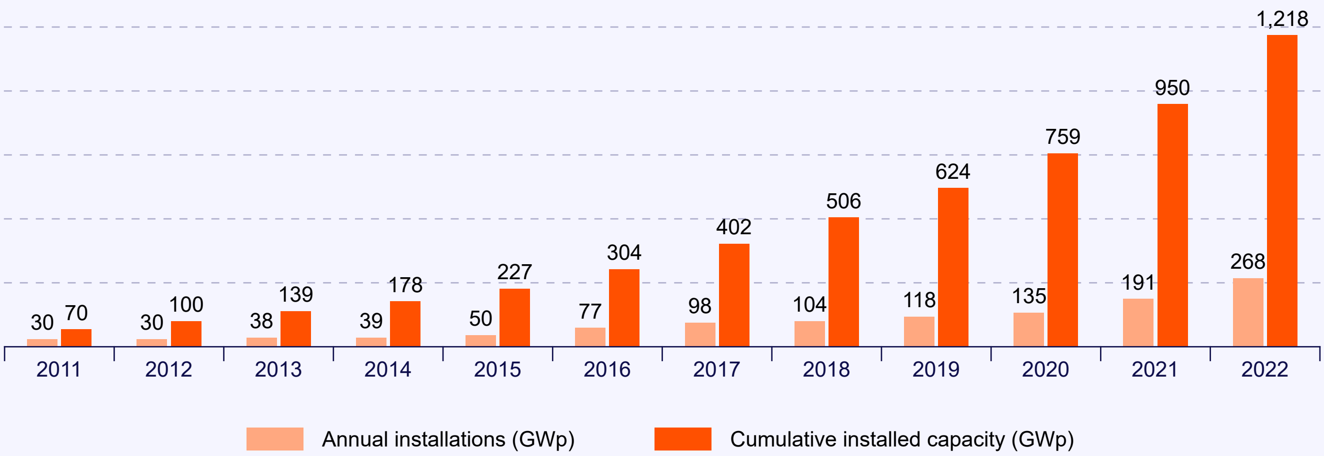
The year 2022 saw 268 GWp of new solar generation capacity deployed, in comparison to 191 GWp in 2021, bringing the total cumulative installed capacity to approximately 1,218 GWp. In 2022, the PV market grew by 29% year-to-year.

This unexpected raise is connected to the first truly global energy crisis, which was triggered by Russia's invasion of Ukraine, that sparked unprecedented momentum for renewables according to IEA. Fossil fuel supply disruptions have underlined the energy security benefits of domestically generated renewable electricity, leading many countries to strengthen policies supporting renewables.

Solar PV generation in the US during 2022 increased by 24.14% year-on-year according to the country's Energy Information Administration (EIA) latest report. The data which was reviewed by Sun Day Campaign showed that solar remained the fastest-growing renewable energy source in 2022 and ended the year with a share of 4.74% of all electricity capacity generated in 2022, up from the 3.95% share in 2021.

Solar deployment in China jumped to a new high in 2022, according to new figures from the country's National Energy Administration. Newly installed solar capacity in China last year reached a record 87.4GW, a 59% increase on 2021, taking the country's total installed PV capacity to 390GW.

Evolution of Global Annual and Cumulative Installed Capacity, 2011–2022



Europe

According to Solar Power Europe, 2022 was the year when solar power displayed its true potential for the very first time in the EU, driven by record high energy prices and geopolitical tensions that largely improved its business case. The 27 EU Member States saw 41.4 GW of new solar PV capacity connected to their grids; a 47% increase compared to 2021.

The share of renewables in net electricity generation in Germany accounted for nearly half of total power generation in 2022 with 49.6%, according to the Fraunhofer Institute for Solar Energy Systems (ISE).

Most solar power facilities in the EU are still operated by Germany. By the end of 2022, aggregate installed capacity will be roughly 68.5 GW, with new yearly installations of 7.9 GW. Spain achieved a total of 26.4 GW capacity in 2022, becoming second largest market in the EU. For the very first time, a nation with a solar fleet larger than 10 GW – Poland, which has 12.5 GW of potential ranked outside the top 5. The other top 10 nations – Belgium, 7.7 GW, Greece, 5.6 GW, Portugal, 4.2 GW, and Denmark, 3.9 GW – remain below this mark. Hungary, which has 3.9 GW as well, drops to outside the top 10 in 2022 due to a few MW difference.

Sources: BNEF, SPE, the Company

Our Key Markets

As of 31 December 2022

Australia

2022 Market Overview

In 2022, 4.1 GWp have been installed which makes up a total capacity of 31.0 GWp as of 31 December 2022. According to Clean Energy Regulator (CER), the year 2022 saw more than 290,000 rooftop installations added to the grid with a total capacity of 2.51 GWp.

Total capacity at the end of 2021: **26.9 GWp**

Total capacity at the end of 2022: **31.0 GWp**

Photon Energy in Australia

In Development
309.8 MWp

Our Portfolio
14.7 MWp

Czech Republic

2022 Market Overview

According to the Czech Solar Association, 33,760 solar power plants with a total capacity of 288.8 MWp were installed in 2022. Total capacity of 2.5 GWp was reported at the end of 2022, representing a 13.6% increase from 2021 to 2022. Residential photovoltaics in the Czech Republic are breaking records. Compared to 2021, when 9,321 power plants with an output of 62 MWp were built, this represents an increase of 366% in terms of capacity.

Total capacity at the end of 2021: **2.2 GWp**

Total capacity at the end of 2022: **2.5 GWp**

Photon Energy in the Czech Republic

Our Portfolio
15.0 MWp

Hungary

2022 Market Overview

Cumulative PV capacity in 2022 was estimated at 3.9 GWp, according to an analysis by Solar Power Europe; Compared to 2021, we saw an increase of about 30%. The capacity target for 2030 is 6.5 GWp of which more than 50% has been achieved, according to SPE.

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

Total capacity at the end of 2022: **3.9 GWp**

Photon Energy in Hungary

In Development
86.3 MWp

Our Portfolio
51.8 MWp

Poland

2022 Market Overview

According to Solar Power Europe, a total of 4.9 GWp was installed in 2022, a significant increase of 63.6% over 2021. Poland completes the top three ranking with its impressive solar record. Poland has once again increased its annual solar installations, this time by 26% to 4.9 GWp compared to 3.9 GWp in 2012.

High electricity bills and massive energy security issues resulting from the Russian war have ensured that the pace of installations has remained steady throughout the year despite a slightly less attractive support structure for small-scaled solar projects.

Total capacity at the end of 2021: **7.7 GWp**

Total capacity at the end of 2022: **12.5 GWp**

Photon Energy in Poland

In Development
303.0 MWp

Romania

2022 Market Overview

Romanian cumulative PV capacity in 2022 was estimated at 1.8 GWp, according to an analysis by Solar Power Europe; Compared to 2021, we saw an increase of about 20%. The capacity target for 2030 is 5 GWp of which 35% of them has been achieved, according to SPE. According to the PV magazine, residential PV installation is expected to increase in 2023 by reduction of tax on PV panels for use in residential homes and public building from 19% to 5%.

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

Total capacity at the end of 2022: **1.8 GWp**

Photon Energy in Romania

In Development
227.6 MWp

A total of 11.7 MWp commissioned after the reporting period as of the publication date.

Slovakia

2022 Market Overview

The PV power plants capacity of Slovakia in 2022 was estimated at 5.7 GWp, according to the Solar Power Europe; Compared to 2021, an increase of about 7.5% been reported. The capacity target for 2030 is 12 GWp which 48% of them has been achieved, according to SPE.

Total capacity at the end of 2021: **5.3 GWp**

Total capacity at the end of 2022: **5.7 GWp**

Photon Energy in Slovakia

Our Portfolio
10.4 MWp

Our Competitive Strengths

Photon Energy Group stands out from our competitors in a number of ways.

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.

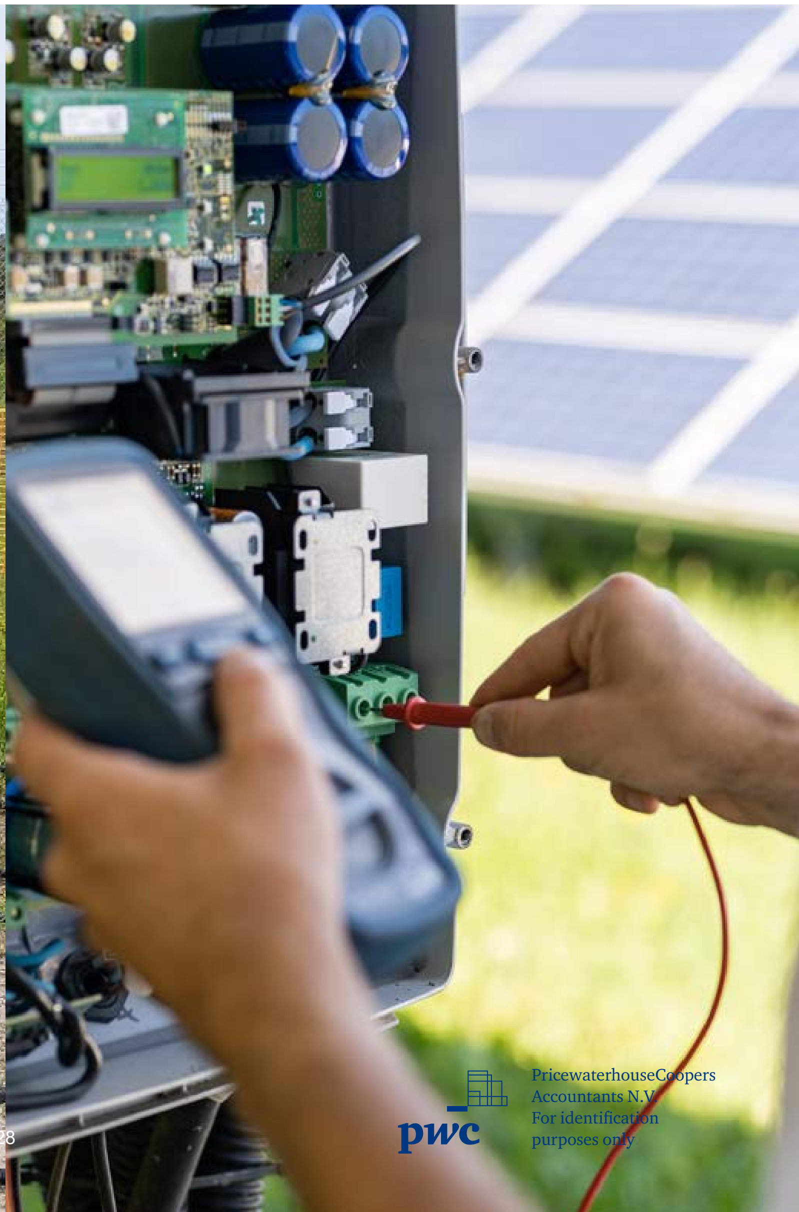
Providing a personalised, intelligent customer experience, simplifying the complexity of the operating environment.

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.



Our 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.

2011
We construct new power 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 corporate bond 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 150 MWp mark 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 corporate bond.

2017
We establish our office in Hungary and expand our vision to include clean water solutions through Photon Water.

2018
Our first Hungarian power plants are connected to the grid.

2019
We complete the roll-out of rooftop solar systems across 30 ALDI locations and build 20 power plants in Hungary.

2020
Our proprietary portfolio reaches 74.7 MWp, and we commission two utility-scale power plants.

2021
Our shares are listed on the regulated markets of Warsaw and Prague, and on the Quotation Board of the Frankfurt Stock Exchange.

2022 in Review

151 MWp added to our project development pipeline

121.6 GWh of clean energy produced

49,013 tonnes of CO_2e emissions avoided

JANUARY

Bond Magazine Award

We are annoucned as the winner of Bond Magazine's award for Best Issuer, Green SME Bonds 2021.

FEBRUARY

Water Quality Project

Photon Water launches water monitoring and control project in Mount Gambier, Australia.

Misconduct Reporting Policy

We institute our new policy and the Photon Energy Group SpeakUp Line as channel for stakeholders to report misconduct.

MARCH

Sustainability Report 2021

Publication of our second sustainability report and our first green financing report.

APRIL

Crown Sponsorship for RayGen Project

Our Australian solar storage project receives sponsorship from the South Australian Government for development approval.

'Buy' Recommendation

Our share is given a 'buy' recommendation by analysts at AlsterResearch.

MAY

Green Bond Tapped

We successfully increase the volume of our Green EUR Bond by EUR 10 million to EUR 65 million.

Additional 'Buy' Recommendations

Our share receives 'buy' recommendations from WOOD & Co. and IPOPEMA.

JUNE

O&M in Poland

We sign a major agreement with a new key customer in Poland.

Construction in Romania

We break ground on our first two Romanian PV power plants.

JULY

Lerta Acquisition

We acquire a majority stake in Lerta, which was fully integrated into Photon Energy Group on 1 February 2023.

Utility-scale Solar-Plus-Storage

We acquire land and development rights for a 9.8 MWp / 10 MWh solar and battery energy storage facility in Australia.

AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

Construction in Romania

We begin construction on five additional Romanian PV plants.

Bond Repaid

We fully repay our 7.75% EUR Bond 2017/2022.

Second Green Bond Tap

We successfully increase the volume of our Green EUR Bond by EUR 12.5 million to EUR 77.5 million.

Refinancing for Czech Portfolio

We secure a EUR 28.1 million refinancing agreement for nine PV plants in the Czech Republic.

Polish 2027 Capacity Auction

Lerta secures 157 MW of DSR (Demand Side Response) in Polish capacity auction for 2027.

Shares on XETRA

Our shares are now listed on the electronic trading platform XETRA, Germany's leading trading platform for listed companies provided by Deutsche Börse AG.

Selected Projects

Photon Energy

CTP Business Parks

Combined Capacity

1.26 MWp

Annual Production

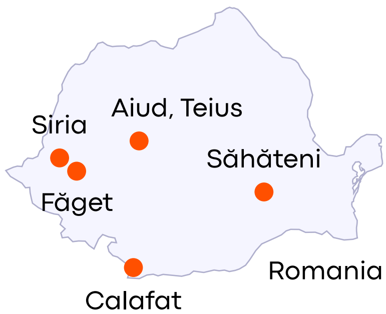
up to 1.39 GWh

We partnered with CTP – the largest industrial property developer in CEE – to install rooftop PV plants at three CTP business parks in Slovakia. Our teams worked closely throughout the construction, with AC connections handled by CTP and DC compenents by Photon Energy.

These plants will help CTP to meet its goal of becoming carbon neutral by 2023, as well as lower its tenants' operational costs and provide them with a viable source of renewable energy to meet their own sustainability goals.

Photon Energy

Romanian PV Projects



Combined Capacity
31.5 MWp

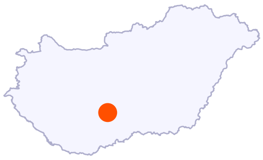
Expected Annual Production
up to 8.1 GWh

In 2022, we began construction of a series of projects in Romania, breaking ground on eight PV power plants. Including these projects, we ended the year with a total capacity of 228 MWp in development.

Upon the commissioning of the first seven installations, our IPP portfolio will include 96 solar power plants. Of the total 122 MWp generation capacity, a combined 107 MWp will be selling subsidy-free clean electricity directly on the energy market.

Photon Energy

Tolna 2



Tolna, Hungary

Solar Capacity

1.4 MWp

Annual Production

up to 2.1 GWh

We completed and grid-connected our second PV installation in Tolna, Hungary. The new installation will operate on a merchant model, with an expected revenue of EUR 440,000 in its first year, based on current forward prices for electricity base load in Hungary. Like our first plant in Tolna, this installation was financed by proceeds from our Green Bond.

Photon Water

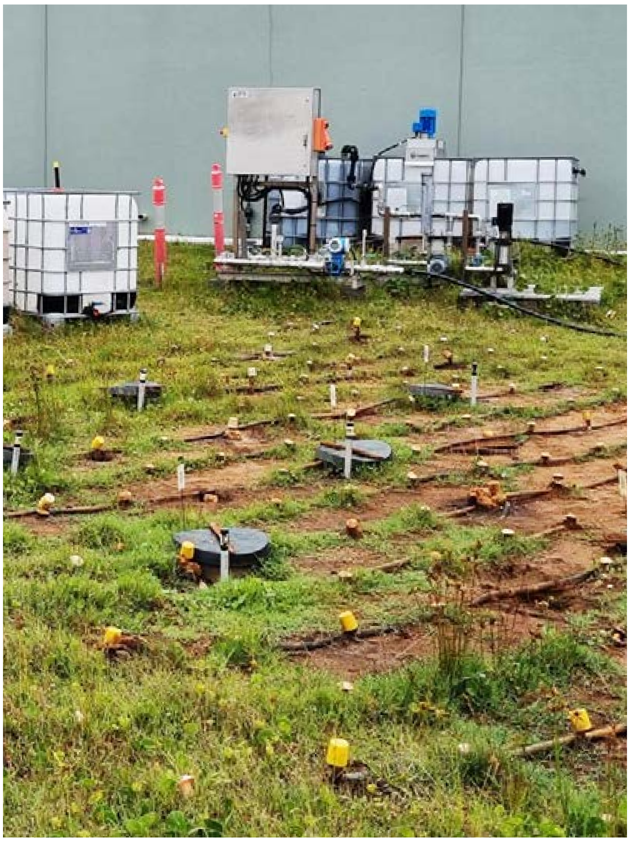
PFAS Remediation

Partner

Australian Government, Department of Defence

In 2022 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 2022

Strategy	Result
Increase the production of clean energy by expanding our global electricity generation capacity of our proprietary portfolio of PV power plants.	Our proprietary portfolio of PV power plants generated **121.6 GWh** of clean electricity production, a **18% increase** from 2021.
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 **151 MWp** was added to our project pipeline in Hungary, Poland, Romania and Australia.
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 includes 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.	We acquired the development rights and land for a 9.8 MWp/10 MWh solar and battery energy storage system facility in Boggabri, New South Wales. The project represents the Company's first utility-scale solar-plus-storage installation and will serve as a prototype for a future roll-out across Photon Energy Group's European markets.
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.	Increased capacity under contract **383 MWp** in 2022 (**+14% YOY**), with a significant growth experienced in Poland.
Procure and trade PV components through cooperation with PV technology manufacturers.	Our trading volume was increased, generating revenue of **EUR 65.021 million,** compared to EUR 9.221 million in 2021.
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 2022, we actively expanded upon our ongoing partnerships with journalists covering energy, finance and sustainability-related topics, with Romania 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**. Follow us on **Linkedin** and **Twitter**.

23 June 2022

wnp.pl

Photon Energy z kontraktem na obsługę polskich elektrowni fotowoltaicznych

13 July 2022

Forbes România

Photon Energy începe lucrările la a doua centrală fotovoltaică în județul Alba

28 July 2022

THE DIPLOMAT Bucharest

Photon Energy breaks new ground with three more solar projects in Romania

11 August 2022

AnleihenFinder – Die Plattform für Anleihen im Mittelstand

Photon Energy N.V. erhöht Prognose für 2022 deutlich

12 August 2022

Photon Energy Debuts on German Electronic Trading Platform XETRA

2 September 2022

Photon Energy stockt Anleihe auf – „Loyalitätsprämie“ für Altanleger

5 October 2022

Photon Energy Group Secures EUR 28.1 Million Long-term Refinancing for its Czech Portfolio

22 November 2022

Photon chooses NSW for its first ever solar and battery project

24 November 2022

Photon Energy Group Launches B2B eCommerce Platform

2 February 2023

Photon Energy Group increases its stake in Lerta to 100%

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Proprietary PV Plants

The table below represents power plants owned directly or indirectly by Photon Energy N.V. in 2022.

Production Results in 2022

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2022	Proj. 2022	*Perf.*	*% of change 2022 vs. 2021*
Unit		kWp	per MWh, in 2022	kWh	kWh	%	%
Komorovice	Exit 90 s.r.o.	2,354	EUR 812	2,586,992	2,477,578	4.4%	9.3%
Zvíkov I	Photon SPV8 s.r.o.	2,031	EUR 810	2,282,152	2,281,816	0.0%	2.6%
Dolní Dvořiště	Photon SPV10 s.r.o.	1,645	EUR 814	1,663,524	1,670,096	-0.4%	0.2%
Svatoslav	Photon SPV4 s.r.o.	1,231	EUR 816	1,228,843	1,194,293	2.9%	7.1%
Slavkov	Photon SPV6 s.r.o.	1,159	EUR 815	1,389,238	1,322,565	5.0%	4.2%
Mostkovice SPV 1	Photon SPV1 s.r.o.	210	EUR 736	226,217	218,212	3.7%	5.2%
Mostkovice SPV 3	Photon SPV3 s.r.o.	926	EUR 323	1,027,624	964,874	6.5%	5.1%
Zdice I	Onyx Energy I s.r.o.	1,499	EUR 811	1,750,615	1,673,405	4.6%	7.8%
Zdice II	Onyx Energy projekt II s.r.o.	1,499	EUR 811	1,774,069	1,686,667	5.2%	6.8%
Radvanice	Photon SPV11 s.r.o.	2,305	EUR 816	2,576,461	2,481,904	3.8%	4.2%
Břeclav rooftop	Photon SPV1 s.r.o.	137	EUR 924	164,781	152,793	7.8%	5.1%
Total Czech PP		**14,996**		**16,670,515**	**16,124,174**	**3.4%**	**5.2%**
Babiná II	Sun4Energy ZVB s.r.o.	999	EUR 271	1.013,759	962,816	5.3%	2.4%
Babina III	Sun4Energy ZVC s.r.o.	999	EUR 271	1,002,519	976,833	2.6%	-0.1%
Prša I.	Fotonika s.r.o.	999	EUR 270	1,066,299	1,048,133	1.7%	3.8%
Blatna	ATS Energy s.r.o.	700	EUR 272	732,096	714,114	2.5%	1.1%
Mokra Luka 1	EcoPlan 2 s.r.o.	963	EUR 258	1,234,419	1,129,082	9.3%	2.9%
Mokra Luka 2	EcoPlan 3 s.r.o.	963	EUR 257	1,256,418	1,171,137	7.3%	2.5%
Jovice 1	Photon SK SPV2 s.r.o.	979	EUR 263	926,565	886,231	4.6%	6.7%
Jovice 2	Photon SK SPV3 s.r.o.	979	EUR 263	919,104	876,427	4.9%	6.8%
Brestovec	Photon SK SPV1 s.r.o.	850	EUR 257	1,055,088	1,013,477	4.1%	7.7%
Polianka	Solarpark Polianka s.r.o.	999	EUR 261	1.008,127	972,128	3.7%	3.8%
Myjava	Solarpark Myjava s.r.o.	999	EUR 259	1,138,769	1,111,400	2.5%	1.2%
Total Slovak PP		**10,429**		**11,353,164**	**10,861,777**	**4.5%**	**3.4%**
Tiszakécske 1	Ekopanel Befektetési Kft.	689	EUR 247	*885,198*	838,413	5.6%	1.5%
Tiszakécske 2	Energy499 Invest Kft.	689	EUR 247	890,688	843,815	5.6%	1.6%
Tiszakécske 3	Future Solar Energy Kft.	689	EUR 249	857,875	820,891	4.5%	1.7%
Tiszakécske 4	Green-symbol Invest Kft.	689	EUR 247	889,678	843,815	5.4%	1.1%
Tiszakécske 5	Montagem Befektetési Kft.	689	EUR 247	886,549	838,413	5.7%	6.7%
Tiszakécske 6	Onyx-sun Kft.	689	EUR 247	887,118	843,815	5.1%	1.4%
Tiszakécske 7	Solarkit Befektetesi Kft.	689	EUR 247	889,559	837,798	6.2%	1.9%
Tiszakécske 8	SunCollector Kft.	689	EUR 247	875,681	834,993	4.9%	1.0%

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2022	Proj. 2022	Perf.	% of change 2022 vs. 2021
Unit		kWp	per MWh, in 2022	kWh	kWh	%	%
Almásfüzitő 1	Ráció Master Kft.	695	EUR 246	866,111	833,740	3.9%	3.4%
Almásfüzitő 2	Ráció Master Kft.	695	EUR 246	841,200	833,151	1.0%	0.5%
Almásfüzitő 3	Ráció Master Kft.	695	EUR 245	842,285	829,120	1.6%	0.3%
Almásfüzitő 4	Ráció Master Kft.	695	EUR 246	867,116	835,745	3.8%	0.4%
Almásfüzitő 5	Ráció Master Kft.	695	EUR 245	880,596	830,197	6.1%	2.7%
Almásfüzitő 6	Ráció Master Kft.	660	EUR 245	875,234	798,499	9.6%	0.3%
Almásfüzitő 7	Ráció Master Kft.	691	EUR 245	870,652	825,317	5.5%	0.2%
Almásfüzitő 8	Ráció Master Kft.	668	EUR 246	856,438	808,072	6.0%	0.0%
Nagyecsed 1	Mediator Ingatlanközvetítö Kft.	689	EUR 250	853,678	819,166	4.2%	-1.0%
Nagyecsed 2	Aligoté Kft.	689	EUR 252	869,510	819,166	6.1%	0.8%
Nagyecsed 3	Proma Mátra Kft.	689	EUR 252	877,397	819,574	7.1%	1.4%
Fertod I	Fertod Napenergia-Termelo Kft.	528	EUR 244	676,103	607,271	11.3%	-0.7%
Fertod II No 2	Photon Energy HU SPV 1 Kft.	699	EUR 245	887,825	827,038	7.4%	-0.5%
Fertod II No 3	Photon Energy HU SPV 1 Kft.	699	EUR 245	883,853	827,038	6.9%	-2.5%
Fertod II No 4	Alfemo Alpha Kft.	699	EUR 245	878,889	827,038	6.3%	-2.3%
Fertod II No 5	Ráció Master Kft.	691	EUR 245	878,256	831,694	5.6%	-2.4%
Fertod II No 6	Photon Energy HU SPV 1 Kft.	699	EUR 244	874,289	827,038	5.7%	-2.8%
Kunszentmárton I No 1	Ventiterra Kft.	697	EUR 244	917,654	878,417	4.5%	1.0%
Kunszentmárton I No 2	Ventiterra Kft.	697	EUR 245	913,106	878,551	3.9%	1.3%
Kunszentmárton II No 1	Ventiterra Alpha Kft.	693	EUR 245	927,317	849,019	9.2%	0.4%
Kunszentmárton II No 2	Ventiterra Beta Kft.	693	EUR 245	932,260	849,316	9.8%	0.4%
Taszár 1	Optisolar Kft.	701	EUR 241	887,106	878,233	1.0%	-0.2%
Taszár 2	Optisolar Kft.	701	EUR 241	900,449	878,233	2.5%	0.7%
Taszár 3	Optisolar Kft.	701	EUR 241	902,765	878,233	2.8%	0.3%
Monor 1	Photon Energy HU SPV 1 Kft.	688	EUR 245	888,790	845,537	5.1%	-0.8%
Monor 2	Photon Energy HU SPV 1 Kft.	696	EUR 246	886,933	855,996	3.6%	0.4%
Monor 3	Photon Energy HU SPV 1 Kft.	696	EUR 246	897,932	855,996	4.9%	1.1%
Monor 4	Photon Energy HU SPV 1 Kft.	696	EUR 246	896,977	855,996	4.8%	0.5%
Monor 5	Photon Energy HU SPV 1 Kft.	688	EUR 246	861,609	839,673	2.6%	-3.6%
Monor 6	Photon Energy HU SPV 1 Kft.	696	EUR 245	896,606	855,996	4.7%	0.5%
Monor 7	Photon Energy HU SPV 1 Kft.	696	EUR 246	895,235	855,996	4.6%	0.2%
Monor 8	Photon Energy HU SPV 1 Kft.	696	EUR 246	902,131	855,996	5.4%	1.0%
Tata 1	Tataimmo Kft.	672	EUR 257	940,621	915,901	2.7%	2.6%
Tata 2	ALFEMO Beta Kft.	676	EUR 245	839,875	828,579	1.4%	1.4%
Tata 3	ALFEMO Gamma Kft.	667	EUR 245	843,405	809,326	4.2%	1.7%
Tata 4	Tataimmo Kft.	672	EUR 256	957,397	937,898	2.1%	2.5%
Tata 5	Öreghal Kft.	672	EUR 257	948,602	941,081	0.8%	7.0%
Tata 6	Tataimmo Kft.	672	EUR 257	920,636	926,101	-0.6%	-0.6%

Project Name	Legal Entity	Capacity	Revenue*	Prod. 2022	Proj. 2022	Perf.	% of change 2022 vs. 2021
Unit		kWp	per MWh, in 2022	kWh	kWh	%	%
Tata 7	European Sport Contact Kft.	672	EUR 257	946,090	916,499	3.2%	2.8%
Tata 8	Tataimmo Kft.	672	EUR 257	958,505	930,294	3.0%	2.0%
Malyi 1	Zuggo - Dulo Kft.	695	EUR 251	856,728	821,957	4.2%	0.3%
Malyi 2	Egespart Kft.	695	EUR 249	876,568	823,080	6.5%	2.0%
Malyi 3	Zemplenimpex Kft.	695	EUR 248	877,174	823,080	6.6%	1.9%
Puspokladány 1	Ladány Solar Alpha Kft.	1,406	EUR 90	1,972,150	1,899,780	3.8%	0.5%
Puspokladány 2	Ladány Solar Alpha Kft.	1,420	EUR 257	2,047,443	1,846,648	10.9%	0.9%
Puspokladány 3	Ladány Solar Alpha Kft.	1,420	EUR 261	2,011,092	1,804,753	11.4%	0.7%
Puspokladány 4	Ladány Solar Beta Kft.	1,406	EUR 258	1,986,366	1,886,364	5.3%	-0.6%
Puspokladány 5	Ladány Solar Beta Kft.	1,420	EUR 260	2,050,711	1,841,830	11.3%	0.2%
Puspokladány 6	Ladány Solar Beta Kft.	1,394	EUR 90	1,981,915	1,864,979	6.3%	0.5%
Puspokladány 7*	Ladány Solar Gamma Kft.	1,406	EUR 90	1,996,171	1,886,269	5.8%	0.0%
Puspokladány 8	Ladány Solar Gamma Kft.	1,420	EUR 257	2,010,315	1,809,932	11.1%	0.3%
Puspokladány 9	Ladány Solar Delta Kft.	1,406	EUR 90	2,001,423	1,885,219	6.2%	3.5%
Puspokladány 10	Ladány Solar Delta Kft.	1,420	EUR 259	2,009,415	1,803,165	11.4%	0.6%
Tolna 1	Tolna (Barbican)	1,358	EUR 278	2,098,737	2,098,737	0.4%	nm
Tolna 2	Tolna (Barbican)	1,358	EUR 310	1,503,024	1,502,132	0.1%	na
Total Hungarian PP		**51,814**		**68,783,013**	**65,206,800**	**5.5%**	**6.3%**
Symonston	Photon Energy AUS SPV 1 Pty Ltd	144	EUR 434	158,133	178,750	-10.5%	-6.9%
Leeton	Leeton Solar Farm Pty Ltd	7,261	EUR 109	12,393,092	14,180,103	-12.6%	112.8%
Fivebough	Fivebough Solar Farm Pty Ltd	7,261	EUR 109	12,248,620	14,004,545	-12.5%	113.2%
Total Australian PP		**14,744**		**24,799,845**	**28,361,399**	**-12.6%**	**111.3%**
Total		**91,905**		**121,606,537**	**120,554,150**	**0.9%**	**17.8%**

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 2022 / projection for 2022) – 1.

** The reported figures correspond to:*

- Green Bonus + realized electricity price during the reporting period in the Czech Republic.

- the applicable FIT for the period in Slovakia.

- Realized electricity prices in Hungary except for Puspokladány 1, Puspokladány 6, Puspokladány 7 and Puspokladány 9, which are entitled to the applicable FIT for the period, amounting to HUF 35,540.

- Realized electricity prices + Australian Large-scale Generation Certificates for our Leeton and Fivebough power plants in Australia.

- the applicable FIT of AUD 301.60 + Large-scale Generation Certificates for our Australian power plant in Symonston.

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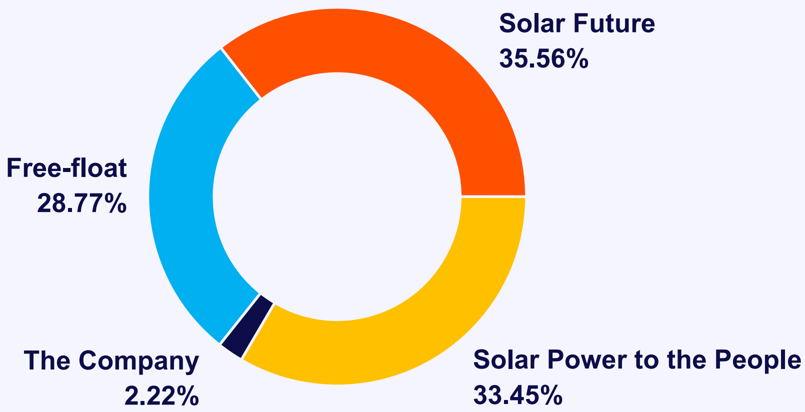
Our Shares and Bonds

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 address: www.gpw.pl

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

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

Market Maker Details in Poland

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

Dividend Policy

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

Share Performance in 2022

Main market of the Warsaw Stock Exchange

Selected Share Information	PLN
Opening price (3 January 2022)	7.10
52-week max (16 August 2022)	17.00
52-week min (7 February 2022)	6.55
Closing price (30 December 2022)	**13.10**

Source: www.gpw.pl

The trading volume in 2022 amounted to 5,366,056 shares (corresponding to 20,639 shares per trading session) compared to 7,002,825 shares in 2021 (corresponding to 27,900 shares per trading session).

XETRA

The Company's shares have been listed on the electronic trading platform XETRA (provided by the German Stock Exchange) since 7 December 2022.

Main market of the Prague Stock Exchange

Selected Share Information	CZK
Opening price (3 January 2022)	38.60
52-week max (16 August 2022)	89.00
52-week min (7 March2022)	37.00
Closing price (30 December 2022)	**38.20**

Source: http://www.pse.cz

The Company reports a yearly trading volume of 491,280 shares (corresponding to 1,890 shares per trading session) in 2022, compared to 2,917,420 shares (corresponding to 14,026 shares per trading session) in 2021.

Quotation Board of the Frankfurt stock exchange

Selected Share Information	EUR
Opening price (3 January 2022)	1.52
52-week max (16 August 2022)	3.57
52-week min (8 February 2022)	1.42
Closing price (30 December 2022)	**2.74**

Source: https://www.boerse-frankfurt.de/

The trading volume in 2022 amounted to 491,280 (corresponding to 1,904 shares per trading session)., compared to 454,900 shares (corresponding to 1,777 shares per trading session) in 2021.

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. The outstanding amount is CZK 75.9 million (EUR 3.1 million) and will be repaid on 13 December 2023.

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 was also listed on the stock exchanges in Berlin, Hamburg, Hannover, Munich and Stuttgart. The total outstanding bond volume of EUR 15.232 million was fully repaid together with the final interest payment to the bondholders on 27 October 2022.

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 regard to its sustainability in a Second Party Opinion, and can be traded on the Open Market of the Frankfurt Stock Exchange.

On 29 November 2021, the Group successfully increased the bond placement by EUR 5 million with all parameters unchanged, bringing the total outstanding bond volume to EUR 55 million.

In May 2022, the Company successfully tapped its 6.50% Green EUR Bond 2021/2027 (ISIN: DE000A3KWKY4) in the amount of EUR 10 million to a total outstanding amount of EUR 65 million.

In October 2022 and November 2022, the Company announced that it has increased its 6.50% Green EUR Bond 2021/2027 (ISIN: DE000A3KWKY4) in the amount of another EUR 12.5 million to a total outstanding amount of EUR 77.5 million. In this round the bonds were again offered to bondholders of the older 2017/2022 corporate bonds in form of an exchange offer with a 1.5% loyalty premium plus the difference in net accrued interest on each exchanged bond. Existing investors registered around 6.0 million euros nominally for exchange, which corresponds to a ratio of 30% of the outstanding bond. Together with the initial exchange offer organized in November 2021, 60% of the outstanding volume of the Company's 2017/2022 bond got exchanged for the new Green EUR Bond.

This tap issuance of the 2021/2027 Green bond was included into trading on the Quotation Board trading segment of the Open Market (Freiverkehr) on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) on 14 October 2022.

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 2022

CZK Bond Trading Performance in Prague

In the trading period from 1 January 2022 until 31 December 2022 the trading volume amounted to CZK 210,000 (nominal value) with a closing price of 100.00 (compared to CZK 25,200,000 in 2021).

EUR Bond 2017/22 Trading Performance

In the trading period from 1 January 2022 until its repayment on 27 October 2022, the trading volume amounted to EUR 1.619 million (nominal value) with an opening price of 101.00 and a closing price of 99.75 in Frankfurt (compared to EUR 5.223 million in 2021).

Green EUR Bond 2021/27 Trading Performance in Frankfurt

In the trading period from 1 January 2022 until 31 December 2022, the trading volume amounted to EUR 3.544 million (nominal value, in Frankfurt) with an opening price of 102.00 and a closing price of 102.40 in Frankfurt (compared to EUR 4.261 million in 2021 in the trading period from 17 November 2021 until 31 December 2021).

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 German Spring Conference held in Frankfurt in May 2022 (https://equityforum.de/en/german-spring-conference).
- The company participated in the **Wallstreet Conference** held online andin Zakopane in May 2022 (https://www.wallstreet.org.pl/?utm_source=sii.org.pl&utm_medium=referral&utm_content=main-menu-link&utm_campaign=WS).
- The Company participated in the Equity Forumheld in Frankfurt in September 2022 (https://equityforum.de/en/german-fall-conference)
- The Company participated in the AlsterResearch Renewables Conference held online in September 2022 (https://www.photonenergy.com/uploads/investors/events/flyer-pop-up-conference.pdf)
- The Company participated in the RES Energy Conference held online in September 2022 (https://konferencjeinwestorskiepekao.pl/).
- The Company participated in the Deutsches Eigenkapitalforum held in Frankfurt in November 2022 (https://www.eigenkapitalforum.com/#/en/).

Further Information

For more information about:

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

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

Please refer to the Financial section.

Photon Energy Group

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 2022.

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 2022 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's jointly controlled entities.

Developments in 2022

Financial Results

In 2022, the Group's revenues increased by 161.7% to hit a record EUR 95.136 million, thanks to an 81.6% increase in revenues from the sale of electricity, primarily attributable to higher revenues from the electricity production generated by the Company's new power plants operating on a merchant basis as well as to high electricity prices on the market, while other revenue streams increased by a remarkable 253.2% YOY, driven by a sound procurement strategy.

EBITDA improved to EUR 24.308 million (+153.6% YOY), while EBIT swung from a loss of EUR -0.712 million to a EUR 16.984 million profit. During the reporting period, 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.

Photon Energy reported a net profit of EUR 6.262 million compared to a EUR -6.433 million loss in 2021. At the bottom line, TCI amounted to EUR 7.672 million compared to EUR 2.096 million a year ago, while the adjusted equity ratio increased at a sound level of 31.9%.

In 2022, the Group posted a positive operating cash flow, which amounted to EUR 2.847 million, compared to EUR 6.221 million in 2021, mainly driven by an improved profitability and a negative net working capital, including increased inventories in line with the strong growing Technology sales and our procurement strategy.

Investment cash flow equalled to EUR -33.429 million in 2022 compared to EUR -14.233 million in 2021, mainly related to work in progress for our proprietary portfolio in Romania and Hungary, and the acquisition of Lerta S.A..

Financial cash flow amounted to EUR 9.348 million in 2022, compared to EUR 30.625 million in 2021, impacted by our long-term project refinancing in the Czech Republic, the additional placement of our EUR Green bond 2021/27, scheduled repayments, and the repayment of our EUR Bond 2017/22.

Overall, the cash position decreased to EUR 11.271 million at the end of 2022 compared to EUR 32.506 million the end of 2021, 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	**2022**	**2021**
Total liabilities	183,350	145,080
Less: Liquid assets	21,358	39,362
Net debt	161,993	105,718
Total equity	70,475	51,538
Net debt to equity ratio at 31 December	**2.29**	**2.05**

Equity ratios:

In thousands of EUR	**2022**	**2021**
Full Equity ratio	27.8%	26.2%
Adjusted Equity ratio (for bond governance)	32.0%	28.6%

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)

- 2022: 0.72
- 2021: 0.74

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

- 2022: 2.60
- 2021: 2.81

Current Ratio (Current Assets/Current Liabilities)

- 2022: 1.92
- 2021: 1.59

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

- 2022: 8.30%
- 2021: 2.92%

Strategy Execution in 2022

Strategy 2022	Result
Increase the production of clean energy by expanding our global electricity generation capacity of our proprietary portfolio of PV power plants.	Our proprietary portfolio of PV power plants generated 121.6 GWh of clean electricity production, a 18% increase from 2021.
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 151 MWp was added to our project pipeline in Hungary, Poland, Romania and Australia.
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 includes 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.	We acquired the development rights and land for a 9.8 MWp/10 MWh solar and battery energy storage system facility in Boggabri, New South Wales. The project represents the Company's first utility-scale solar-plus-storage installation and will serve as a prototype for a future roll-out across Photon Energy Group's European markets.
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.	Increased capacity under contract 383 MWp in 2022 (+14% YOY), with a significant growth experienced in Poland.
Procure and trade PV components through cooperation with PV technology manufacturers.	Our trading volume was increased, generating revenue of EUR 64.886, compared to EUR 9.221 million in 2021.
Deploy remediation solutions for groundwater contamination, with a focus on PFAS nano remediation.	We continued our trial project for the Australian Government Department of Defence, implementing our proprietary in-situ PFAS remediation technology.

Strategy for 2023 and Beyond

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

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

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

- **Utility:**

  The development and acquisition of new PV projects to develop, design and construct them for the proprietary portfolio supporting the growth of recurring revenue streams from clean electricity generation with a clear focus on Australia, Hungary, Poland and Romania;

  An increase in the production of clean energy by expanding the Group's global electricity generation capacity of its proprietary portfolio of photovoltaic power plants;

  A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.

- **New Energy:**

  The delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers;

  A close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

  The expansion of 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.

- **Technology Distribution:**

  An utilisation of 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.

- **Operations and Maintenance:**

  The increase of 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;

- **Water Solutions:**

  The development of the Group's suite of water services and products to become a leading worldwide player in the PFAS remediation industry on the back of its proprietary patent-pending nano remediation technology, as well as other technologies currently under development.

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 2022

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 2022, to the knowledge of the Management, 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	*37.12%*
Solar Power to the People Cooperatief U.A.	20,492,057	*34.15%*	20,492,057	*34.93%*
Photon Energy N.V.	1,332,797	*2.22%*	0	*0.00%*
Free float	16,400,071	*27.33%*	16,400,071	*27.95%*
Total	**60,000,000**	***100.00%***	**58,667,203**	***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 37.12 % of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 34.93 % 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 2022
Georg Hotar, Managing Director and CEO	594
Michael Gartner, Managing Director and CTO	91

The loans are short term for a period of up to 12 months and bear an interest rate of 3%.

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. 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.

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 and Polish 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.

The Company's Audit Committee (and its chairman, in particular) 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 cyber-security.

Both bodies are comprised of three members: Boguslawa Skowronski, Marek Skreta and Ariel Sergio Davidoff, appointed to a four-year term of office.

The three 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 two men 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

In the financial year 2022, the Supervisory Board met 6 times. In addition, the Audit Committee met three times. The Supervisory Board also adopted four written resolutions. In the meetings, the Supervisory Board discussed a wide range of topics:

- The financial plan, strategy for the year 2022 and long-term value creation was discussed at the beginning of the financial year (namely, the guidance with respect to the MWps in development and impact of electricity prices on revenue increase) The Supervisory Board discussed the increase in capacity of connected power plants (and its feasibility of the project pipeline in development by the end of 2024), switch from the various support mechanisms to merchant business model, and other strategies for long-term value creation (development of proprietary portfolio vs. acquisition of built or ready-to-built projects; PPAs vs. generation of electricity in proprietary plants etc.);
- Financial results were discussed and analysed on quarterly basis, including results and margins of the individual Company operational segments;
- Developments on turbulent energy markets in EU and worldwide, and specifically countries where the Company is active. The Supervisory Board discussed the volatility of electricity prices, the potential effect of the conflict in Ukraine, impact of the shutdown of German nuclear power plants, continued disruptions of the supply chain, planned governmental cap on electricity prices and windfall taxes in each country and the Company strategies of how to minimize their impact;
- Current operational, financial and legal affairs were analysed, including the acquisition of Lerta and its synergies, dynamic growth in the size of the Company, development of Australian projects with Raygen technology, PFAS pilot project in cooperation with the Department of Defence in Australia.
- Financing of the Group, issue of Green Bonds, EUR currency fixing of the loans as a leverage against rising interest rates;
- The Supervisory Board, through a written resolution, adopted and published (i) the Supervisory Board Succession and Retirement Plan, (ii) Diversity Policy for the Management Board and (iii) change to the Remuneration Policy.

Audit Committee

In 2022, Mr. Davidoff was appointed as the head of the Audit Committee during the general meeting held on 31 May 2022. In the course of 2022, Audit Committee met three times:

- The Audit Committee discussed the audit plan and the outcome of the audit with the external auditors;
- The chairman of the Audit Committee made an on-site visit and met with the Management Board and individual employees/managers and reviewed the Company's internal risk management, controlling, compliance and internal audit procedures.
- The chairman of the Audit Committee visited the Company's 2.998 MWp power plant in Zdice, Czech Republic.

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 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.

A training course related to Insider trading was developed during the reporting period and organized for all employees after the reporting period, in January 2023.

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, 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 to integrate principles regarding the prohibition of gender-based violence and harassment (GBVH).

A training course related to the Code of Ethics was organized for all employees after the reporting period, in January 2023.

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 2022.

The Audit Committee has performed a thorough and continuous review of the internal risk management systems, controlling and legal compliance policies, throughout the year and during its onsite visit in September 2022. 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 chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, the head of accounting and consolidation, head of legal, head of compliance). He reviewed the procedures and evaluated whether adequate resources are in place, and discussed relevant topics with external auditors. The results of this analysis were discussed with the Management Board. It was concluded that given the size of the Company, the current measures with respect to internal risk management and control systems are appropriate and satisfactory. The Supervisory Board also noted with satisfaction that a new full-time position of risk manager was created and filled as of the end of the financial year.

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 July 2021, the Slovak Republic decided to prolong and reduce the feed-in tariff for PV power plants connected in 2010 and 2011. The value of Company's Slovak portfolio is not impacted by any of the measures adopted by the Slovak government. In the Czech Republic, a price cap of EUR 180 per MWh has been introduced from 1 December 2022 to 31 December 2023 for PV installations with an installed capacity exceeding 1 MWp. Above the cap price a 90% tax applies.

In June 2022 the Hungarian government issued a decree introducing a 65% tax on the excess revenues (that is above the feed-in-tariff/contract-for-difference price of EUR 85 per MWh) generated by solar PV power plants which had either exited one of the support schemes or had been awarded a METÁR license in auction but did not execute the contract-for-difference with the designated Hungarian state entity for the financial years 2022 and 2023, excluding power plants with built-in capacity under 0.5 MW.

The Romanian government has introduced a price cap of RON 450 per MWh of solar PV generated electricity from 1 September 2022 until 31 March 2025. Above the price cap an 80% solidarity tax applies. However, in March 2022 Law 27/2022 has been passed which explicitly exempts all new electricity generation capacity commissioned after 1 September 2022 from any price caps. Based on the status quo the Company's power plants in Romania will not be subject to the price cap.

Based on the status quo of price caps and windfall taxes adopted by the governments in the Group's core markets in the CEE region the Board of the Company expects a modest negative impact in the Czech Republic and Hungary and no negative impact in Slovakia and Romania. New capacity additions in Romania and Hungary in 2023 are expected to drive material revenue and EBITDA growth in 2023 and beyond.

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 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.

Risk Associated with Cybersecurity

The Group has several cyber security systems in place and is permanently updating them to state-of-the-art security technologies. Key applications are available only on a secure company network. Document storage is a hybrid system of internally maintained server storage and cloud storage. Communication of applications operated by Photon Energy Group takes place using secure and encrypted protocols. Every employee is acquainted with the cybersecurity rules during the onboarding process and documents with these rules are available on the intranet. An IT helpdesk is also accessible to report any issues encountered in this area.

Principal Financial Risks

The Group has exposure to the following financial risks:

- Sovereign
- Operational
- Currency
- Credit
- Liquidity
- Interest Rate
- Inflation

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

Sovereign Risk

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

Operational Risk

The economic viability of energy production using photovoltaic 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 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.

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. 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+. 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.

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.

Inflation Risk

State support, especially feed-in tariffs, is indexed in the cases of Czech and Hungarian projects; i.e. they are subject to inflationary adjustment that is defined by a specific band. In case of high inflation, there is consequently a risk that the running operative costs increase while the yields will not be adjusted accordingly. In projects that are not supported by the state there is a different risk - namely that by lower inflation the calculated market prices for electricity will not develop as it was planned.

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 reports. Our 2022 Sustainability Report does not represent part of this Annual Report 2022. A separate sustainability report is available on our website.

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	2022	2021
Percentage of revenues connected to activities which create sustainable value	100%	100%
Clean energy generated by our Proprietary portfolio of PV power plants	121.6 GWh	103.3 GWh
Assessment of our carbon footprint across scope 1 and 2 emissions (CO2e tonnes)	409.6	342.8
CO_2e savings	49.013 tonnes *(+11.7%)*	43,867 tonnes *(+47.8%)*
Social Data		
Number of full-time staff / number of employees	212 / 220 *(96%)*	141 / 144 *(98%)*
Percentage of female employees	37%	37%
Number of employees who completed training courses	145 / 220 (66%)	64 / 144 (44%)
Turnover ratio	23%	36%
Gender Pay Gap between male and female employees as a % of male gross salary) * *analysis performed based on comparable job positions*	2.3%	na
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%
Gender equality Board of Directors (Female/Male)	0%	0%
Gender equality Supervisory Board (Female/Male)	33%	50%
Responsible procurement, subjected to due diligence	100% of our technology purchases	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.

During the reporting period, a CSR-Donation policy has been developed including the establishment of CSR days for employees starting from January 2023.

Internal training courses related to insider trading and our Code of Ethics have also been developed.

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 2022

ESG Management	- Publication of our third annual **Sustainability Report for the year 2022** - Our 2022 Sustainability Report has been prepared according to the GRI framework - Our Green Bond was tapped to EUR 77.5 million - Renewal of our ESG **Rating ongoing, with a released planned on 4 May 2023 (**'very good'rating 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) in May 2021)
ESG Actions	- Tracking of our **CO2e footprint** across Scope 1, 2 emissions, and some elements across Scope 3 emissions - Pilot project to test a new electro-nano-bioremediation technology with experts from universities in Liberec and Stuttgart - Internal mobility challenge - Employee engagement and ESG survey - Creation of a donation policy, including the establishment of CSR days for employees - Development of internal training course related to insider trading and our Code of Ethics

Sustainable Investments

As of the end of 2022, the net proceeds of the Group's first green bond amounting to EUR 75.9 million were allocated to:

- Projects in development, under construction and commissioned in Australia, Hungary, Poland and Romania for a total of EUR 31.9 million.
- The refinancing of our existing EUR Bond 2017/2022, by the means of an exchange offer for EUR 26.9 million.
- Liquid assets for a total amount of EUR 17.0 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 plants commissioned in December 2021 and May 2022 is expected to generate approximately 4.2 GWh per year, corresponding to an estimated avoidance of 1,347 tonnes of CO_2e emissions per year.

The estimated annual electricity generation of projects in development/in construction amounts to 1,831 GWh, which would correspond to an estimated avoidance of 1,120,200 tonnes of CO_2e emissions.

Research and Development

The Company does not invest substantial amounts in research and development activities.

Personnel

As of 31 December 2022, the number of staff employed by the Group was 220 (283 including Lerta employees, 144 employees as of 31 December 2021). Management expects that the number of employees in 2023 will be higher compared to the current year due to the growth dynamics expected in the coming 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 2022, employees were entitled, in line with the ESPP, to 63,144 shares (a value of EUR 134 thousand), compared to 48,044 shares (a value of EUR 98 thousand) in 2021. The Company expects to continue with the programme in 2023.

Going Concern

Management Statement

The Consolidated financial statements have been prepared on a going concern basis, resulting from the Management's assessment of the Company's ability to continue its operations for the foreseeable future. The Management based its assessment on an evaluation of, among others, the company's financial position, expected future cash flows and market developments. As of 31 December 2022, liquid assets amounted to EUR 21.358 million. The Management also considered the Company's ability to obtain financing, taking into account the company's credit standing. Expected future cash flows are based on the latest forecasts. These forecasts take into account internal and external developments relevant in the assessment of the ability of the Company to continue as a going concern, including but not limited to market developments, developments in the macro-economic environment and climate-related developments. The Management's assessment did not lead to uncertainties in relation to the Company's ability to continue as a going concern.

Fraud Management

We take a zero-tolerance approach to any incidents of fraud, bribery or corruption in our operations and value chain. This approach is set out in our Code of Ethics and our Third-party Conduct Principles. In 2022, we enhanced and further embedded our compliance policies and procedures and conducted training courses in the area of anti-bribery and corruption. A misconduct policy and a whistleblowing channel were set up in February 2022. The hotline is independently operated, confidential and anonymous and is available in all areas and languages where the Company operates. All reports are assessed by the Compliance team and then addressed on a case-by-case basis. The Compliance department and the Board of Directors reviews the process and reports and ensures that there are arrangements in place in the event an independent investigation is needed and also a follow-up action is taken.
The Company's Compliance department conducts compliance risk assessments, including fraud related rissks in collaboration with the Company's Risk manager and the Audit Committee.

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.

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.

Supervisory Board

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. Two of the Supervisory Directors' term expires in 2024, one Supervisory Director's term expires in 2026. 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 Company has adopted a rotation schedule and succession policy to provide continuity and avoid extended vacancies in the positions of the Supervisory Board and Audit Committee. Photon Energy's succession plan is designed to ensure that the proper function and necessary fulfilment of the Supervisory Board is met in case of a vacancy due to retirement, resignation, death or pursuing new business opportunities.

In the event of an emergency departure, resignation or other vacancy in the Supervisory Board, the Chairman of the Supervisory Board, if unavailable, the Chairman of the Audit Committee, if unavailable, any other member of the Supervisory Board shall convene an extraordinary meeting of the Supervisory Board within latest one month from the day of such vacancy to discuss the functioning of the Supervisory Board and a new distribution of tasks within the Supervisory Board and Audit Committee.

In line with the Supervisory Board Profile and the required diversity of the Supervisory Board members, the Supervisory Board shall propose a new suitable candidate to the General Meeting as soon as practicable. The General Meeting shall appoint a new candidate in accordance with the Articles of Association.

Board of Directors

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. The term of office of a Board member shall lapse on the day of the Annual General Meeting to be held in the fourth year after the year of 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.

During the course of the year 2022 the Supervisory Board defined diversity policy for the Management Board, which will serve as a guidance in the recruitment process, in case there is a need to appoint new members to the Management Board. 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 Management Board.

Diversity

A 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 with a female representation of at least thirty percent (30%) and a male representation of at least thirty percent (30%).

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. The diversity policy assumes that in case of an enlargement of the Board of Directors from its current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of female representation in the Board of Directors and at least 30% of male representation in the Board of Directors.

Subsequent Events

Photon Energy Completed Full Takeover of Lerta

With reference to the investment agreement signed on 20 December 2022 with the founders of Lerta S.A., Photon Energy N.V. has become holder of 100% of the share capital of the company on 1 February 2023. Acting based on a General Meeting authorization from 31 May 2021, the Management Board of the Company decided on 1 February 2023 to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. Pursuant to the issuance of the new shares on 1 February 2023, the share capital of the Company has increased from EUR 600,000.00 to EUR 612,385.21.
The new shares were issued against a contribution in-kind consisting of 2,477,042 shares in Lerta S.A., in line with the above-mentioned investment agreement. Pursuant to Dutch law, there are no pre-emptive rights of existing shareholders of the Company with respect to the issuance of new shares against a non-cash contribution. With this step the acquisition process of Lerta S.A. is completed and Photon Energy has become holder of 100% of the share capital of Lerta S.A. The Management Board also resolved that the newly issued shares shall be included in the collective deposit as mentioned in Section 12 of the Dutch Giro Securities Act, and intends to undertake all necessary actions to register these new shares with the Czech and Polish depositaries acting as secondary depositaries for the Company's shares, and undertake all actions that are necessary to apply for the listing and admission to trading of these new shares on the Prague and Warsaw Stock Exchanges and in the Open Market of the Frankfurt Stock Exchange.

Working Capital Credit Line for Photon Energy Technology CEE s.r.o.

In January 2023, a new loan agreement between Photon Energy Technology CEE s.r.o. and Unicredit Bank Czech Republic and Slovakia a.s. was signed. This credit line is meant to be used for financing of the working capital needs of the trading business activities with a credit line of up to EUR 5 million.

Photon Energy Commissioned Its First Romanian Utility-Scale PV Power Plant

On 23 February Photon Energy has completed and grid-connected its first Romanian PV power plant in the municipality of Șiria. The plant has a capacity of 5.7 MWp. High efficiency bifacial solar modules mounted on single-axis trackers will deliver around 8.7 GWh of renewable energy annually to the grid managed by Enel E-Distributie Banat. The electricity generated by the plant will be sold on the energy market on a merchant basis, without any support or power purchase agreement with an energy offtaker. The Company expects the plant to generate EUR 1.4 million in revenues based on the current forward prices for electricity base load in Romania in the next 12 months. Located near Șiria in Romania's Arad County, the power plant extends over 9.3 hectares of greenfield land and is equipped with some 10,600 solar panels. The power plant is owned and operated by Siria Solar S.R.L., a special purpose company fully-owned by Photon Energy Group.

Photon Energy Group Announced the Resignation of Clemens Wohlmuth as CFO

On 7 March 2023, the Group announced the resignation of Clemens Wohlmuth as the Group's Chief Financial Officer. Clemens Wohlmuth will remain involved during the handover process until after the conclusion of the Group's financial audit for the financial year 2022. The Management Board appointed Mr. Andrej Horansky as the Photon Energy Group's new Chief Financial Officer starting 8 March 2023. Andrej is a Slovak national and has gained extensive experience in senior finance roles including CFO in the financial services industry (Santander Consumer Finance, Simply

Kilcullen Capital Partners, GE Money Bank (Moneta), Generali PPF Holding and Slavia Insurance, energy (Ezpada Group) and automotive retail (AURES Holding).

Photon Energy Group Secured EUR 21.9 Million Financing for Romanian Projects

On 17 March 2023, the Group closed a nonrecourse project refinancing agreement in the amount of EUR 21.9 million with Austrian Raiffeisen Bank International (RBI) for its portfolio of PV power plants in Romania with a total installed capacity of 31.5 MWp. The signing of the agreement represents the Group's first project financing of European PV assets that operate on a merchant basis, selling energy to the market without a power purchase agreement or state support. To date, only the Company's two merchant utility-scale power plants in Leeton, Australia, which have a combined installed capacity of 14.6 MWp, have obtained non-recourse project financing.

Photon Energy Secured DSR Capacity of 389 MW and Locked-in EUR 24.8 Million in 2024 Revenue

On 16 March 2023, the Group's subsidiaries Lerta JRM Sp. z o.o. and Lerta S.A. (part of the Company's New Energy Division) have succeeded in the additional 2024 Polish capacity auction with 375 MW of Demand Side Response ('DSR'). With the previously contracted capacity of 14 MW for 2024, the Company's total DSR capacity of 389 MW will lock-in PLN 116.8 million (EUR 24.8 million) in total DSR revenues for 2024.

Photon Energy Group increases Green Bond to EUR 80.0 million

On 28 March 2023, the Group announced that it has successfully increased its first 6.50% Photon Energy Green EUR Bond 2021/27 (ISIN: DE000A3KWKY4) to a total amount of EUR 80.0 million. The additional nominal amount of EUR 2.5 million has been placed through a private placement to institutional investors in the UK, Switzerland, Germany, and Austria.

Photon Energy Exceeds 100 MWp in IPP Portfolio With Three New Romanian PV Power Plants

On 13 April 2023, the Group announced the completion and grid-connection of further three PV power plants near Calafat in Romania's Dolj County. The combined generation capacity of the new installations is 6.0 MWp. The electricity generated by the plant will be sold on the energy market on a merchant basis, without any support or power purchase agreement with an energy offtaker. The Company expects the plant to generate EUR 1.4 million in revenues based on the current forward prices for electricity base load in Romania over the next 12 months. The power plant is owned and operated by a special purpose company fully-owned by Photon Energy Group.

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 2022 and of the state of affairs of the company and its consolidated subsidiaries in the 2022 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, 24 April 2023

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

Photon Energy N.V. is 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 only 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 Company complies fully with applicable laws and regulations and with the remaining best practises.
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 who are informally appointed by the Board of Directors. These procedures are being supervised 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. As of January 1 2023, the Company appointed Risk Manager who supports Internal Audit function.
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.
Engagement (Best practise 1.6.3)	**Not applied.** The Supervisory Board recommended the engagement of PriceWaterhouseCoopers as the external auditor at the Annual General Meeting held in 2022. The resolution was not adopted then, and the Board of Directors finalized the terms of engagement with PriceWaterhouseCoopers as the external auditor for the year 2022 after the Annual General Meeting.
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.
Diversity Policy and accountability about diversity (Principle 2.1.6)	**Partially applied.** The diversity requirements for the Supervisory Board are listed in the Profile of the Supervisory Board adopted in 2021. The Diversity Policy for the Board of Directors was adopted in 2022. The Company is fully compliant with regard to gender diversity of the Supervisory Board (at least 1/3 of the Supervisory Board members are males and at least 1/3 are female). 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. The Diversity Policy assumes that in case of an enlargement of the Board of Directors from the current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of the Board of Directors will be comprised of women and at least 30% of the Board of Directors will be comprised of men.
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)	**Partially applied.** The succession plan for the Supervisory Board was implemented in the course of the reporting period. Succession plan for the Board of Directors will be discussed during the terms of the year 2023.
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 Supervisory Board due its limited size. The entire Supervisory Board performs the function of the committee. 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.
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.
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.

Principle / Best Practice	Explanation of Departure from the Dutch Corporate Governance Code
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 Board of Directors 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. The Supervisory Board acting as the Remuneration Committee is planning to submit a proposal for 2023 financial year.
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 Board of Directors 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 however keeps a dialogue with its shareholders and provides extensive reports to its shareholders and investors, also with a quarterly online presentation of business update and financial results during which questions from shareholders are answered.
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 applied.** The Company has not implemented a voting policy for institutional investors as there are currently no institutional investors who have expressed an interest in participation in the Company's general meetings and a need for such policy to be implemented.
Report on the implementation of institutional investors' voting policy (Best practice 4.3.6)	**Not applied.** See explanation above
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 2022

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 Board of Directors 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. Below is a list of Best Practises which the Company applies only partially or does not apply. The rest of the Best Practises are observed and applied by the Company.

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 (around 220 employees within 10 different locations) with different labour laws 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 2022 was immaterial in the context of the Group's overall business
	2. Board of Directors, Supervisory Board	
2.2.	Decisions to elect members of the Board of Directors 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. The diversity policy assumes that in case of an enlargement of the Board of Directors from the current size, the Supervisory Board shall make best efforts to nominate a person in order to reflect the following ratio: at least 30% of the Board of Directors will be comprised of women and at least 30% of the Board of Directors will be comprised of men.
2.7.	A company's Board of Directors 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 applied however in the Rules of Procedure of the Supervisory Board point 3.2 states that "Board of Directors 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.*** As the amount of expense incurred by the Company and related to culture, sports, charities, media, social organization, trade unions and etc during year 2022 was immaterial in the context of the Group's overall business and therefore not disclosed, Supervisory Board could not comment on that.
	3. Internal Systems and Functions	
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 is not applied.*** The Board of Directors 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 optimal business decision

No.	Principle / Best Practice	Comments of the Company
		is taken. For more details please see the Supervisory Board report for the year 2022.
3.3	Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.	***The principle is not applied.*** Due to the fact that Photon Energy was included in sWIG80 in year 2022, according to this principle, the Company is now required to appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. However, the Audit Committee performed a thorough and continuous review of the internal systems including internal audit function, throughout the year 2022 and also during its on-site visit. 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 chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, the head of accounting and consolidation, internal audit specialists, head of legal, head of compliance). He reviewed the procedures and evaluated whether adequate resources are in place and discussed relevant topics with external auditors. The results of this analysis were discussed with the Board of Directors. It was concluded that given the size of the Company, the current measures with respect to internal audit function are appropriate and satisfactory. This topic will be addressed again by Audit Committee during the course of year 2023 and if needed necessary steps to establish internal audit department will be undertaken.
3.6.	The head of internal audit reports organisationally to the president of the Board of Directors 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 is not applicable.*** The Company is in the first year of this obligation hence this obligation to review the internal audit function by an independent auditor was not required in the course of the reporting period.
	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 Board of Directors becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the Board of Directors 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 incorporated 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 2022 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. At the beginning of the 2023 the Risk Manager was hired to complete the Company's internal risk management and control team.

Shareholders Meetings

The Annual General Meeting was held on 31 May 2022, in accordance with the Company's Articles of Association.

The Annual General meeting approved the Consolidated Financial Statements of the Company for the year 2021, considered Remuneration Report from the Supervisory Board and updated the Remuneration Policy. The Annual General Meeting approved the extension of the Supervisory Board to three members and appointed a new member of the Supervisory Board. The authorization was granted to the Board of Directors to a) acquire the shares in the share capital of the Company and b) to issue shares up to EUR 10 million in the authorized capital c) to limit/exclude pre-emption rights of shareholders to the newly issued shares. Minutes of the meetings are available on the Company's website (penv-minutes-of-the-agm-held-on-31-may-2022.pdf (photonenergy.com)).

Major Shareholders

According to the Company's information, as of 31 December 2022, 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 (%)
Solar Future Cooperatief U.A.	21,775,075	36.29%	21 775 075	*37,12%*
Solar Power to the People Cooperatief U.A.	20,492,057	34.15%	20 492 057	*34,93%*

The ultimate beneficial owner of Solar Future Cooperatief U.A. is Michael Gartner and the ultimate beneficial owner of Solar Power to the People Cooperatief U.A. is Georg Hotar. Solely by virtue of the voting power they hold, Solar Future Cooperatief U. A. and Solar Power to the People Cooperatief U.A. (and Messrs. Gartner and Hotar indirectly) 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 Board of Directors is charged with the management of the Company. The Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors as competent to issue shares terminates. A resolution of the general meeting to limit or exclude pre-emption rights or to designate the Board of Directors competent to limit or exclude pre-emption rights shall require a majority of at least eighty percent (80%) of the votes cast.

The Board of Directors 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 Board of Directors 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 Board of Directors 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 of managing directors, and the supervising body of the Company is the Supervisory Board comprising of 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 Technology Officer and until last year held a position of the 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. Between 2011 and end of 2022, his focus was on developing Group's projects in Australia. In 2007 he developed one of the first large PV installations in the Czech Republic. 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]
Marek Skreta	56	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent
Boguslawa Skowronski	66	female	Polish, Swiss, U.S.	4.12.2020	2024	Member of the Supervisory Board	Independent
Ariel Sergio Davidoff	55	male	Swiss	31.5.2022	2026	Chairman of the Audit Committee	Independent

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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

The Supervisory Board provides guidance and oversight to the Board of Directors on the general affairs of the company. They also serve as Audit Committee.

The supervisory board and audit committee is comprised of three members, Boguslawa Skowronski, Marek Skreta and Ariel Sergio Davidoff, appointed to a four-year term of office. The Supervisory Board is elected by the General Meeting for a period of 4 years. More about the election process in the Supervisory Board report.

More information can be found in the Supervisory Board report.

To our best knowledge there were no transactions in the course of the year 2022, in which a 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 2022, 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 Board of Directors 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 Board of Directors 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, Succession Plan

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 thirty percent (30%) female members and at least thirty percent (30%) male members.

Besides the Diversity Policy, the Company has also adopted rotation schedule and succession policy to provide continuity and avoid extended vacancies in the positions of the Supervisory Board / Audit Committee. Photon Energy's succession plan is designed to ensure that the proper function and necessary fulfilment of the Supervisory Board is met in case of vacancy due to retirement, resignation, death or pursuing new business opportunities.

In the event of an emergency departure, resignation or other vacancy in the Supervisory Board, the Chairman of the Supervisory Board, if unavailable, the Chairman of the Audit Committee, if unavailable, any other member of the Supervisory Board shall convene an extraordinary meeting of the Supervisory Board within latest one month from the day of such vacancy to discuss the functioning of the Supervisory Board and a new distribution of tasks within the Supervisory Board/Audit Committee.

In line with the Supervisory Board Profile and the required diversity of the Supervisory Board members, the Supervisory Board shall propose a new suitable candidate to the General Meeting as soon as practicable. The General Meeting shall appoint a new candidate in accordance with the Articles of Association.

The whole policy can be found on the Company websites (Microsoft Word - rotation schedule and succession policy (photonenergy.com))

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 based on expertise, experience, backgrounds and skills necessary for the position.

During the course of the year 2022 the Supervisory Board defined diversity policy for the Board of Directors, 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 and shall aim at a representation of at least 30% of either gender in the Board of Directors.

Whistleblowing

The Company set up a misconduct whistleblowing portal (SpeakUp Line_in which concerns about ethical and other misconduct can be reported by all stakeholders (both internal and external). The hotline is independently operated, confidential and anonymous and is available in all areas and languages where the Company operates. All reports are assessed by the Compliance team and then addressed on a case-by-case basis. The Compliance department and the Board of Directors reviews the process and reports and ensures that there are arrangements in place in the event an independent investigation is needed and also a follow-up action is taken.

Company's Shares

The Company's issued share capital amounts to EUR 612,385.21, divided among 61,238,521 issued shares, each of a nominal value of EUR 0.01. There are no restrictions on the transfer of shares and no special control rights relating to the shares. No restriction of the voting rights attached to the shares exists, except for the voting rights attached to shares held by the Company as treasury shares which cannot be voted in accordance with Article 29.7 of the Articles of Association.

The Company has instituted a share buyback program based on the Board of Director's resolution, dated 16 December 2022 which was adopted pursuant to a previous authorization by the General Meeting on 31 May 2022. It is applicable with respect to a maximum of 250,000 shares, up to a maximum of PLN 3,750,000, and shall last no longer than until 19 June 2023. The Board of Directors engaged Santander Brokerage Office Poland to act as a sole broker.

Supervisory Board Report for Year 2022

The Supervisory Board of the Company 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 and Polish 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 Board of Directors.

Composition and Diversity

Name	Age	Gender	Nationality	Date of Initial Appointment	Term of Office	Function	Independence Status [1]
Marek Skreta	56	male	Swiss	4.12.2020	2024	Chairman of the Supervisory Board	Independent
Boguslawa Skowronski	66	female	Polish, Swiss, U.S.	4.12.2020	2024	Member of the Supervisory Board	Independent
Ariel Sergio Davidoff	55	male	Swiss	31.5.2022	2026	Chairman of the Audit Committee	Independent

[1] *Independence 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. Two of the Supervisory Directors' term expires in 2024, one Supervisory Director's term expires in 2026. 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. The composition of the Supervisory Board also complies with the gender, expertise and other requirements as defined in the Supervisory board profile and Dutch law. At least one third of the Supervisory Board is comprised of female members and at least one third is comprised of male members. In order to further diversify the expertise and background of the Supervisory Board, in the 2022 financial year the number of the Supervisory Directors was increased from 2 to 3 members and Mr. Davidoff was appointed as the third member of the Supervisory Board. He also assumed a role of the chairman of the Audit Committee. His term expires two years following the two other members' and his appointment will therefore ensure a more staggered succession in line with the Succession and Retirement Plan adopted on October 14, 2022 by the resolution of the Supervisory Board. In 2022 the Supervisory Board has prepared a Diversity & Inclusion Policy for the Board of Directors. The Board of Directors currently is not diverse in terms of gender requirement; however, the senior managers who play a key role in the management of the Company contribute to the gender diversification of the management.

All Supervisory Directors are independent within the meaning of best practise provisions 2.1.7, 2.1.8 and 2.1.9. of the Dutch Corporate Governance Code.

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 Board of Directors and the general course of affairs of the Company and its affiliated business. The supervision of the Board of Directors 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 Board of Directors 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 2022, the Supervisory Board met 6 times. In addition, the Audit Committee met three times. The Supervisory Board also adopted four written resolutions. In the meetings, the Supervisory Board discussed a wide range of topics:

- The financial plan, strategy for the year 2022 and long-term value creation was discussed at the beginning of the financial year (namely, the guidance with respect to the MWps in development and impact of electricity prices on revenue) The Supervisory Board discussed the increase in capacity of connected power plans (and its feasibility of the project pipeline in development by the end of 2024), switch from the various support mechanisms to merchant business model, and other strategies for long-term value creation (such as development of proprietary portfolio vs. acquisition of built or ready-to-built projects; PPAs vs. generation of electricity in proprietary plants etc.);

- Financial results were discussed and analysed on quarterly basis, including results and margins of the individual Company operational segments;
- Developments on turbulent energy markets in EU and worldwide, and specifically countries where the Company is active. The Supervisory Board discussed the volatility of electricity prices, the potential effect of the conflict in Ukraine, impact of the shutdown of German nuclear power plants, continued disruptions of the supply chain, planned or already introduced governmental caps on electricity prices and windfall taxes in each country and the Company strategies of how to minimize their impact;
- Current operational, financial and legal affairs were analysed, including the acquisition of Lerta and its synergies, dynamic growth in the size of the Company, development of Australian projects with Raygen technology, PFAS pilot project in cooperation with the Department of Defence in Australia.
- Financing of the Group, issue of Green Bonds, EUR currency fixing of the loans as a leverage against rising interest rates;
- The Audit Committee discussed the audit plan and the outcome of the audit with the external auditors;
- The chairman of the Audit Committee made an on-site visit and met with the Board of Directors and individual employees/managers and reviewed Company's internal risk management, controlling, compliance and internal audit procedures (more on this topic below).
- The chairman of the Audit Committee visited the Company's 2.998 MWp power plant in Zdice, Czech Republic.
- The Supervisory Board, through a written resolution, adopted and published (i) the Supervisory Board Succession and Retirement Plan, (ii) Diversity Policy for the Board of Directors and (iii) change to the Remuneration Policy.

Attendance of Supervisory Board Members	Supervisory Board Meetings
Boguslawa Skowronski	100%
Ariel Sergio Davidoff	100%
Marek Skreta	100%

Evaluation

During an open discussion in the meeting, the Supervisory Directors performed a self-evaluation and also the evaluation of the Board of Directors, individually and as a whole. They agreed that the Supervisory Board operated efficiently and its cooperation with the Board of Directors and the auditors was good. It was concluded that the Supervisory Board as a whole, as well as its individual members, functioned well. The communication from the Board of Directors takes place in a transparent and constructive manner. They further stated that the addition of one more member as the Audit Committee Chairman, Mr. Davidoff, was beneficial for the Company. He orientated himself well and assumed his role promptly.

The Supervisory Board has further evaluated the functioning of the Board of Directors as a whole, as well as its individual members in its closed meeting and also in discussions with the Board of Directors. They stated that the communication between the Boards was very good; the discussions were held in an open and transparent atmosphere while maintaining a sufficiently critical review. Both Management Directors were available and active and provided all cooperation and information necessary for successful functioning of the Supervisory Board.

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 (and its chairman, in particular) 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 Board of Directors in connection with the Company's funding, tax policy and application of IT technology, especially with respect to cybersecurity.

In 2022, the role of the head of the Audit Committee was assumed by Mr. Davidoff who was elected by the general meeting held on 31 May, 2022. In the course of 2022, Audit Committee met three times, in total. The Audit Committee met twice with the external auditor, reviewed the audit plan and was presented with the outcome of the audit.

The Supervisory Board, performing a function of the Remuneration and Nomination Committee, prepared the Diversity Policy for the Board of Directors, evaluated the Board of Directors' and Supervisory Board's remuneration and prepared the Remuneration Report which shall be submitted to the General Meeting.

Assessment of the Internal Control, Internal Audit, Risk Management, Compliance Systems

The Audit Committee has performed a thorough and continuous review of the internal risk management systems, internal audit function, controlling and legal compliance policies, throughout the year and also during its on-site visit in September 2022. 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 chairman of the Audit Committee performed the analysis through the consultations with the responsible personnel (the management, the head of accounting and consolidation, internal audit specialists, head of legal, head of compliance). He reviewed the procedures and evaluated whether adequate resources are in place and discussed relevant topics with external auditors. The results of this analysis were discussed with the Board of Directors. It was concluded that given the size of the Company, the current measures with respect to internal audit function, internal risk management and control systems are appropriate and satisfactory. The Supervisory Board also noted with satisfaction that a new full-time position of risk manager was created and filled as of 1 January 2023. The matter will be revisited and assessed during the 2023 financial year given the growing size of the Company and integration of Lerta.

Assessment of the Compliance with the Best Corporate Governance Standards

Supervisory Board reviewed the compliance report for 2022 and discussed with the Board of Directors the practises which were improved during year 2022 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 2023.

Financial Statements 2022

The financial statements were audited by PricewaterhouseCoopers Accountants N.V. whose nomination and engagement as the external auditor for 2022 financial year was approved by the Board of Directors in accordance with Article 31.2 of the Articles of Association. The Supervisory Board established that the external auditor was independent of the Company. The 2022 financial statements were approved by the Supervisory Board on 24 April 2023. The Supervisory Board will submit the financial statements to the Annual General Meeting and will propose that the shareholders adopt them and release the Board of Directors from all liability in respect of its managerial activities and release the Supervisory Board from all liability in respect of its supervision duties.

Conclusion

It goes without saying that 2022 was an exceptional year in every aspect. While the high energy price continued to plague European households and most industries, the Company benefited from this development. It all but quadrupled its year to year revenues and turned its economic result into profit. The goal for 2023 will be to maintain the Company's growth and successfully integrate Lerta's business line and its employees into the Photon Energy Group.

On behalf of the Supervisory Board, we would like to thank the Board of Directors and all employees of Photon Energy Group for their commitment and personal contribution to the successful financial year 2022.

Amsterdam, 24 April 2023

Marek Skreta Boguslawa Skowronski Ariel Sergio Davidoff

Original signed.

Remuneration Report

The remuneration of the Board of Directors is paid out in accordance with the Remuneration Policy, prepared by the Supervisory Board and adopted by the General Meeting on 1st June, 2021. An amendment to the Remuneration Policy was submitted by the Supervisory Board to the General Meeting and adopted on May 31, 2022. 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 2022 Annual Report. It is submitted to the General Meeting for an advisory vote. The General Meeting 2022 approved the Remuneration Report with a 100% vote.

Board of Directors Remuneration

Fixed Remuneration

The 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 2022, the Company did not perform any comparison within a reference group of its international/industry peers in order to determine the remuneration.

Since the Board members are also majority shareholders, it has been decided that their compensation for the responsibility and function of the Board members shall be deemed mostly realized through the value creation and share appreciation. In accordance with the Remuneration Policy, the 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 Board of Directors 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 2022 financial year was marked by turbulences on the energy market and unpredictable regulatory reactions but despite that, the Company made significant progress in strengthening the balance sheet and improving the operational performance.

Business performance highlights and Remuneration Comparison

	2022	% change	2021
Revenues	EUR 95.136 million	+161.7%	EUR 36.359 million
EBITDA	EUR 24.308 million	+153.6%	EUR 9.584 million
Net result	EUR 6.262 million	nm	EUR -6.433 million
Installed Capacity	91.9 MWp	+1.5%	90.5 MWp
Remuneration Board of Directors	EUR 0.597 million	+28.3%	EUR 0.466 million
Remuneration Employees without Board of Directors	EUR 8.490 million	+42.6%	EUR 5.955 million
Number of Employees	220 (283 including 63 Lerta employees)	+52.8% (+96.5%)	144
Average remuneration per full time employee	EUR 49 thousand	12.4%	EUR 44 thousand

Variable Remuneration and Stock Options

In accordance with the amended Remuneration Policy, an annual variable remuneration (short-term incentive) linked to companies KPIs and adequate to competitive market levels can be awarded to the Board members. The variable remuneration shall be paid after the publication of the audited annual accounts. In alignment with the Company's strategy, the Supervisory Board, at its discretion, will consider short or longer-term goals and their respective weights and targets for the respective bonus period; a part of the variable remuneration may therefore reflect a period longer than one performance year. The Supervisory Board shall also consider the following: (i) Company's strategy; (ii) historical performance and business outlook; (iii) long term value creation; (iv) stakeholders expectations.

The Managing Directors currently do not receive 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 Board of Directors being also the founders and majority shareholders of the Company. As such, the long-term incentive for the Board of Directors 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 2022.

Claw-backs/Severance Payments

No claw-back of remuneration was exercised in 2022. No severance payment was made to the members of the Board of Directors.

Overview of the Total Remuneration of the Board of Directors

In thousands of EUR	Total fixed compensation	Total variable compensation	Ratio Fixed/Total Compensation	Stock options granted
Georg Hotar, Managing Director and CEO				
2022	350	97	78.3%	0
2021	321	0	100.0%	0
Michael Gartner, Managing Director and CTO				
2022	150	0	100.0%	0
2021	144	0	100.0%	0

The internal pay ratio, as average compensation of the Board members in relation to the average annual compensation per full time employee of the Company for the financial year 2022 increased due to the bonus payment and was 6.1 in 2022 (5.3 in 2021).

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 financial years prior to 2021. For this reason, the Company can only publish comparisons with last financial year.

Comparison of Internal Pay Ratio

Year	Internal Pay Ratio
2022	6.1
2021	5.3

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 in 2022	% change	Total Loan Amount in 2021
Georg Hotar, Managing Director and CEO	594	6.8%	556
Michael Gartner, Managing Director and CTO	91	8.3%	84

The loans bear an interest rate of 3% and are short term for a period of up to 12 months.

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 in 2022	% change	Total Loan Amount in 2021
Solar Age Investments B.V.*	1,148	16.2%	988
Solar Power to the People Cooperatief U.A.**	614	237.4%	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 short term for a period of up to 12 months.

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. This is essential for executing the Company's strategy and safeguarding and promoting its long-term value and sustainability. Supervisory Board members receive fixed remuneration for their responsibilities that does not depend on the Company's results in order to protect their independence when supervising the manner in which the Board members implement the long-term value creation strategy. These responsibilities are part of the membership of the Supervisory Board and its Audit Committee and the position of Chairman of the Supervisory Board and/or Audit Committee. The certainty of the fixed compensation also allows Supervisory Board members in their supervisory role to focus on the long-term interest and sustainability of the Company. 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 thousands of EUR	Total fixed compensation in 2022	Total fixed compensation in 2021
Boguslawa Skowronski	15	15
Marek Skreta	15	15
Ariel Sergio Davidoff*	8.75	n/a

* Mr. Davidoff's term of office commenced on 31 May 2022.

Lord Howe Island, Australia

Financials

Photon Energy Group

Photon Energy N.V.

Financial Statements

For the Year Ended 31 December 2022

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For identification purposes only

Photon Energy Group

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For the Year Ended 31 December 2022

Consolidated Statement of Comprehensive Income for the Year Ended 31 December

In thousands of EUR	Note	2022	2021
Revenue	10	95,136	36,359
Other income	11	552	418
Raw materials and consumables used	12	-43,929	-12,729
Solar levy	13	-1,969	-883
Personnel expenses	14	-9,534	-6,742
Other expenses	15	-15,947	-6,839
Earnings before interest, taxes, depreciation & amortisation (EBITDA)		**24,309**	**9,584**
Depreciation	19,20,22	-8,949	-10,670
Impairment charges	16	-684	-231
Gain (loss) on disposal of investments	9.3	0	464
Gain on derecognition of associate	8	2,182	0
Share of profit equity-accounted investments (net of tax)	9.3	127	141
Results from operating activities (EBIT)		**16,985**	**-712**
Financial income	17	362	245
Financial expenses	17	-9,535	-6,770
Gains less losses on derecognition of financial liabilities at amortised costs	17	-114	-420
Revaluation of derivatives	17	1,027	1,730
Profit/loss before taxation (EBT)		**8,725**	**-5,927**
Income tax due/deferred	18	-2,463	-506
Profit/loss from continuing operations		**6,262**	**-6,433**
Profit/loss		**6,262**	**-6,433**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	19,29	433	738
Revaluation of other investments	23	605	2,657
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation difference - foreign operations	29	-1,943	2,769
Derivatives (hedging)	29,35	2,310	2,347
Items that will be reclassified subsequently to profit or loss – related to JV			
Derivatives (hedging)	29,35	5	17
Other comprehensive income		**1,410**	**8,528**
Total comprehensive income		**7,672**	**2,095**
Profit/loss attributable to:			
Attributable to the owners of the company		6,309	-6,404
Attributable to non-controlling interest		-47	-29
Profit/loss for the year		**6,262**	**-6,433**
Total comprehensive income attributable to:			
Attributable to the owners of the company		7,719	2,124
Attributable to non-controlling interest		-47	-29
Total comprehensive income		**7,672**	**2,095**
Earnings per share			
Earnings per share (basic) (in EUR)	30	0.111	-0.118
Earnings per share (diluted) (in EUR)	30	0.105	-0.107
Total comprehensive income per share (in EUR)	30	0.135	0.035

The notes on pages 85 to 147 are an integral part of these financial statements.

PricewaterhouseCoopers Accountants N.V.
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Consolidated Statement of Financial Position as of 31 December

In thousands of EUR	Note	31 December 2022	31 December 2021
Assets			
Goodwill	21	15,446	0
Intangible assets	22	7,479	844
Property, plant and equipment	19	145,549	127,492
Right of use- leased assets	20	3,449	2,138
Long term advances	26	780	98
Investments in equity-accounted investees	9.3	1,509	1,626
Long-term receivable from derivatives	26	5,087	0
Other receivables - non-current	26	543	529
Deferred tax asset	24	1,601	0
Other non-current financial assets	23	7,816	9,736
Non-current assets		**189,259**	**142,463**
Inventories	25	20,328	2,197
Contract asset	27	1,154	1,131
Trade receivables	26	9,624	3,756
Other receivables	26	9,039	5,327
Loans to related parties	26,39	2,447	1,811
Current income tax receivable	34	0	303
Prepaid expenses		597	268
Liquid assets	28	21,358	39,362
Cash and cash equivalents		*11,271*	*32,506*
Liquid assets with restriction on disposition		*6,373*	*3,629*
Precious metals		*3,714*	*3,227*
Current assets		**64,547**	**54,155**
Total assets		**253,806**	**196,618**
Equity & Liabilities			
Equity	29		
Share capital		600	600
Share premium		40,524	31,443
Revaluation reserve		38,326	40,251
Legal reserve		13	13
Hedging reserve		4,355	2,039
Currency translation reserve		2,363	2,022
Retained earnings		-15,408	-24,680
Other capital funds	29	38	38
Treasury shares held	29	-139	-38
Equity attributable to owners of the Company		**70,672**	**51,688**
Non-controlling interests		-197	-150
Total equity		**70,475**	**51,538**
Liabilities			
Loans and borrowings	31	58,446	41,106
Issued bonds	31	76,511	57,223
Lease liability	20	2,914	1,676
Other non-current liabilities	31	230	373
Provisions	32	566	545
Deferred tax liabilities	24	11,125	10,199
Non-current liabilities		**149,792**	**111,122**
Loans and borrowings	31	7,259	4,354
Issued bonds	31	3,670	24,107
Trade payables	33	11,988	2,275
Other payables	33	6,610	2,202
Contract liabilities	27	592	423
Lease liability	20	712	597
Current tax liabilities	18,34	2,708	0
Current liabilities		**33,539**	**33,958**
Total liabilities		**183,331**	**145,080**
Total equity and liabilities		**253,806**	**196,618**

The notes on pages 85 to 147 are an integral part of these financial statements.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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 2021	28	**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	19,29	0	0	0	738	0	0	0	0	0	738	0	738
Change in fair value of derivatives	29	0	0	0	0	0	2,347	0	0	0	2,347	0	2,347
Change in fair value of other investments (FVOCI)	23,29	0	0	0	2,657	0	0	0	0	0	2,657	0	2,657
Foreign currency translation differences	29	0	0	0	0	2,769	0	0	0	0	2,769	0	2,769
Change in fair value of derivatives (JV share)	35	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	29	0	7,497	0	0	0	0	-49	49	0	7,497	0	7,497
Other movements	29	0	0	0	0	1,832	0	0	0	0	1,832	0	1,832
Recycled from revaluation reserve to retained earnings	29	0	0	0	-3,822	0	0	0	0	3,822	0	0	0
BALANCE at 31 December 2021	29	**600**	**31,443**	**13**	**40,251**	**2,022**	**2,039**	**38**	**-38**	**-24,680**	**51,688**	**-150**	**51,538**
Profit/loss for the year		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6,309**	**6,309**	**-47**	**6,262**
Increase in revaluation of PPE	19,29	0	0	0	433	0	0	0	0	0	433	0	433
Change in fair value of derivatives	29	0	0	0	0	0	2,310	0	0	0	2,310	0	2,310
Change in fair value of other investments (FVOCI)	23,29	0	0	0	605	0	0	0	0	0	605	0	605
Foreign currency translation differences	29	0	0	0	0	-1,943	0	0	0	0	-1,943	0	-1,943
Change in fair value of derivatives (JV share)	35	0	0	0	0	0	5	0	0	0	5	0	5
Other comprehensive income		**0**	**0**	**0**	**1,038**	**-1,943**	**2,315**	**0**	**0**	**0**	**1,410**	**0**	**1,410**
Total comprehensive income		**0**	**0**	**0**	**1,038**	**-1,943**	**2,315**	**0**	**0**	**6,309**	**7,719**	**-47**	**7,672**
Acquisition of subsidiary	8	0	8,781	0	0	0	0	0	0	0	8,781	0	8,781
Other movements	29	0	300	0	0	2,285	0	0	-101	0	2,484	0	2,484
Employee share scheme	29	0	0	0	0	0	0	0	0	0	0	0	0
Recycled from revaluation reserve to retained earnings	29	0	0	0	-2,963	0	0	0	0	2,963	0	0	0
BALANCE at 31 December 2022	29	**600**	**40,524**	**13**	**38,326**	**2,363**	**4,355**	**38**	**-139**	**-15,408**	**70,672**	**-197**	**70,475**

The notes on pages 85 to 147 are an integral part of these financial statements.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Consolidated Statement of Cash Flows for the Year Ended 31 December

In thousands of EUR	Note	2022	2021
Cash flows from operating activities			
Profit/loss for the year before tax		**8,725**	**-5,927**
Adjustments for:			
Depreciation	19,20,22	8,949	10,670
Share of profit of equity-accounted investments	9	-127	-141
Impairment charges	26	684	0
Gain on disposal of financial investments	9	0	-464
Net finance costs	17	8,259	5,215
Other non-cash items		-5,991	4,346
Changes in:			
Trade and other receivables	26	-7,544	-1,478
Gross amount due from customers for contract work	27	-23	-106
Prepaid expenses	26	-157	-7
Inventories	25	-17,890	-1,187
Trade and other payables	33	9,690	-2,351
Income tax paid (advances)	33	-1,728	-2,349
Net cash from operating activities		**2,847**	**6,221**
Cash flows from investing activities			
Acquisition of property, plant and equipment	19,22	-27,576	-8,619
Acquisition of subsidiaries, associates, JV	9	-6,214	0
Acquisition of other financial asset - precious metals	28	-277	-2,849
Acquisition of other investments	23	-120	-4,325
Proceeds from sale of investments	9	757	1,560
Net cash used in investing activities		**-33,430**	**-14,233**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	29	0	7,754
Proceeds from borrowings	31	29,086	15,416
Transfer to/from restricted cash account	28	-2,785	397
Repayment of borrowings	31	-6,649	-19,898
Repayment of principal element of lease liability	20,31	-668	-577
Proceeds from issuing bonds	31	22,500	56,092
Payment of placement fee/exchange bonus fee for bonds issued	17,31	-331	-1,202
Repayment of long term liabilities/bonds	31	-23,719	-21,281
Interest payments	31	-8,281	-6,076
Proceeds from terminated derivatives	17	195	0
Net cash from financing activities		**9,348**	**30,625**
Net decrease/increase in cash and cash equivalents		**-21,235**	**22,613**
Cash and cash equivalents at 1 January		**32,506**	**9,893**
Cash and cash equivalents at 31 December	28	**11,271**	**32,506**

The notes on pages 85 to 147 are an integral part of these financial statements.

Photon Energy Group

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2022

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 2022 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, Hannover, 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 24 April 2023.

Going Concern

The Consolidated financial statements have been prepared on a going concern basis, resulting from the Management's assessment of the Company's ability to continue its operations for the foreseeable future. The Management based its assessment on an evaluation of, among others, the company's financial position, expected future cash flows and market developments. As of 31 December 2022, liquid assets amounted to EUR 21.358 million. The Management also considered the Company's ability to obtain financing, taking into account the company's credit standing. Expected future cash flows are based on the latest forecasts. These forecasts take into account internal and external developments relevant in the assessment of the ability of the Company to continue as a going concern, including but not limited to market developments, developments in the macro-economic environment and climate-related developments. The Management's assessment did not lead to uncertainties in relation to the Company's ability to continue as a going concern

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 19)
- 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
- Note 2.4.6.- Impairment of goodwill
- Note 2.4.7.- Initial recognition of intangible assets
- Note 2.4.8.- Useful economic life of tangible and intangible assets and right of use
- Note 2.4.9.- Business combination

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. The power plants are not affected by global warming itself. Potential increase of damages by thundersorms are covered by insurance, which cost is minor. Due to the geographical diversification of the power plants there is no risk that a material part of the portfolio could be damaged at the same time.

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 40.

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 24.

2.4.3 Recognition of Revenues from Contracts with Customers

Revenues from contracts are recognised for engineering, procurement, and construction (EPC) contracts to 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 25. 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.

For the investment in Valuetech,the profit share of the equity value of the participations in ValueTechs is considered as of the reporting date with deduct a 30% transaction discount (covering cost and price discounts) from this value.

Other financial investments include primarily ordinary and preference shares and related share options held (see also note 23). 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.

2.4.6 Impairment of Goodwill

Goodwill is reviewed at least annually for impairment. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to groups of individual Cash-Generating Units (CGUs) expected to benefit from the combination. If the recoverable amount of the CGU is less than the carrying amount of goodwill allocated to it, the resulting impairment loss is applied first to the allocated goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset. Reversals of impairment losses on goodwill are not permitted.

2.4.7 Initial Recognition of Intangible Assets

Intangible assets measured in fair value are recognized in the value calculated based on the discounted cash-flow model and will be regularly amortized in line with the utilization of the underlying contracts during the period of 2023-2027.

2.4.8. Useful Economic Life of Tangible and Intagible Assets and Right of Use

Useful economic life of the intangible assets is determined in line with the underlying contracts, in case of the demand response contracts, it is a 5 years period for 2023-2027.

Right of use economic life is determined to be in line with the period of the contract signed for the lease of an underlying asset. Useful economic life of the tangible asset is usually defined for the period of the future estimated cash-flows, usually up to 25-30 years in case of the photovoltaic powerplants.

2.4.9. Business Combination

Estimates relating to the calculation of fair values of acquired assets, liabilities and contingent liabilities are required within the context of business combinations. Where intangible assets are identified, estimates are necessary for the determination of fair values by means of discounted cash flows, including the duration, amount of future cash flows, and discount rate. When making estimates in the context of purchase price allocations on major acquisitions, the Group does not expect changes in these fair value estimates to have a significant impact on the recognised assets and liabilities over the remaining measurement period.

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)

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 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 2023 or later, and which the Group has not early adopted.

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 and no significant 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. 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, 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 consolidated financial statements and no impacts are expected.

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.

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 financial statements.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

New accounting Pronouncements are aligned with the EU Endorsement Status Report of 22.09.2022.

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

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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 2022 and 2021) 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 28) 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.

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life of 5 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

4.6.1 Goodwill

Goodwill is measured initially as described under "Consolidated financial statements " in note 4.1.1. Goodwill is not amortised but it is tested for impairment annually. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

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 2022 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 financing the cost of equity calculated by CAPM (capital asset pricing model) 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

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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 19 and 29.

Changes in the Valuation Parameters in 2022

In June 2022 the Hungarian government issued a decree introducing a 65% tax on the excess revenues (that is above the feed-in-tariff/contract-for-difference price of EUR 85 per MWh) generated by licensed PV power plants (required for installations with a grid connection capacity exceeding 500 KW AC) which had either exited one of the support schemes or had been awarded a METÁR license in auction but did not execute the contract-for-difference with the designated Hungarian state entity, for the financial years 2022 and 2023. On that basis, seven power plants with a total installed capacity of 9.86 MWp (representing 19.3% of the Company's capacity in Hungary) have been and will continue being affected by the excess revenue tax. All other power plants in Hungary are exempt from this tax.

The Group updated the DCF models for Hungary to reflect these changes and it resulted in a decrease of fair value of property, plant and equipment by EUR 567 thousand compensated in increase of fair value of property, plant and equipment in other countries with overall zero effect on the whole portfolio. Introduced windfall taxes in other countries do not affect the proprietary portfolio of the Group.

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 21,358 thousand at 31 December 2022 (2021: EUR 39,362 thousand), which represents its maximum credit exposure on these assets. Liquid Assets consist of following items:

In thousands of EUR	**2022**	**2021**
Cash and cash equivalents	11,271	32,506
Liquid assets with restriction on disposition	6,373	3,629
Precious metals	3,714	3,227
Liquid assets	**21,358**	**39,362**

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 Australia Pty Ltd., Photon Energy Engineering Australia Pty Ltd., Photon Energy Corporate Services CZ s.r.o. and by Greenford Solar srl. for which the banks requested security deposits. Total amount of this restricted cash by these companies is EUR 6,373 thousand as at 31 December 2022 (2021: EUR 3,629 thousand), see also note 28.

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 Force Majeur Risk

Force majuer risks like like the pandemic of the Corona virus may impact the business activity of the Group. For example 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. The Group is technological (IT systems, communication, back ups) and organizational (e.g. home offices) capable to adjust to external events impacting the regular operation. In all main markets of the Group highly skilled local teams will 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 such events in the countries where the Group is active.

6.9 Inflation Risk

State support, especially feed-in tariffs, is indexed in the cases of Czech and Hungarian projects; i.e. they are subject to inflationary adjustment that is defined by a specific band. In case of high inflation, there is consequently a risk that the running operative costs increase while the yields will not be adjusted accordingly. In projects that are not supported by the state there is a different risk - namely that by lower inflation the calculated market prices for electricity will not develop as it was planned. The occurrence of any of the mentioned risks can have a negative impact on the financial situation, of the Group.

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	2022	2021
Total liabilities	183,331	145,080
Less: Liquid assets	21,358	39,362
Net debt	161,973	105,718
Total equity	70,475	51,538
Net debt to equity ratio at 31 December	**2.29**	**2.05**

Equity ratios:

	2022	2021
Full Equity ratio	27.8%	26.2%
Adjusted Equity ratio (for bond governance)	32.0%	28.6%

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 2022 nor 2021.

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.

From 1.1.2023 onwards, we will start showing a new segment ("New Energy") covering the new Lerta business in the segment reporting.

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 2022 to 31 December 2022

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	5,389	50,786	35,239	2,854	868	**95,136**	0	**95,136**
Internal revenues from the sale of products, goods & services	10,049	14,100	49	2,196	7,725	**34,119**	-34,119	**0**
Total revenues	15,438	64,886	35,288	5,049	8,593	**129,255**	-34,119	**95,136**
Other external income	-12	7	11	30	516	**552**	0	**552**
Raw materials and consumables used	-4,492	-55,014	-33	-426	-78	**-60,043**	16,114	**-43,929**
Solar levy	0	0	-1,969	0	0	**-1,969**	0	**-1,969**
Personnel expenses and other expenses	-7,731	-3,175	-5,302	-4,737	-12,990	**-33,935**	8,453	**-25,482**
EBITDA	**3,203**	**6,705**	**27,994**	**-83**	**-3,959**	**33,860**	**-9,552**	**24,308**
Depreciation	-52	-41	-7,419	-619	-817	**-8,949**	0	**-8,949**
Impairment charges	-1	-657	0	-20	-5	**-684**	0	**-684**
Gain (loss) on disposal of investments	0	0	0	0	0	**0**	0	**0**
Gain on derecognition of associate	0	0	0	0	2,182	**2,182**	0	**2,182**
Profit/loss share in entities in equivalency	0	0	127	0	0	**127**	0	**127**
Results from operating activities (EBIT)	**3,150**	**6,006**	**20,702**	**-723**	**-2,600**	**26,536**	**-9,552**	**16,984**
Financial income	440	7	392	275	4,128	**5,242**	-4,879	**362**
Interest expense	-530	-342	-4,237	-475	-8,556	**-14,140**	4,879	**-9,261**
Other net financial expenses	177	-30	-571	90	59	**-275**	0	**-275**
Gains less losses on derecog. of fin. liab. recog.at amortised costs	0	0	0	0	-114	**-114**	0	**-114**
Revaluation of derivatives	0	0	413	0	614	**1,027**	0	**1,027**
Profit/loss before taxation (EBT)	**3,237**	**5,641**	**16,699**	**-833**	**-6,468**	**18,276**	**-9,552**	**8,724**
Income Tax (income and deferred)	-932	-708	-790	-27	-7	**-2,463**	0	**-2,463**
Profit/loss after taxation	**2,305**	**4,933**	**15,909**	**-860**	**-6,475**	**15,813**	**-9,552**	**6,261**
Other comprehensive income	113	82	2,415	-29	-1,171	**1,410**	0	**1,410**
Total comprehensive Income	**2,418**	**5,016**	**18,324**	**-889**	**-7,646**	**17,223**	**-9,552**	**7,670**
Assets	**50,625**	**41,186**	**172,409**	**18,200**	**199,579**	**481,998**	**-228,172**	**253,826**
Liabilities	**-46,555**	**-29,043**	**-110,410**	**-26,970**	**-189,308**	**-402,286**	**218,955**	**-183,331**
Investments in JV accounted for by equity method	0	0	1,509	0	0	**1,509**	0	**1,509**
Additions to non-current assets	0	0	26,216	511	23,062	**49,789**	0	**49,789**

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
Result 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 derecog. of fin. liab. recog.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

7. Operating Segments (Continued)

All the operational segments are managed on an international basis (not on a country level). In 2022 the Group operated in the Czech Republic, Slovak Republic, Germany, Hungary, Australia, Switzerland, Romania, Poland, Mongolia, South Africa and the Netherlands with headquarters in the Netherlands.

In 2022, revenues were generated in all above mentioned markets, except of the Netherlands, Mongolia and South Africa. Non-current assets (power plants) are located in the Czech Republic, Slovak Republic, Hungary, Romania 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 10 and 19.

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 2022 the Group commissioned a powerplant in 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	2022	2021
Lerta Energy HU Kft	13,904	-
OTE, a.s.	9,617	-
E.ON Energie, a.s.	-*	5,859
MAVIR Zrt.	-*	4,285
Total revenue from customers over 10% of total revenues	**23,521**	**10,144**
Total revenue	**95,136**	**36,359**

*did not exceed 10% of total revenues

Revenues from Lerta Energy HU Kft and OTE a.s. (2021: 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. Business combination

Lerta Spółka Akcyjna is a joint-stock company organized under the laws of Poland, with its office at Naramowicka 76, 61-622 Poznań, Poland, registered in the register of entrepreneurs of the National Court Register kept by District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, under number KRS 0000848411 (hereinafter referred to as "Lerta").

Lerta is an energy startup on a mission to become the biggest clean energy company free of generation assets. Lerta enables energy consumers and generators to maximize profits or savings with effective, AI-based management of aggregated in Virtual Power Plant ("VVP") assets on several markets simultaneously.

Lerta fully owns directly nine subsidiaries in five countries (hereinafter referred to as "Lerta Group"). Those subsidiaries are:

Nr	Subsidiary Name	Short	Country
1	Lerta Poland Sp. z o.o.	LPL	Poland
2	Lerta Power Poland Sp. z o.o.	LPPL	Poland
3	Lerta JRM Sp. z o.o.	LJRM	Poland
4	Lerta Technology Sp. z o.o.	LTECH	Poland
5	Lerta Energy S.r.l.	LROM	Romania
6	LERTA Magyarország Kft.	LMAG	Hungary
7	Lerta Energy HU Kft.	LHUK	Hungary
8	Lerta Czech Republic s.r.o.	LCR	Czechia
9	Lerta Lithuania UAB	LLIT	Lithuania

8.1 Valuation of Lerta

Discounted cash flow valuation method

The valuation of Lerta was based on the Discounted cash flow (DCF) method and results in the preliminary net present value of the free cash flows generated during the forecasted period and the preliminary net present value of the terminal value in the total amount of PLN 188.7 million (EUR 40.5 million) as included in the preliminary purchase price allocation, which corresponds to PLN 10.95 (EUR 2.35) per one Lerta share. The purchase price for Lerta shares which was agreed at PLN 5.80 (EUR 1.25) per one share results in a 47% discount towards the valuation based on the DCF valuation method.

8.2 Steps of the acquisition

As of 24 November 2022, the Company acquired all shares which were owned by three financial investors i.e., 5,594,202 shares representing 32.48% in the capital of Lerta. The sale/purchase price was agreed between the parties at PLN 5.80 per share and amounted in the total contractual value of PLN 32.446 million (EUR 6.5 million). Upon completion of this transaction Photon Energy Group increased its shareholding in Lerta from 24.27% up to 56.75%. Additionally, a side letter was signed between the Company and the founders of Lerta to protect the Founders interest until the final acquisition of their shares by the Company. In this side letter the Company agrees to not take over control of Lerta by not taking any actions that would imply control as long as such investment agreement between the founders and the Company is signed. On 20 December 2022 the Company concluded an investment agreement with the founders of Lerta, and certain executive contracts to this agreement. Under the terms of this agreement, an additional equity stake of 7,449,750 shares, representing 43.25% of Lerta's equity was acquired by the Company for a combination of a PLN 2.16 million (EUR 464 thousand) cash consideration, the transfer of 2,300,110 treasury shares in the Company and 1,238,521 Company shares to be newly issued in an in-kind contribution. As of 31 December 2022, Photon Energy N.V. acquired 4,972,708 shares in Lerta in the exchange of 2,300,110 treasury shares in the Company and PLN 2.16 million (EUR 464 thousand) paid in cash to the Founders. As a result, the Company increased its shareholding in Lerta to 85.62%.

Between 24 November 2022 and 31 December 2022 Photon Energy has not appointed or recalled a member to the supervisory board, nor requested to appoint or recall a member to the board of directors. Photon Energy has also not taken any other measures that could be considered as taking over control of Lerta. Management of Lerta was in the full responsibility of the Founders as being members of the board of directors.

Based on the above the assumed date of taking over control of Lerta Group is considered as 31 December 2022 when Photon Energy increased its shareholding from 56.75% to 85.62%. Photon gained full control effectively as at 31 December 2022. The transfer of the outstanding consideration was deferred to the year 2023, when remaining 14.38% have been taken over in a in-kind contribution of Lerta shares against the issuance of new shares of the Company in February 2023.

The original value of Lerta previously presented as Associate for 24.27% stake was EUR 3,202 thousand.

Date	Step	Amount In thousands of EUR
24/11/2022	Original value of Lerta	3,202
24/11/2022	Cash transfers	6,720
Total		**9,922**

As at 31 December 2022, the date of taking over control of Lerta Group, the investment in the acquiree held prior to the acquisition was remeasured to its fair value at the acquisition date and a gain of EUR 2,182 thousand was recognised as a gain in profit and loss income.

As at 31 December 2022, the value of 100% share in the Lerta Group was calculated as follows:

Date	Step	Amount In thousands of EUR
31/12/2022	Value of Lerta as of 24 November 2022	9,922
31/12/2022	Cash transfers	464
31/12/2022	Value of shares issued	5,700
31/12/2022	Revaluation	2,182
31/12/2022	In-kind contribution against issuance of new shares	3,081
Total		**21,349**

The total value of 100% share in Lerta was calculated to EUR 21,349 thousand in the preliminary purchase price allocation. There is no non-controlling interest calculated and booked as a result of the transaction with the owners, share swaps have been posted to the share premium.

In the preliminary purchase price allocation, the fair values of assets and liabilities acquired are based on discounted cash flow models. Based on it, the following items were included in the purchase price allocation:

- Demand response contracts

The fair value of Demand response contracts in the preliminary purchase price allocation activated as intangible asset was evaluated at EUR 6,047 thousand with attributable deferred tax liability of EUR 1,149 thousand.

The fair value in the preliminary purchase price allocation was calculated based on secured demand response contracts for the years 2023 to 2027. Expected cash flows were discounted at a rate of 13.61%.

Starting from 1 January 2023 the demand response contracts will be amortized in line with the utilization of the contracts.

Goodwill calculated in the preliminary purchase price allocation in the amount of EUR 15,005 thousand arises from the main synergies described below.

The integration of Lerta into Photon Energy Group represents the fusion of physical and digital energy to create a customer-centric renewable energy utility that will be uniquely positioned to effectively address the pain points of energy generators, energy users and transmission system operators. Energy generators will be able to benefit from an integrated approach to asset operation and management as well as cost-efficient market access, including balancing services. Energy users will be able to manage and optimise their costs from a combination of on-site generation and off-site supply. This will include the benefit of energy storage and the monetisation of their demand flexibility. Transmission systems operators will be provided with flexible supply, DSR and ancillary services to the power grid.

The impact on Photon Energy Group's strategic and operational priorities following the Transaction will include:

- Capacity building and product development for the efficient delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers.
- A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid - energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.
- Close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

Details of net assets acquired and goodwill in the preliminary purchase price allocation arising are as follows:

In thousands of EUR	**31 December 2022**
Total net assets acquired	1,445
Capacity market contracts (note 22)	6,047
Deferred tax liability	-1,149
Goodwill arising from the acquisition	15,005
Total net assets acquired	**21,349**

Main classes of assets and liabilities recognised in fair value in the preliminary purchase price allocation because of acquisition are as follows:

In thousands of EUR	**Fair value 31 December 2022**
Software	356
Goodwill	461
Equipment	326
Inventory	290
Loans, accounts receivables, prepayments	4,679
Bank and cash	1,060
Provisions and accruals	-379
Loans and trade payables	-5,348
Capacity market contracts (note 22)	6,047
Deferred tax liability	-1,149
Goodwill arising from the acquisition	15,005
Total net assets acquired	**21,349**

In thousands of EUR	**2022**
Total purchase consideration and previously held interest in the acquiree	15,964
Less: Non-cash consideration	-8,781
Outflow of cash and cash equivalents on acquisition	7,183

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

9.1 Establishment of New Subsidiaries

During 2022, Photon Energy N.V. (directly or via its subsidiaries) incorporated the following subsidiaries:

- On 10 June 2022, Photon Energy N.V. became 100% shareholder of Photon Energy Solutions AG.
- On 10 June 2022, Photon Energy N.V. became 100% shareholder of Photon Property AG
- On 16 September 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of PESPV 1 s.r.o..
- On 16 September 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of PESPV 2 s.r.o..

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.

9.2 Acquisitions of Subsidiaries

During 2022, Photon Energy N.V. (directly or via its subsidiaries) acquired the controlling share in the Lerta S.A. and its subsidiaries as described in note 8 Business combination. Also, 100% share in originally 51% owned joint venture Photon AUS SPV 6 was acquired during the year.

During 2021 there were no acquisitions of subsidiaries.

Other Developments in 2022

- On 17 January 2022, KORADOL AG became 100% shareholder of Photon SPV 3 s.r.o.. Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Photon SPV 10 s.r.o., Exit 90 SPV s.r.o., Onyx Energy s.r.o., Onyx Energy projekt II s.r.o., and Kaliopé Property s.r.o..
- On 10 February 2022, ALFEMO AG became 90% shareholder and KORADOL AG became 10% shareholder of Siria Solar S.r.l..
- On 24 February 2022, Photon Energy Projects became 95% shareholder and Photon Energy Solutions CZ became 5% shareholder of Deptford Solar Srl..
- On 28 February 2022, Photon Energy Projects became 95% shareholder and Photon Energy Soluions CZ became 5% shareholder Kenton Solar Srl., Lancaster Solar Srl., and Perivale Solar Srl..
- On 7 March 2022, Photon Energy Projects became 95% shareholder and Photon Energy Soluions CZ became 5% shareholder of Weston Solar Srl. and Harlow Solar Srl..
- On 14 March 2022, Photon Energy Projects became 95% shareholder and Photon Energy Soluions CZ became 5% stakeholder of Brentford Solar Srl., Camberwell Solar Srl., Romford Solar Srl., and Stratford Solar Srl..
- On 18 March 2022, Photon Energy N.V. became 95% shareholder and Photon Energy Projects became 5% shareholder of Photon Energy Engineering Romania SRL..
- On 22 March 2022, PE Solar Technology Ltd. was successfully dissolved.
- On 6 April 2022, Photon Energy Solutions s.r.o. was renamed to Photon Energy Engineering s.r.o..
- On 27 April 2022, Photon SPV 1 s.r.o. was renamed to Photon Energy Solutions CZ s.r.o.
- On 24 May 2022, Solar Age Polska S.A. was renamed to Photon Energy Solutions PL S.A..
- On 1 July 2022, Photon Energy Solutions CZ s.r.o. successfully changed its name (and legal form) to Photon Energy Solutions CZ a.s..
- On 2 September 2022, Photon Energy Operations CZ s.r.o. PRAGA SUCURSALA BUCURESTI was successfully deregistered.
- On 5 October 2022, Photon AUS SPV 12 Pty. Ltd. has changed its name to Photon New Energy Pty. Ltd..
- On 19 October 2022, Photon Energy Solutions CZ a.s. became 100% shareholder of Photon Energy Solutions s.r.o..
- On 20 October 2022, Photon Energy Solutions HU Kft has changed its name to Photon Energy Engineering HU Kft..
- On 30 December 2022, ALFEMO AG has changed its name to Photon Energy Investment AG.

Other Developments in 2021:

- On 5 February 2021, 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.,

9.3 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	2022	2021
	Joint ventures	Joint ventures
Carrying amount at 1 January	**1,626**	**2,641**
Share of profit of joint ventures	127	141
Acquisition of joint ventures	0	302
Disposal of joint ventures	0	-1,412
Share of other comprehensive income of joint ventures	73	122
Dividends received from joint ventures	-191	-168
Carrying amount at 31 December	**1,509**	**1,626**

Joint ventures

Investments in equity-accounted investees amounting to EUR 1,509 thousand (2021: EUR 1,626 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.

2022:

In thousands of EUR	Photon SK SPV 1	Solarpark Myjava	Solarpark Polianka	Total
Definition	joint venture	joint venture	joint venture	
Share	50%	50%	50%	
Equity of the entity	1,107	806	1,105	3,016
Share on equity	**553**	**403**	**552**	**1,509**
Net profit	-78	-94	-82	-252
Share of profit	**-39**	**-48**	**-41**	**-127**
Cash and cash equivalents	81	54	60	194
Current assets	156	132	124	412
Long-term assets	1,844	1,377	1,922	5,148
Current liabilities	-238	-235	-218	-698
Long-term liabilities	-294	-184	-375	-853
Depreciation	97	108	95	300
Interest expense	20	17	22	61
Revenues	-271	-295	-263	-829
Total comprehensive income (loss)	**-5**	**8**	**-37**	**-32**

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

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

All of the entities included in the above table are accounted for using the equity method of consolidation as at 31 December 2022 and 31 December 2021. 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 2022

- There were no disposals in 2022. The Company has only changed the consolidation method of Lerta S.A. and subsequently its subsidiaries due to the change of the ownership percentage and related change of control.

Disposals in 2021

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.

10. 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	2022	2021
At a point of time	50,786	8,315
Over time	44,008	25,584
Total revenue from contracts with customers	**94,794**	**33,899**
Compensations for sales from electricity generation	342	2,460
Total revenue	**95,136**	**36,359**

Revenues by major revenue types:

In thousands of EUR	2022	2021
Sale of goods and technologies	50,786	8,315
Sale of electricity and certificates	34,897	16,942
Revenues from EPC contracts	5,389	5,594
Rendering of services	3,722	3,048
Total revenue from contracts with customers	**94,794**	**33,899**
Compensations for sales from electricity generation	342	2,460
Total revenue	**95,136**	**36,359**

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 2022 amounted to EUR 13,363 thousand (2021: EUR: 16,893 thousand), revenues from sales of electricity from contract for difference revenue model amounted to EUR 0 thousand (2021: EUR 1,909 thousand) and revenues from sales of electricity for market price amounted to EUR 23,286 thousand (2021: EUR 601 thousand).

Total amount of subsidies returned under the contract for difference scheme in 2022 was EUR 1,780 thousand (2021: 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 do 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 2022 amounted to EUR 342 thousand (2021: EUR 2,460 thousand) and from MAVIIR in Hungary negative EUR 1,780 thousand (2021: EUR 19 thousand).

Even though the revenues were invoiced in 2022 and 2021 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	2022	2021
Czech Republic	68,257	20,468
Hungary	17,473	6,683
Australia	6,483	5,574
Slovak Republic	1,916	861
Germany	574	31
Other	88	282
Romania	3	0
Total revenue from contracts with customers	**94,794**	**33,899**
Compensations for sales from electricity generation – Slovak Republic	342	2,460
Total revenue	**95,136**	**36,359**

Increase in total revenues in 2022 is mainly a result of higher electricity generation and higher electricity prices and significantly higher volume of technology sold. Increase in revenues in 2022 from the sale of electricity is also attributable to increased production capacity due to full year recognition of new power plants in various regions in Hungary and Australia.

11. Other Income

In thousands of EUR	2022	2021
Miscellaneous	287	78
Grants received	234	99
Settlement agreement/insurance compensation	31	38
Covid compensation	0	203
Total Other income	**552**	**418**

Other income in miscellaneous category includes EUR 221 thousand income from other financial investment of the Group-Valuetech.

12. Raw Materials and Consumables Used

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

In thousands of EUR	2022	2021
Goods (modules, invertors, etc)	-42,600	-12,463
Material consumed	-1,329	-266
Raw materials and consumables used	**-43,929**	**-12,729**

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 2022.

13. Solar Levy

In thousands of EUR	2022	2021
21%/11% solar levy	-1,969	-883
Solar levy	**-1,969**	**-883**

For detailed information about the solar levy refer to note 6.3. Solar levy represent 21%/11% levy imposed on the solar electricity produced in the Czech Republic. Solar levy is calculated and settled on a monthly basis.

14. Personnel Expenses

In thousands of EUR	2022	2021
Wages and salaries	-7,661	-5,527
Social and health insurance	-1,575	-988
Pension costs	-298	-227
Personnel expenses	**-9,534**	**-6,742**

Pension costs represent contributions to state defined pension contributions schemes.

On 31 December 2022 the Group employed 220 employees. 4 were employed in Slovakia by Slovak entities; 17 were employed in Hungary, 23 in Australia; 15 in Poland, 19 in Romania, 2 in Switzerland and 1 in the Netherlands. The remaining 139 employees were employed in the Czech Republic. Out of 220 employees, 2 of them were the Board members, 26 senior and mid level management and 192 professional and administration employees. In addition, 63 employees on employment contract and 29 employees on different types of contract joined the group with the acquisition of Lerta Group as of the end of the year. Those employees are mainly employed in Poland.

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. Out of the 144 employees, 2 of them were the Board members, 42 senior and mid level management and 100 professional and administration employees.

Key management compensation including salaries, bonuses and social and health insurance is disclosed in note 39 Related parties.

15. Other Expenses

In thousands of EUR	2022	2021
3rd party services received	-5,920	-2,850
Construction subcontractors -services	-2,863	-310
Warehousing and Freight	-2,632	-259
Legal costs	-834	-426
Balancing/scheduling/service costs	-692	-336
Accounting services	-563	-482
Travel & Accommodation costs	-378	-179
Cars – fuel and maintenance	-326	-233
Audit costs	-284	-211
Projects write off	-253	-122
Miscellaneous	-1,202	-1,431
Total Other expenses	**-15,947**	**-6,839**

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

16. Impairment Charges

In thousands of EUR	2022	2021
Net creation of bad debt provisions	-684	-206
Write off receivables	0	-25
Total Impairment charges	**-684**	**-231**

In 2022, the Group created 100% allowance for the customer EkoFachowcy Sp. z. o. o. in the total amount of EUR 653 thousand because of its filing for insolvency.

The Group created specific impairment provision to receivables from Slovak distribution companies relating to the so-called G-component in total amount of 23 thousand (2021: EUR 227 thousand).

The remaining part of the bad debt provisions represents various small irrecoverable receivable from several entities.

17. Financial Income and Financial Expense

In thousands of EUR	2022	2021
Interest revenue calculated using the effective interest method*	162	125
Revaluation of precious metals	200	120
Financial income	**362**	**245**
Interest expense on loans & borrowings calc. using effective interest method	-9,260	-6,576
Foreign exchange gains and losses (net)	-275	-194
Financial expense	**-9,535**	**-6,770**
Gains less losses on derecognition of financial liabilities – bonds	-114	-420
Gains less losses on derecognition of financial liabilities recognised at amortised costs	**-114**	**-420**
Net result from revaluation of trading derivatives	1,027	1,730
Revaluation of derivatives	**1,027**	**1,730**

* 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 did not capitalise any borrowing costs in 2022 (2021: EUR 171 thousand borrowing costs arising from financing directly attributable to the construction of Leeton on Fivebough power-plants).

Gains less losses on derecognition of financial liabilities in 2022 amounted to 114 EUR. In 2021 amount of EUR 420 thousand represent exchange bonus paid to the existing bondholders for the exchange of the EUR bond (see also note 31) and in 2022, exchange bonus was equal to EUR 114 thousand.

Net result from revaluation of derivatives represent change in fair value of derivatives for which no hedge accounting is applied (see also note 35) of EUR 217 thousand in 2022 (2021: EUR 488 thousand). These derivatives were terminated as of the end of 2022. Change in FV of share options presented as FVPL financial assets of EUR 558 thousand (2020: EUR 1,242 thousand) is also included in Net result from revaluation of trading derivatives, see also note 23. Revaluation of the other investment in EUR 605 thousand is included in Net result from revaluation of trading derivatives, see also note 23.

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

18. Income Tax Expense

18.1 Income Tax Recognized in Profit or Loss

In thousands of EUR	2022	2021
Current tax expense		
Current year	-4,738	-1,438
Deferred tax expense		
Deferred tax on temporary differences	2,275	932
Total tax expense	**-2,463**	**-506**

For movement in deferred tax arising on temporary difference see note 24.

18.2 Reconciliation of Effective Tax Rate

In thousands of EUR	2022	2021
Profit (+)/ Loss (-) before income tax	**8,725**	**-5,927**
Theoretical tax return / charge (25%)	-2,181	1,482
Effects of different tax rates in other countries	2,667	-356
Unrecognised tax losses of the period	-2,813	-1,426
Use of prior year losses (previously not recognised)	84	-390
Recognition of deferred tax assets previously not recognised	65	184
Permanent differences	-285	0
Total tax expense	**-2,463**	**-506**

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 24.

19. 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 2021	4,473	162,341	1,192	9,697	177,703
Accumulated depreciation at 1 January 2021	0	-51,076	-297	0	-51,373
Net carrying amounts 1 January 2021	**4,473**	**111,265**	**895**	**9,697**	**126,330**
Other Additions/Transfers	696	14,152	436	-6,791	8,493
Revaluation increase (note 29)	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**
Net carrying amounts 1 January 2022	**5,169**	**118,625**	**1,006**	**3,052**	**127,852**
Other Additions/Transfers	142	1,018	673	25,056	26,889
Acquisition of subsidiary	0	0	361	0	361
Revaluation increase (note 29)	0	475	0	0	475
Disposal of property, plant and equipment	0	0	0	0	0
Depreciation for the year	0	-7,419	-408	0	-7,827
Effect of movements in exchange rates	7	-1,736	-112	0	-1,841
Net carrying amounts					
Gross revalued amount at 31 December 2022	5,318	182,230	2,550	28,108	218,206
Accumulated depreciation at 31 December 2022	0	-71,627	-1,030	0	-72,657
Net carrying amounts 31 December 2022	**5,318**	**110,603**	**1,520**	**28,108**	**145,549**

Non-current assets by geographical location [i]

In thousands of EUR	2022	2021
The Czech Republic	52,055	54,276
Hungary	47,905	48,396
Romania	27,126	1,178
Poland	25,383	3,670
Australia	23,580	22,800
The Slovak Republic	11,102	12,077
Netherlands	67	66
Total	**187,217**	**142,463**

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 2022**	**Revalued amount less accumulated depreciation as at 31 December 2022**	**Original costs less accumulated depreciation as at 31 December 2021**	**Revalued amount less accumulated depreciation as at 31 December 2021**
Breclav	347	321	815	419	852
Mostkovice	926	713	3,016	1,072	3,151
Svatoslav	1,231	925	3,362	1,338	3,512
Slavkov	1,159	1,068	3,611	1,494	3,773
Zvikov	2,031	1,563	6,970	2,344	7,282
Dolni Dvoriste	1,645	1,371	5,212	1,969	5,445
Radvanice	2,305	1,977	7,149	2,818	7,468
Komorovice	2,354	1,887	7,703	2,749	8,047
Zdice 1	1,499	1,200	5,258	1,776	5,493
Zdice 2	1,499	1,232	4,759	1,783	4,972
Blatna	700	840	932	912	1,003
Mokra Luka II	963	1,046	1,348	1,146	1,448
Mokra Luka III	963	1,027	1,391	1,130	1,495
Jovice V	979	954	1,136	1,038	1,220
Jovice VI	979	953	1,134	1,037	1,218
Babina II	999	1,150	1,150	1,238	1,238
Babina III	999	1,156	1,157	1,245	1,245
Prsa	999	1,180	1,264	1,279	1,362
Fertod I	528	461	431	475	491
Tiszakecske	5,512	3,284	4,010	3,414	4,569
Almasfuzito	5,494	3,177	4,074	3,304	4,634
Nagyecsed	2,067	1,310	1,506	1,364	1,711
Fertod II	3,487	2,240	2,645	2,336	3,004
Kunszentmarton I	1,394	980	1,065	1,019	1,209
Taszar	2,103	1,440	1,669	1,500	1,895
Monor	5,552	3,058	4,459	3,220	5,065
Tata	5,375	4,179	4,655	4,350	5,284
Malyi	2,085	1,766	1,627	1,828	1,845
Kunszentmarton II	1,386	999	1,016	1,038	1,152
Puszpokladany	14,118	9,375	12,986	9,910	14,727
Leeton and Fivebough	14,522	11,377	15,638	11,945	16,123
Tolna 1	1,358	950	1,326	1,007	1,501
Facankert	1,358	988	1,449	0	0
	88,916	**66,146**	**115,921**	**73,497**	**123,434**

Revalued amount of EUR 115,921 thousand as at 31 December 2022 (31 December 2021: EUR 123,434 thousand) includes net carrying amount of photovoltaic power plants and value of land connected to the photovoltaic power plants of EUR 4,889 thousand as at 31 December 2022 (31 December 2021: EUR 5,169 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 Q2 2022, the Group performed revaluation of a newly connected power plant in Hungary resulting in increase of the value of property, plant, and equipment by EUR 475 thousand including the the impact of deferred tax (EUR 432 thousand excluding the impact of deferred tax).

In 2022 the Group did not capitalize any borrowing cost (2021: EUR 171 thousand) into Property, plant and equipment.

Assets pledged

As at 31 December 2022 the following properties with a carrying amount of EUR 111,149 thousand (2021: EUR 71,939 thousand) are subject to a registered pledges to secure bank loans (see note 31). All other restrictions and pledges, including information on restricted cash accounts are included in notes 28 and 41.

- Property, plant and equipment – Land in an amount of EUR 611 thousand (2021: EUR 333 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 1,094 thousand (2021: EUR 1,189 thousand) to K&H Bank and EUR 292 thousand (2021: EUR 371) to CIB Bank.
- Property, plant and equipment – Photovoltaic power plants in an amount of EUR 54,202 thousand (2021: EUR 9,897 thousand) pledged to UniCredit Bank Czech Republic and Slovakia a.s., EUR 23,540 thousand (2021: EUR 26,807 thousand) pledged to K&H Bank Hungary and EUR 15,216 thousand (2021: EUR 17,219 thousand) pledged to CIB Bank. Property, plant and equipment – Photovoltaic power plants in an amount of EUR 15,638 thousand (2021: EUR 16,123) were pledged in Australia.

Property, plant and equipment under construction

Property, plant and equipment under construction equaled to the amount of EUR 28,108 thousand (2021: EUR 3,052 thousand) comprising mainly of power plants under construction in Hungary and Romania (2021: Hungary and Romania).

Sale of property, plant and equipment

There were no sales of property, plant and equipment in 2022 nor 2021.

20. 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.

In thousands of EUR	Land	Buildings	Vehicles	Total
Carrying amount as at 1 January 2021	**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**
Additions	576	1,120	205	1,901
Depreciation charge	-128	-515	0	-643
Effect of translation to presentation currency	51	1	0	52
Carrying amount as at 31 December 2022	**1,781**	**1,463**	**205**	**3,449**

The Group recognised lease liabilities as follows:

In thousands of EUR	31 December 2022	31 December 2021
Short-term lease liabilities	712	597
Long-term lease liabilities	2,914	1,676
	3,626	**2,273**

Interest expense included in financial expenses of 2022 was EUR 139 thousand (2021: EUR 65).

The value of short-term leases and leases of low-value assets in 2022 equalled to EUR 253 thousand.

Total cash outflow for leases in 2022 was EUR 807 thousand (2021: EUR 642 thousand).

21. Goodwill

Goodwill in the preliminary purchase price allocation in the amount of EUR 15,005 thousand is result of the business acquisition. The integration of Lerta into Photon Energy Group represents the fusion of physical and digital energy to create a customer-centric renewable energy utility that will be uniquely positioned to effectively address the pain points of energy generators, energy users and transmission system operators. Energy generators will be able to benefit from an integrated approach to asset operation and management as well as cost-efficient market access, including balancing services. Energy users will be able to manage and optimise their costs from a combination of on-site generation and off-site supply. This will include the benefit of energy storage and the monetisation of their demand flexibility. Transmission systems operators will be provided with flexible supply, DSR and ancillary services to the power grid.

The impact on Photon Energy Group's strategic and operational priorities following the Transaction will include:

- Capacity building and product development for the efficient delivery of a 'one-stop shop' offering that combines assets, services and IT solutions to establish Photon Energy Group as the preferred partner for commercial and industrial customers in the CEE region and Australia on their journey from passive energy users to proactive energy flexumers.
- A significant acceleration in the deployment of utility-scale and on-site energy storage capacities both as an EPC supplier as well as an investor, leveraging the Group's experience in Australia such as the Lord Howe Island hybrid - energy system and the planned utility-scale hybrid plant in Boggabri, New South Wales.

Close monitoring of the emergence of markets for grid flexibility and other ancillary services worldwide and evaluation of opportunities as they emerge, which may lead to relatively low-risk and low-cost market entries into new locations currently not served by the Company.

In thousands of EUR	Note	Goodwill	Total
Carrying amount as at 31 December 2021		**0**	**0**
Additions/transfers		0	0
Acquisition of subsidiary	8	15,466	15,466
Amortisation charge			0
Effect of movements in exchange rates		0	0
Carrying amount as at 31 December 2022		**15,466**	**15,466**
Cost		15,466	15,466
Accumulated amortisation		0	0
Effect of movements in exchange rates		0	0
Carrying amount as at 31 December 2022		**15,466**	**15,466**

For the purpose of the preliminary valuation of the Lerta S.A. Group and subsequent calculation of the goodwill, the Board of Directors used the Discounted Cash Flow Method (the "Method") based on a 5-year business plan of Lerta, i.e. for years 2023-2027 and assuming going concern basis after the forecasting period. The valuation date is 31 December 2022. The terminal value is calculated on the assumption that the terminal free cash flow will continue to increase at 5% p.a. Such a terminal growth rate is determined by the current economic environment of high inflation rates and high interest rates in the region of Central and Eastern Europe.

Following key assumptions were used for the business plan of Lerta: Revenues were planned by service provided whereas for the trading business the Company assumed external trading sales of 50 MW in 2023 growing to 550 MW of PV capacity in 2027. For the trading business a gross profit margin of 2.65% in 2023 decreasing to 2.00% in 2027 was considered. For the PV system installation business, it was assumed to double business in the years 2023 and 2024 and continue its growth in the following years by 1.5 times per year. The gross profit margin is expected to be around 13% during the planning hoizont. For the dynamically growing demand response services growth rates of 173% in 2023 and 184% in 2024 decreasing to 17% in 2027 were assumed. For these services a gross profit margin of 35% was considered.

Operating expenses consists of mainly remuneration expenses, external services such as legal, consulting, accounting and other IT and administrative expenses and are expected to increase by 47% in 2023, 41% in 2024 and 11% afterwards in line with the growing business.

The discount rate used to discount free cash flows amounted to 22.14% and was calculated using the highest discount rate of the countries in which Lerta is operating in, e.g. Romania. The discount rate per country was calculated by taking the risk-free interest rate for each European market where Lerta is operating i.e. Czech Republic, Poland, Romania and Hungary and adding a specific market risk premium respective for each market using the average of beta factors for two sectors: renewable energy and construction sectors. Additional 5% of risk premium was added to reflect the start-up phase of Lerta's business.

Goodwill impairment test

The preliminary total value of Lerta Group as calculated based on the Discounted cash flow (DCF) valuation method is PLN 188.7

million (EUR 35,503 thousand). The purchase for 100% of the shares for Lerta was agreed at PLN 99.9 million (EUR 21,484 thousand) representing in a 39% discount towards the valuation based on the DCF valuation method. The recoverable amount of goodwill is significantly higher than the carrying amount and there was no indication for impairment identified.

Sensitivities in DCF

Sensitivity tests were performed to asses the impact of changes in some key assumptions like the discount rate and the change of the growth rate of the terminal value (TV).

The below analysis shows impact of change in the used Discount rates by +/-3% on the enterprise value in absolute and relative figures as of 31.12.2022:

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
Lerta Valuation	-11,001	-27.4%	16,175	39.9%

The below analysis shows impact of change in growth rate of the terminal value by +/-3% on the enterprise value in absolute and relative figures as of 31.12.2022:

In thousands of EUR	TV Growth rate +3%	TV Growth rate +3% in %	TV Growth rate -3%	TV Growth rate -3% in %
Lerta Valuation	7,226	17.8%	-5,073	-12.5%

Carrying value was calculated as a “value in use” based on the DCF model and key assumptions described above.

22. Intangible Assets

In thousands of EUR	Intangible assets in course of development	Software	Capacity market contracts	Total
Carrying amount as at 31 December 2020	**33**	**1,227**	**0**	**1,260**
Additions/transfers	126	0	0	126
Amortisation charge	0	-589	0	-589
Effect of movements in exchange rates	0	47	0	47
Carrying amount as at 31 December 2021	**159**	**685**	**0**	**844**
Cost	159	1,864	0	2,023
Accumulated amortisation	0	-1,179	0	-1,179
Carrying amount as at 31 December 2021	**159**	**685**	**0**	**844**
Additions/transfers	0	356	0	356
Acquisition of subsidiary	353	317	6,047	6,717
Amortisation charge	0	-479	0	-479
Effect of movements in exchange rates	0	41	0	41
Carrying amount as at 31 December 2022	**512**	**920**	**6,047**	**7,479**
Cost	512	2,537	6,047	9,096
Accumulated amortisation	0	-1,658	0	-1,658
Effect of movements in exchange rates	0	41	0	41
Carrying amount as at 31 December 2022	**512**	**920**	**6,047**	**7,479**

Intangible assets in course of development of EUR 512 thousand at 31 December 2022 represents mainly externally developed new software for monitoring and O&M services (Ignition Scada) and technology for webshop, and also software internally developed by Lerta for their internal purposes.

Capacity market contracts in the preliminary amount of EUR 6,047 thousand represent activated intangibles acquired together with acquisition of Lerta described in note 8 Business combination and activated based on the DCF model.

23. Other Financial Investments

Other non-current investments include following investments:

In thousands of EUR	2022	2021
Other financial investments		
Other financial assets at FVTPL	1,698	1,242
Other financial assets at FVOCI	6,118	8,494
Total non-current financial assets	**7,816**	**9,736**

The table below discloses investments in equity securities at 31 December 2022 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	-	6,118	6,118
Share options	1,698	-	1,698
Total Other financial investments at 31 December 2022	**1,698**	**6,118**	**7,816**

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**

(a) Other financial assets at FVOCI – Corporate shares

At 31 December 2022, 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 2022	Dividend income recognised for the year
Other financial assets at FVOCI		
Investment in Raygen Resources Pty Ltd ordinary shares	3,534	0
Investment in Raygen Resources Pty Ltd preference shares	1,978	0
Investment in ValueTech Fund shares	605	0
Total Other financial assets at FVOCI	**6,118**	**0**

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 2022 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 37.

Reconciliation of movements in Other financial assets at FVOCI follows:

In thousands of EUR	Valuetech	Investment in Raygen Resources Pty Ltd	Investment in Lerta SA	Total
Other financial assets at FVOCI as at 1 January 2021	**0**	**1,138**	**904**	**2,042**
Additional investments in other financial assets at cost	0	1,897	163	2,060
Revaluation recognised in OCI (note 29)	0	2,320	337	2,657
Shares not yet registered	0	0	1,735	1,735
Other financial assets at FVOCI as at 31 December 2021	**0**	**5,355**	**3.139**	**8,494**
Revaluation recognised in OCI	605	0	0	605
Fx impact	0	158	63	221
Derecognition (change of consolidation method)	0	0	-3,202	-3,202
Other financial assets at FVOCI as at 31 December 2022	**605**	**5,513**	**0**	**6,118**

In 2022, The Group has increased its shaholding in Lerta S.A. to 85.62%. The transaction is described in detail in note 8. Due to the change of the consolidation method, Lerta is no longer presented in the Other investments.

At the year-end 2022, the Group has revalued its share in the Valuetech fund based on the equity value of the participations in the Valuetech books. The revaluation presented in OCI equaled to EUR 605 thousand.

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 42 subsequent events.

24. Deferred Tax Assets and Liabilities

Movement in temporary differences during the year:

In thousands of EUR	Balance as at 1 January 2021	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	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 2022
Accumulated tax losses carried forward	0	0	0	0	0	95	0	0	95
Internal margins eliminated	0	0	0	0	0	1,506	0	0	1,506
Total recognised deferred tax asset	**0**	**0**	**0**	**0**	**0**	**1,601**	**0**	**0**	**1,601**
Internal margins eliminated	0	0	0	0	0	69	0	0	69
Accumulated tax losses carried forward	187	184	0	0	371	-188	0	0	183
Revaluation reserve – Derivatives	0	0	0	-211	-211	0	0	-251	-462
Intangible assets	0	0	0	0	0	0	0	-1,149	-1,149
Property, plant and equipment	-10,072	748	-485	-548	-10,359	793	-156	-44	-9,766
Net deferred tax asset/(liability)	**-9,885**	**932**	**-485**	**-759**	**-10,199**	**2,275**	**-156**	**-1,444**	**-9,524**
Recognised deferred tax asset	**0**	**0**	**0**	**0**	**0**	**1,601**	**0**	**0**	**1,601**
Recognised deferred tax liability	**-9,885**	**932**	**-485**	**-759**	**-10,199**	**674**	**-156**	**-1,444**	**-11,125**

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 2022 the Group reassessed the probability of generation of sufficient taxable profits prior to their expiry and recognised deferred tax assets of EUR 278 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. Additionally, the Group recognised also deferred tax asset from internal margins eliminated of EUR 1,575 thousand.

In 2022, deferred tax asset from internal margins eliminated was created in the amount of EUR 1,601 thousand. This deferred tax asset relates to the intercompany eliminations of margin from construction of the powerplants for the group entities. On the consolidated level, this margin is eliminated, but it is taxable on the local level and the temporary difference thus creates a deferred tax asset.

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

In thousands of EUR	Note	2022	2021
Unrecognised deferred tax asset resulting from:			
Fair value of hedging derivatives (to be recognised against equity)	35	0	9
Provisions and other temporary differences		0	42
Accumulated tax losses		4,469	2,397
Unrecognised deferred tax asset		**4,469**	**2,448**

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, Romania and Hungary).

As of 31 December 2022 the Group has unused tax losses carry forward of EUR 21,858 thousand for which no deferred tax assets have been recognised. Out of these tax losses, EUR 1,369 thousand expire in 2023, EUR 9,465 thousand expire in the period 2024-2026, EUR 10,000 thousand expire in the period 2027-2031 and EUR 1,024 thousand have an unlimited expiry date.

As of 31 December 2021 the Group had 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 were to expire in 2022, EUR 7,071 thousand in the period 2023-2025, EUR 9,465 thousand in the period 2026-2030 and EUR 553 thousand had an unlimited expiry date.

25. Inventories

In thousands of EUR	2022	2021
Goods	18,190	2,197
Spare parts	2,138	0
Inventories	**20,328**	**2,197**

Goods consist mainly of photovoltaic panels, inverters, batteries 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 43,929 thousand (31 December 2021: EUR 12,463 thousand).

Amount of EUR 4,493 thousand of goods represents goods in transit based on Incoterms.

26. Trade and Other Receivables, Loans to Related Parties

Trade and other receivables

In thousands of EUR	Note	2022	2021
Trade receivables (gross)		10,671	4,147
Other than trade receivables		1,420	1,576
Loans provided to related parties	39	2,447	1,811
Fair value of derivatives	35	5,087	2,302
Less credit loss allowance		-1,047	-391
Advances paid (deposits) – current and non current		1,322	
Total financial assets with trade and other receivables		**19,900**	**9,445**
Advances paid – current and non current		5,165	1,872
VAT receivables		2,455	106
Total non-financial assets with trade and other receivables		**7,620**	**1,978**
Total trade and other receivables, loans to related parties		**27,520**	**11,423**

Trade receivables of EUR 10,671 thousand less credit loss allowance of EUR 1,047 thousand (2021: EUR 4,147 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 1,420 thousand (2021: EUR 1,576 thousand).

Current and non-current advances paid of EUR 6,487 thousand (2021: EUR 1,872 thousand) include mainly advances paid for purchase of technology and non-current advances paid by Lerta Group for auction in amount of EUR 781 thousand and refundable advance of Lerta Energy HU kft. of EUR 541 thousand (line advances paid-deposits current and non-current). Remaining portion of advances presented separately in amount of EUR 5,165 thousand includes paid non-current advances related to Resolar provision of EUR 542 thousand (2021: EUR 529 thousand) which will be settled upon liquidation of panels in accordance with requirement of EU and Czech regulation in 2030, see also note 32, and other current advance for goods and services of EUR 4,623 thousand (2021: 1,343 thousand).

Fair value of derivatives of EUR 5,087 thousand is presented as long-term receivable as the derivatives are related to the long-term financing.

Receivables of EUR 1 thousand were written off during 2022 (2021: EUR 25 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 39.

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 2022 and 31 December 2021.

In thousands of EUR	31 December 2022				31 December 2021			
	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%	6,182	-9	6,172	0.15%	2,595	-3	2,592
Less than 30 days overdue	0.15%	3,007	-5	3,002	0.70%	988	-7	981
30 to 90 days overdue	0.20%	367	-1	366	2.00%	24	0	24
90 to 360 days overdue	1%	85	-1	84	3.00%	108	-3	105
Over 360 days overdue	100%	379	-379	0	87.00%	432	-377	55
Specific allowance	100%	653	-653	0				
Total for trade receivables		**10,672**	**-1,047**	**9,624**		**4,147**	**-390**	**3,757**
Other receivables	0.05%	1,420	0	1,420	0.15%	1,577	-1	1,576
Total		**12,092**	**-1,047**	**11,044**		**5,724**	**-391**	**5,723**

Specific ECL for receivables overdue for more than 360 days as at 31 December 2022 was based on present value of future cash flow of related receivables. Current receivables have increased significantly because of acquisition of Lerta as described in Note 8. Specific allowance was created for the customer EkoFachowcy Sp.z.o.o. because of its filing for insolvency (see also Note 16).

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	2022	2021
Allowance for credit losses on trade and other receivables as at 1 January	**391**	**173**
New originated	684	2
Released due to write off	-1	-25
Changes in estimates and assumptions	0	229
Total credit loss allowance charge in profit or loss for the period	**0**	**206**
Foreign exchange movements	-27	12
Allowance for credit losses on trade and other receivables as at 31 December	**1,047**	**391**

27. 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	2022	2021
Current contract assets from contracts with customers	1,154	1,131
Loss allowance	0	0
Total current contract assets	**1,154**	**1,131**
Contract liabilities – advances from customers	592	423
Total current contract liabilities	**592**	**423**

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 2022 the most significant part of the contract asset was represented by New Woodonga project in Australia of EUR 897 thousand and several Polish projects (2021: North East Water project of EUR 753 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 (2021: 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 2022 is determined according to provision matrix presented in the table below.

In thousands of EUR	31 December 2022				31 December 2021			
	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	0.05%	1,154	0	1,154	0.2%	1,131	0	1,131
Total	**0.05%**	**1,154**	**0**	**1,154**	**0.2%**	**1,131**	**0**	**1,131**

28. 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	2022	2021
Cash and cash equivalents	11,271	32,486
Cash with restriction on disposition	6,373	3,629
Cash on hand	0	20
Precious metals	3,714	3,227
Liquid assets	**21,358**	**39,362**

Cash with restriction on disposition includes mainly DSRA (debt service reserve accounts) and MRA (maintenance reserve accounts) for Czech, Slovak, Hungarian and Australian SPVs (2021: without Czech SPVs) and guarantees issued.

Part of the movement on Cash with restriction on disposition related to operating activities of the Group in 2022 in amount of EUR 30 thousand (2021: EUR 79 thousand) was presented as Change in trade and other receivables. Movement in Cash with restriction on disposition relating to borrowings of EUR -2,785 thousand (2021: EUR 397 thousand) was presented in Cash flows from financing activities.

29. Capital and Reserves

Share capital and share premium

Ordinary shares

In shares	2022	2021
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 2022 treasury shares included 1,332,797 ordinary shares of the Company (2021: 3,747,635 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.

Share buy back programme

As fo 16 December 2022 the Board of Directors signed a resolution to commence a share buy back programme starting on 19 December 2022 and lasting for 6 month i.e. until 19 June 2023 but no longer than until the funds allocated by the Company for this purpose are exhausted.

The amount of funds allocated for the implementation of the programme shall not exceed PLN 3,750,000. The total number of shares to be purchased under the programme may not exceed 250,000 shares, which constitutes 0.42% of the Company's share capital as of 16 December, 2022. Purchase of shares as part of the programme may not take place at a price higher than stipulated in General Meeting Resolution No 8 as of 31 May 2022 i.e. an average of closing prices of shares during the five trading days prior to the date of the purchase published by the Warsaw Stoch Exchange plus 10%, which is a maximum level approved by the Board of Directors and reviewed by the Supervisory Board. The Company signed an agreement with the Investment Firm, who will act as a sole broker acquiring shares in line with terms and conditions of the programme, provided that the maximum number of Shares that may be acquired during one trading session may not exceed 25% of the average daily trading volume from the last 20 trading sessions preceding the date of the share purchase transaction, and the purchase of shares may not take place at a price higher than the price of the last independent transaction or – if higher – the highest current independent purchase offer in a trading system, in which the purchase is made.

During year 2022, the Company purchased 26,247 shares (0.04% of share capital) for the total amount of 339,369.96 zl (EUR 72,643) and at the average price of 12.93 zl (EUR 2.77).

Movement in share capital can be analysed as follow:

In thousands of EUR	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2021	**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**
Treasury shares allocated to employees	0	151	-101	50
Other movement	0	149	0	149
Acquisition of subsidiary (note 9)	0	8,781	0	8,781
Treasury shares allocated to qualified investors	0	0	0	0
At 31 December 2022	**600**	**40,524**	**-139**	**40,985**

As of 31 December 2022 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	37.12%
Solar Power to the People Cooperatief U.A.	20,492,057	34.15%	20,492,057	34.93%
Photon Energy N.V.	1,332,797	2.22%	0	0.00%
Free float	16,400,071	27.33%	16,400,071	27.95%
Total	**60,000,000**	***100.00%***	**58,667,203**	***100.00%***

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 37.12 % of the votes, via Solar Future Cooperative U.A. and directly 0.04% of votes at the Shareholders Meeting. Mr. Georg Hotar indirectly owns 34.93 % of votes, via Solar Power to the People Coöperatief U.A. and directly 0.13% of votes at the Shareholders Meeting.

The Free float includes shares allocated to the employee share purchase programme and also shares allocated as purchase price for acquisition of subsidiary as described in Note 8. 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	2022	2021
Legal reserve fund	13	13
Revaluation reserve	38,326	40,251
Currency translation reserve	2,363	2,021
Hedging reserve	4,355	2,039
Other capital funds	38	38
Total reserves	**45,095**	**44,362**

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 2022 (2021: 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 2021	**40,680**	**0**	**40,680**
Increase of revaluation reserve (note 19)	1,181	2,657	3,838
Increase of revaluation reserve – deferred tax 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**
Increase of revaluation reserve (note 19)	432	605	1,038
Increase of revaluation reserve – deferred tax recognised	0	0	0
Share on increase on revaluation of properties – JV	0	0	0
Move from revaluation reserve to retained earnings	-2,963	0	-2,963
Other movements	1	0	1
Balance as at 31 December 2022	**35,064**	**3,262**	**38,326**

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

In 2022, Facankert project has been activated with the total other comprehensive income booked in the amount of EUR 432 thousand. Additionally to this, the Group has recognized and revalued other financial investments in Valuetech fund with a total increase in value of EUR 605 thousand.

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 19). 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.

The revaluation reserve is being released to the retained earnings during the duration of Feed-in-Tariff-currently 25 years in the Czech Republic, 25 years in Slovakia (increased to 25 years as of 2022, before 15 years) and up to 25 years in Hungary and up to 30 years in Australia.

The amount equal to the amount of depreciation coming from revaluation recycled to retained earnings in 2022 equals to EUR 2,626 thousand (2021: EUR 3,822 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	2022	2021
Balance at beginning of year	2,021	-2,580
Foreign currency differences arising from the translation of financial statements and foreign exchange gains or losses arising from net investments	342	4,601
Balance at end of year	**2,363**	**2,021**

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, Romania and Australia.

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

This reserve cannot be distributed.

Derivatives hedging reserve

In thousands of EUR	2022	2021
Balance at beginning of year	2,039	-325
Change in fair value of hedging derivatives – fully consolidated entities (note 33)	2,310	2,348
Share on change in fair value of hedging derivatives of JV	5	17
Balance at end of year	**4,355**	**2,039**

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 2022 and 2021.

30. Earnings Per Share

In EUR	2022	2021
Basic earnings per share	0.111	-0.118
Diluted earnings per share	0.105	-0.107
Total comprehensive income per share		
Basic TCI per share	0.135	0.039
Diluted TCI per share	0.128	0.035

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of EUR 6,309 thousand (2021: loss EUR -6,404 thousand) and a weighted average number of ordinary shares outstanding of 56,608 thousand (2021: 54,359 thousand).

Share on profit of equity-accounted investees amounted to EUR 127 thousand (2021: EUR 141 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 2022 and 2021 was based on the total comprehensive income of EUR 7,672 thousand (2021: EUR 2,095 thousand) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 56,608 thousand (2021: of 54,359 thousand).

Weighted average number of ordinary shares

There were no new shares issued in 2022 nor 2021. The number of shares at the year-end 2022 and 2021 was 60,000,000.

31. 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	2022	2021
Non-current liabilities		
Issued bonds	76,511	57,223
Long-term secured bank loans	58,446	41,106
Long term lease liability	2,914	1,676
Long-term portion of other loans	230	373
Total	**138,101**	**100,378**
Current liabilities		
Issued bonds	3,670	24,107
Current portion of long-term secured bank loans, including accrued interest	7,259	4,354
Short-term lease liability	712	597
Total	**11,641**	**29,058**
Total loans & borrowings	**149,742**	**129,436**

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 2021	**50,151**	**46,739**	**2,405**	**401**	**99,696**
Cash flows					
Loan drawdowns / New issues of bonds	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**
Cash flows					
Loan drawdowns / New issues of bond	29,086	22,500	0	0	51,586
Placement costs paid	0	-331	0	0	-331
Repayments of principal	-6,649	-23,719	-668	-102	-31,138
Interest payments	-2,244	-5,898	-139	0	-8,281
Non-cash changes					0
Interest expense, including capitalized interest	2,710	6,213	139	0	9,062
Other non-cash movements	0	0	1,901	0	1,901
Foreign exchange adjustments	-2,658	86	120	-41	-2,493
Liabilities from financing activities at 31 December 2022	**65,705**	**80,181**	**3,626**	**230**	**149,742**

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 2022		31 December 2021	
				Credit limit	Utilised	Credit limit	Utilised
Secured bank loan (Unicredit)	CZK	3M PRIBOR + 1.9%	31.12.2029	18,701	18,701	0	0
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.35%	31.12.2025	9,017	9,017	0	0
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 1.55%	30.6.2025 – 30.9.2027	3,763	3,763	0	0
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–3.1%	28.6.2024	0	0	2,220	2,220
Secured bank loan (Unicredit)	EUR	3M EURIBOR + 2.7–2.9%	31.12.2024	0	0	2,538	2,538
Secured bank loan (K&H)	HUF	3M BUBOR + 2.2–2.5%	28.6.2034 31.3.2035	11,779	11,779	22,643	21,629
Secured bank loan (K&H)	EUR	3M EURIBOR + 2.5-2.8%	28.6.2034 31.3.2025	7,882	7,882	0	0
Secured bank loan (CIB)	HUF	3M BUBOR + 2.5%	31.12.2035	5,386	5,386	14,415	14,415
Secured bank loan (CIB)	EUR	3M EURIBOR + 2.75%	30.6.2032	4,384	4,384	0	0
Secured bank loan (Infradebt)	AUD	3M BBSW (min 0,5%)+2,35-3,25%	31.12.2025	4,295	4,295	4,618	4,618
Accrued fees and interest				0	498	0	40
Total interest bearing liabilities				**65,207**	**65,705**	**46,434**	**45,460**

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 36.

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 all power plants are cross-collateralized within the financing banks, see also note 19.

In June 2022, Photon Energy prolonged its non-recourse project financing of its power plants in Slovakia with UniCredit Bank Czech Republic and Slovakia a.s.. The loan amounts was kept unchanged, only the repayment schedules were prolonged on average by 22 month in line with the lowered and prolonged feed-in-tarrif.

In August 2022, Photon Energy switched the unhedged part of its HUF financing with CIB Bank, a subsidiary of Italian Intesa Sanpaolo Group and the second largest commercial bank in Hungary, to EUR. The switched amount was EUR 4,497 thousand.

In September 2022, Photon Energy switched the unhedged part of its HUF financing with K&H bank, the Hungarian subsidiary of Belgian KBC Group N.V. and one of Hungary's largest banking and financial services firms to EUR. The switched amount was EUR 6,876 thousand. In addition Photon Energy has drawn down the available frame of HUF 409 million in EUR representing an additional EUR 1,006 thousand.

In October 2022, Photon Energy secured non-recourse project financing for nine of its power plants with 14.6 MWp in the Czech Republic with UniCredit Bank Czech Republic and Slovakia a.s.. The financing, which totals EUR 28.1 million, is split into financing in Euros for EUR 9.7 million and in Czech crowns for CZK 451 million (EUR 18.4 million). The facilities are being provided for a period of up to 7 years and 3 months, ie. Until 31 December 2029.

During 2021, Photon Energy did not secure any additional bank financing.

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 substantially in compliance with all financial covenants set by the lenders as of 31 December 2022 except for debt service cover ratio with one of the lenders. This does not represent an event of default under the borrowings or permit the lender to immediately recall borrowings but may require remediating actions in the form of mandatory prepayment (cash sweep) with value of EUR 11 thousand as of 31 December 2022. The Group was in compliance with all covenants of 31 December 2021.

Issued bonds

In thousands of EUR	Amortised amount		Fair value	
	2022	**2021**	**2022**	**2021**
Current liabilities				
EUR bond 2017/22	0	23,735	0	24,350
CZK bond 2016/23	3,146	0	3,127	0
Green bond 2021/27	524	0	0	0
Non-current liabilities				
Green bond 2021/27	76,511	54,602	70,284	57,201
EUR bond 2017/22	0	0	0	0
CZK bond 2016/23	0	2,993	0	2,832
Total	**80,181**	**81,330**	**73,411**	**84,383**

In November 2021, the Group has issued an 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 had issued EUR bonds with an annual coupon of 7.75% and maturity in October 2022. The outstanding nominal amount as of 31 December 2021 was EUR 24,419 thousand, being due for repayment in October 2022, and was presented in Current liabilities.

The EUR bonds 2017/22 were traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hannover, Munich, Düsseldorf and Stuttgart as well.

In May 2022, the Company tapped its EUR green bond 2021/27 in the amount of EUR 10,000 thousand to a total outstanding amount of EUR 65 million. In October 2022 and November 2022, the Company tapped the bond in the amount of another EUR 12,500 thousand to a total outstanding amount of EUR 77,500 thousand.

The bonds from the second tap in autumn, were also offered to bondholders of the existing 2017/2022 corporate bonds in form of an exchange offer with a 1.5% loyalty premium plus the difference in net accrued interest on each exchanged bond. After the exchange the outstanding volume of the corporate EUR bond 2017/22 was EUR 15.232 million and was fully repaid together with the final interest payment to the bondholders on 27 October 2022. Total amount of placement costs paid for the tapping/exchange of the Green bond amounted to EUR 451 thousand. Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 337 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.

CZK bond 2016/23 issued in October 2016 has an annual coupon of 6%, with an outstanding nominal amount of EUR 3,146 thousand as of 31 December 2022 (2021: EUR 3,052 thousand) which is due in December 2023 and has been presented in Current liabilities. CZK bonds 2016/23 are traded on the unregulated market segment of the Prague Stock Exchange.

Accrued interest of EUR 524 thousand at 31 December 2022 for EUR Green bond (2021: 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 (2021: 6,78%) and are within level 2 of the fair value hierarchy.

Other long-term financing

Other long-term financing of EUR 230 thousand (2021: EUR 373 thousand) that includes mainly consumer loans received for car financing and other long-term liabilities.

32. Provisions

Movements in provisions for liabilities and charges are as follows:

In thousands of EUR	2022	2021
Carrying amount as at 1 January	**545**	**520**
Foreign exchange impact	21	25
Carrying amount as at 31 December	**566**	**545**

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 566 thousand (2021: EUR 545 thousand), paid contributions are presented as non-current advances paid in Other receivables – non-current, see note 26. There are no similar obligations connected to the liquidation of solar panels in Slovakia, Hungary nor Australia.

33. Trade and Other Payables

In thousands of EUR	Note	2022	2021
Trade payables		11,988	2,275
Other payables		4,349	1,023
Total financial liabilities with trade and other payables		**16,337**	**3,298**
Payables to employees		1,292	552
Other liabilities		969	626
Total non-financial liabilities with trade and other payables		**2,261**	**1,178**
Total trade and other payables		**18,598**	**4,476**

Trade payables of EUR 11,988 thousand (2021: EUR 2,275 thousand) include mainly regular trade payables and payables for supply of goods and services to the Group. Other payables of EUR 4,349 thousand include accrued liabilities mainly related to the delivery of goods in transit.

34. Current Income Tax Receivables / Current Tax Liability

Current income tax payables of EUR 2,708 thousand (2021: receivable EUR 303 thousand) represent tax liability for profitable entities (mainly SK, CZ, HU SPVs and few operating Romanian and Hungarian entities decreased by tax advances for income tax paid mainly in Hungary, Czech Republic, Romania and Slovakia.

35. Derivative Financial Instruments

In thousands of EUR	31 December 2022		31 December 2021	
	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	217	0	0	0
Hedging derivatives	4,981	-106	2,351	-49
Value of interest rate swaps	**5,198**	**-106**	**2,351**	**-49**
Net value of interest rate swaps	**5,092**	**-106**	**2,302**	**0**
Other Derivative Financial Instruments				
Shares options (note 23)	1,699	0	1,242	0
Net Value of Other Derivative Financial Instruments	**1,699**	**0**	**1,242**	**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.

The Company determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items. The company considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Company evaluates whether both hedging instrument and hedged items are concluded in the same currency and, therefore, are subject to the same risk, whether the nominal amount of the hedging instrument and hedged items are identical and whether the maturity dates are identical.

36. 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.

36.1 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 2022 and 31 December 2021 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 2022

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	65,705	12,789	12,157	37,027	39,987	101,960
Derivatives	-5,092	-2,394	-2,380	-5,592	-1,850	-12,216
Bonds	80,181	8,341	5,038	92,613	0	105,991
Lease liability	3,626	865	731	1,236	1,912	4,744
Other L-T loans	230	0	230	0	0	230
Trade and other payables	16,337	16,337	0	0	0	16,337
Total future payments, including future principal and interest payments	**160,987**	**35,938**	**15,776**	**125,284**	**40,049**	**217,046**

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**

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

36.2 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 26 for more.

36.3 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 2022						
Total financial assets	35,390	0	0	5,868	7,816	49,074
Total financial liabilities	16,344	65,737	3,184	77,188	3,626	166,079
Net interest sensitivity gap at 31 December 2022	**19,046**	**-65,737**	**-3,184**	**-71,320**	**4,190**	**-117,005**
31 December 2021						
Total financial assets	48,807	0	0	0	9,736	58,543
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**	**-45,512**	**-24,169**	**-57,472**	**7,463**	**-74,191**

Actual interest expense related to bank loans and borrowings incurred by the Company in 2022 was EUR 2,706 thousand (2020: EUR 2,224 thousand) related to the loans drawn in the amount of EUR 65,705 thousand (31 December 2021: EUR 45,460 thousand). Information on variable interest rates for all bank loans received is included in note 31.

At 31 December 2022, if interest rates at that date had been 100 basis points lower (2021: 100 basis points lower) with all other variables held constant, profit for the year would have been EUR 657 thousand (2021: EUR 455 thousand) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 100 basis points higher (2021: 100 basis points higher), with all other variables held constant, profit would have been EUR 657 thousand (2021: EUR 455 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.

36.4 Currency Risk

The Company's functional currency of its major subsidiaries is EUR, CZK, AUD, RON 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 2022				At 31 December 2021			
	Monetary financial assets	**Monetary financial liabilities**	**Derivatives**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
EUR	10,264	-108,507	-106	-98,349	32,865	-85,897	-49	-53,081
CZK	3,480	-24,647	66	-21,101	3,607	-3,942	0	-335
HUF	14,388	-20,418	5,126	-904	4,418	-37,032	2,351	-30,263
AUD	11,411	-7,063	0	4,348	11,765	-5,442	0	6,323
CHF	21	0	0	21	27	0	0	27
PLN	3,393	-2,723	0	670	3,261	0	0	3,261
RON	719	-2,723	0	-2,004	0	0	0	0
Other	313	0	0	313	30	0	0	30
Total	**43,989**	**-166,081**	**5,086**	**-117,006**	**55,973**	**-132,313**	**2,302**	**-74,038**

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 2022		At 31 December 2021	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
EUR strengthening by 10% (2021: strengthening by 10%)	0	0	0	0
CZK strengthening by 10% (2021: strengthening by 10%)	1,924	-6	47	0
HUF strengthening by 10% (2021: strengthening by 10%)	548	-466	2,965	-214
AUD strengthening by 10% (2021: strengthening by 10%)	-395	0	-678	0
PLN strengthening by 10% (2021: strengthening by 10%)	-61	0	-296	0
RON strengthening by 10% (2021: strengthening by 10%)	182	0	0	0
Total	**2,198**	**-472**	**2,038**	**-214**

37. 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 categorized 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.

37.1 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 categorized are as follows:

In thousands of EUR	2022				2021			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Precious metals	3,714	0	0	3,714	3,227	0	0	3,227
Derivatives		5,087	0	5,087	0	2,302	0	2,302
Other financial investments	0	0	7,816	7,816	0	0	9,736	9,736
Non financial assets								
Property, plant and equipment	0	0	115,921	115,921	0	0	123,434	123,434
Total assets recurring FV measurement at 31 December	**3,714**	**5,087**	**123,737**	**132,538**	**3,227**	**2,302**	**133,170**	**138,699**
Financial liabilities								
Derivatives	0	0	0	0	0	0	0	0
Total assets recurring FV measurement at 31 December	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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 2022:

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	115,921	DCF	note 5.1	See below	See below	See below
Other financial investments	7,816	MtM	note 5.3	See below	See below	See below
Total assets recurring FV measurement at 31 December	**123,737**					

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**					

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 9% to 26% for 2022 (2021: 5% to 13%).

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 23). 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 31.12.2022:

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
HU power plants	-2,515	-5.2%	3,490	7.2%
CZ power plants	-2,197	-5.0%	2,778	6.3%
SK power plants	-1,043	-8.8%	1,313	11.1%
AU power plants	-2,087	-13.8%	3,252	21.6%

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%

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 31.12.2022:

In thousands of EUR	Production +2%	Production +2% in %	Production -2%	Production -2% in %
HU power plants	745	1.5%	-748	-1.5%
CZ power plants	809	1.8%	-808	-1.8%
SK power plants	196	2.3%	-196	-2.3%
AU power plants	308	2.0%	-308	-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 31.12.2021:

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%

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 31.12.2022:

In thousands of EUR	Electricity prices +10%	Electricity prices +10% in %	Electricity prices -10%	Electricity prices -10% in %
HU power plants–- FIT	19	1.6%	-19	-1.6%
HU power plants–- Merchant	2,845	6.5%	-2,768	-6.3%
AU power plants–- prices	944	6.3%	-944	-6.3%
AU power plants–- LGCs	228	1.5%	-228	-1.5%

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%

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 31.12.2022:

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 Raygen Resources Pty Ltd	548	7.6%	-548	-7.6%

In thousands of EUR	Discount rate +3%	Discount rate +3% in %	Discount rate -3%	Discount rate -3% in %
Investment in Raygen Resources Pty Ltd	-66	-0.9%	71	+1.0%

In thousands of EUR	Probability +10%	Probability +10% in %	Probability -10%	Probability -10% in %
Investment in Raygen Resources Pty ltd	255	3.6%	-255	-3.6%

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%

37.2 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	2022				2021			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Financial assets at amortised costs								
Trade and other receivables		12,366		12,366	0	5,332	0	5,332
Loans provided		2,447		2,447	0	1,811	0	1,811
Other		17,644		17,644	0	36,135	0	36,135
Total assets		**32,457**		**32,457**	**0**	**43,278**	**0**	**43,278**
Financial liabilities								
Borrowings								
Bank loan	0	65,705	0	65,705	0	45,460	0	45,460
Issued bonds	0	73,411	0	73,411	0	84,383	0	84,383
Lease liabilities	0	3,626	0	3,626	0	2,273	0	2,273
Other non-current liabilities	0	230	0	230	0	373	0	373
Other financial liabilities								
Trade and other payables	0	16,337	0	16,337	0	3,298	0	3,298
Total liabilities	**0**	**159,309**	**0**	**159,309**	**0**	**135,787**	**0**	**135,787**

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.

38. 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 (d) 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 2022:

In thousands of EUR	FVOCI	FVPL	AC	Total
Assets				
Cash and cash equivalents	0	0	11,271	11,271
Liquid assets with restriction on disposition	0	0	6,373	6,373
Precious metals	0	3,714	0	3,714
Other financial assets	6,118	1,698	0	7,816
Trade and other receivables	4,875	217	12,366	17,458
Loans provided	0	0	2,447	2,447
Total financial assets	**10,993**	**5,629**	**32,457**	**49,079**

As of 31 December 2022, all of the Group's financial liabilities were carried at amortised costs.

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
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**	**43,278**	**58,543**

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

39. 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 2022, 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	26	-	107	-
Loans issued	26	1,762	-	685
Investments in JV	9	-	1,509	-

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 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	26	-	72	-
Loans issued	26	1,170	-	641
Investments in JV	9	-	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%.

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In thousands of EUR	Note	Parent companies	Joint ventures	Key management personnel
Revenue from services rendered		-	58	-
– Interest income	17	95	-	-

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	17	73	-	17

Key Management Compensation

Key management includes Directors and Senior management. Members of the board of directors did not receive any compensation during 2022 nor 2021 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 1,119 thousand in 2022 (2021: EUR 727 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 2022 nor 31 December 2021.

40. Group Entities

Subsidiaries and joint ventures

The following entities were in the Group as at 31 December 2022:

	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. (PEONL, former Photon Di-	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 (former Photon Energy AUS SPV 2	100%	AU	Sydney	Full Cons.	PENV
9	Fivebough Solar Farm Pty Ltd. (former Photon Energy AUS SPV	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.	100%	AU	Sydney	Full Cons.	PENV
12	Photon Energy Operations Australia Pty.Ltd.	100%	AU	Sydney	Full Cons.	PEONV
13	Photon Energy Engineering Australia Pty Ltd	100%	AU	Sydney	Full Cons.	PEEBV
14	Photon Remediation Technology Australia Pty Ltd.	100%	AU	Sydney	Full Cons.	PRTNV
15	Photon Energy SGA Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
16	Photon Water Australia Pty. Ltd.	100%	AU	Sydney	Full Cons.	PENV
17	Raygen Resources Pty. Ltd.	7.85%	AU	Sydney	Equity	PENV
18	Photon New Energy Pty. (former Photon Energy AUS SPV 12	100%	AU	Sydney	Full Cons.	PENV
19	Global Investment Protection AG (GIP)	100%	CH	Zug	Full Cons.	PENV
20	Photon Energy Investment AG (former ALFEMO AG (ALAG))	100%	CH	Zug	Full Cons.	PENV
21	KORADOL AG (KOAG)	100%	CH	Zug	Full Cons.	PENV
22	Photon Energy Solutions AG	100%	CH	Zug	Full Cons.	PENV
23	Photon Property AG,	100%	CH	Zug	Full Cons.	PENV
24	Photon Energy Corporate Services CZ s.r.o.	100%	CZ	Prague	Full Cons.	PENV
25	Photon Energy Solutions CZ a.s.(former Photon Energy Soluti-	100%	CZ	Prague	Full Cons.	KOAG
26	Photon SPV 11 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
27	Photon Energy Operations CZ s.r.o. (PEOCZ)1	100%	CZ	Prague	Full Cons.	PEONV
28	Photon Energy Control s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
29	Photon Energy Technology CEE s.r.o.	100%	CZ	Prague	Full Cons.	PEEBV
30	Photon Water Technology s.r.o.	65%	CZ	Prague	Full Cons.	PENV
31	Photon Remediation Technology Europe s.r.o. (former Charles	100%	CZ	Prague	Full Cons.	PENV
32	Photon Energy Engineering s.r.o. (former Photon Energy Soluti-	100%	CZ	Prague	Full Cons.	PENV
33	Photon Energy Projects s.r.o. (PEP)	100%	CZ	Prague	Full Cons.	PENV
34	Photon Energy Cardio s.r.o.	100%	CZ	Prague	Full Cons.	PEOCZ
35	Photon Maintenance s.r.o. (former The Special One s.r.o.)	100%	CZ	Prague	Full Cons.	PENV
36	Exit 90 SPV s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
37	Onyx Energy s. r. o.	100%	CZ	Prague	Full Cons.	KOAG
38	Onyx Energy projekt II s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
39	Photon SPV 3 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
40	Photon SPV 4 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
41	Photon SPV 6 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
42	Photon SPV 8 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
43	Photon SPV 10 s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
44	Kaliopé Property, s.r.o.	100%	CZ	Prague	Full Cons.	KOAG
45	PESPV 1 s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
46	PESPV 2 s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
47	Photon Energy Solutions s.r.o.	100%	CZ	Prague	Full Cons.	PESCZ
48	Lerta Czech Republic s.r.o.	85.62%	CZ	Prague	Full Cons.	Lerta S.A.
49	Photon Energy Technology EU GmbH	100%	DE	Neuhagen*	Full Cons.	PENV
50	Photon Energy Corporate Services DE GmbH	100%	DE	Neuhagen*	Full Cons.	PENV
51	EcoPlan 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
52	EcoPlan 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
53	Fotonika s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
54	Photon SK SPV 1 s.r.o.	50%	SK	Bratislava	Equity	PENV
55	Photon SK SPV 2 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
56	Photon SK SPV 3 s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
57	Solarpark Myjava s.r.o.	50%	SK	Bratislava	Equity	PENV
58	Solarpark Polianka s.r.o.	50%	SK	Bratislava	Equity	PENV
59	SUN4ENERGY ZVB s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
60	SUN4ENERGY ZVC s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
61	ATS Energy, s.r.o.	100%	SK	Bratislava	Full Cons.	PENV
62	Photon Energy Operations SK s.r.o.	100%	SK	Bratislava	Full Cons.	PEONV
63	Photon Energy HU SPV 1 Kft. b.a	100%	HU	Budapest	Full Cons.	ALAG
64	Fertod Napenergia-Termelo Kft.	100%	HU	Budapest	Full Cons.	ALAG
65	Photon Energy Operations HU Kft.	100%	HU	Budapest	Full Cons.	PEONV
66	Photon Energy Engineering HU Kft. (former Photon Energy Solu-	100%	HU	Budapest	Full Cons.	PENV
67	Future Solar Energy Kft	100%	HU	Budapest	Full Cons.	ALAG
68	Montagem Befektetési Kft.	100%	HU	Budapest	Full Cons.	ALAG
69	Solarkit Befektetesi Kft.	100%	HU	Budapest	Full Cons.	ALAG
70	Energy499 Invest Kft.	100%	HU	Budapest	Full Cons.	ALAG
71	SunCollector Kft.	100%	HU	Budapest	Full Cons.	ALAG
72	Green-symbol Invest Kft.	100%	HU	Budapest	Full Cons.	ALAG
73	Ekopanel Befektetési és Szolgaltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
74	Onyx-sun Kft.	100%	HU	Budapest	Full Cons.	ALAG
75	Tataimmo Kft	100%	HU	Budapest	Full Cons.	ALAG
76	Öreghal Kft.	100%	HU	Budapest	Full Cons.	ALAG
77	European Sport Contact Kft.	100%	HU	Budapest	Full Cons.	ALAG
78	ALFEMO Alpha Kft.	100%	HU	Budapest	Full Cons.	ALAG
79	ALFEMO Beta Kft.	100%	HU	Budapest	Full Cons.	ALAG
80	ALFEMO Gamma Kft.	100%	HU	Budapest	Full Cons.	ALAG
81	Archway Solar Kft.	100%	HU	Budapest	Full Cons.	PENV
82	Barbican Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
83	Belsize Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
84	Blackhorse Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
85	Caledonian Solar Kft	100%	HU	Budapest	Full Cons.	ALAG
86	Camden Solar Kft	100%	HU	Budapest	Full Cons.	ALAG
87	Hampstead Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
88	Ráció Master Oktatási	100%	HU	Budapest	Full Cons.	ALAG
89	Aligoté Kereskedelmi és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
90	MEDIÁTOR PV Plant Kft. (former MEDIÁTOR Ingatlanközvetítő	100%	HU	Budapest	Full Cons.	ALAG
91	PROMA Mátra PV Plant Kft. (former PROMA Mátra Ingatlanfej-	100%	HU	Budapest	Full Cons.	ALAG
92	Optisolar Kft.	100%	HU	Budapest	Full Cons.	ALAG
93	Ladány Solar Alpha Kft.	100%	HU	Budapest	Full Cons.	ALAG
94	Ladány Solar Beta Kft.	100%	HU	Budapest	Full Cons.	ALAG
95	Ladány Solar Gamma Kft.	100%	HU	Budapest	Full Cons.	ALAG
96	Ladány Solar Delta Kft.	100%	HU	Budapest	Full Cons.	ALAG
97	ÉGÉSPART Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALAG
98	ZEMPLÉNIMPEX Kereskedelmi és Szolgáltató Kf	100%	HU	Budapest	Full Cons.	ALAG
99	ZUGGÓ-DŰLŐ Energiatermelő és Szolgáltató Kft	100%	HU	Budapest	Full Cons.	ALAG
100	Ventiterra Környezetgazdálkodási és Szolgáltató Kft.	100%	HU	Budapest	Full Cons.	ALAG
101	VENTITERRA ALFA Kft.	100%	HU	Budapest	Full Cons.	ALAG
102	VENTITERRA BETA Kft.	100%	HU	Budapest	Full Cons.	ALAG
103	Hendon Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
104	Mayfair Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
105	Holborn Solar Kft.	100%	HU	Budapest	Full Cons.	ALAG
106	Lerta Energy HU Kft.	85.62%	HU	Budapest	Full cons.	Lerta S.A.
107	LERTA Magyarország Kft.	85.62%	HU	Budapest	Full cons.	Lerta S.A.
108	Lerta Lithuania UAB	85.62%	LI	Vilnius	Full cons.	Lerta S.A.
109	Photon Energy Project Development XXK (PEPD)	99%	MN	Ulaanbaatar	Full Cons.	PEP
110	PEPD Solar XXK.	100%	MN	Ulaanbaatar	Full Cons.	PEPD
111	Photon Energy Solutions PL S.A.(former Solar Age Polska S.A.)	100%	PL	Warsaw	Full Cons.	PENV
112	Photon Energy Polska Sp. o.o.	100%	PL	Warsaw	Full cons.	PENV
113	Photon Energy Operations PL Sp. o.o.	100%	PL	Łodz	Full cons.	PEONV
114	Alperton Solar Sp. o.o.	100%	PL	Poznań	Full cons.	PENV
115	Beckton Solar Sp. o.o.	100%	PL	Poznań	Full cons.	PENV
116	Debden Solar Sp. o.o.	100%	PL	Poznań	Full cons.	PENV

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
117	Chigwell Solar Sp. o.o.	100%	PL	Poznań	Full cons.	PENV
118	Ealing Solar Sp. o.o.	100%	PL	Poznań	Full cons.	PENV
119	Lerta S.A.	85.62%	PL	Poznań	Full cons.	PENV
120	Lerta Poland Sp. o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
121	Lerta Power Poland Sp. o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
122	Lerta JRM Sp. o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
123	Lerta Technology Sp. o.o.	85.62%	PL	Poznań	Full cons.	Lerta S.A.
124	Stanford Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
125	Halton Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
126	Aldgate Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PEECZ
127	Holloway Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
128	Moorgate Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
129	Redbridge Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
130	Watford Solar Srl	100%	RO	Bucharest	Full cons.	PEP & PEECZ
131	Photon Energy Operations Romania Srl. (former Becontree	100%	RO	Bucharest	Full cons.	PEONV & PEOCZ
132	Greenford Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
133	Chesham Solar Srl.	100%	RO	Bucharest	Full cons.	PEP & PEECZ
134	Photon Energy Romania Srl.	100%	RO	Bucharest	Full cons.	PENV & PEP
135	Siria Solar SRL	100%	RO	Bucharest	Full Cons.	ALAG&KOAG
136	Brentford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
137	Camberwell Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
138	Deptford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
139	Harlow Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
140	Kenton Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
141	Lancaster Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
142	Perivale Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
143	Romford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
144	Stratford Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
145	Weston Solar SRL	100%	RO	Bucharest	Full cons.	PEP & PEECZ
146	Photon Energy Engineering Romania SRL	100%	RO	Bucharest	Full cons.	PENV & PEP
147	Lerta Energy S.r.l.	85.62%	RO	Bucharest	Full cons.	Lerta S.A.
148	Photon Renewable Energy Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV
149	Solar Age SPV 1 Pty. Ltd.	100%	SA	West. Cape	Full Cons.	PENV

* Neuhagen bei Berlin

Notes:

Country of registration:

AU – Australia
CH – Switzerland
CZ – Czech Republic
DE – Germany
HU – Hungary
NL – Netherlands
MN – Mongolia
PL – Poland
PE – Peru
RO – Romania
SK – Slovakia
SA – South Africa
LI - Lithuania

Consolidation method:

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

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

The following entities were in the Group as at 31 December 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

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
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
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

	Name	% of share capital held by the holding company	Country of registration	Seat of the company	Consolid. method	Legal Owner
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

* Neuhagen bei Berlin

Notes:

Country of registration:

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

Consolidation method:

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

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

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 was owned by Raiffeisen – Leasing s.r.o. ("RL"). Although those companies were legally owned by RL, the Group consolidated them under IFRS rules since Photon Energy N.V. was considered as the beneficial owner as it was owner of economic benefits and was directly exposed to economic risks of those companies in 2021 (see also note 2.4.1). In 2022, those entities were transferred to the full ownership of the Group.

41. 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 2022 and 2021 the Group has the assets pledged as collateral and included in note 19.

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 41,106 thousand EUR (2021: EUR 11,838 thousand) to subsidiaries creditors. Most of the new guarantees in 2022 were issued in connection with building of the new powerplants in Romania (specifically used only on applications for Set-Up Licenses ANRE). Bank accounts restricted due to guarantees are included in restricted cash presented in note 28.

42. Subsequent Events

Photon Energy completed full takeover of Lerta

With reference to the investment agreement signed on 20 December 2022 with the founders of Lerta S.A., Photon Energy N.V. has become holder of 100% of the share capital of the company on 1 February 2023. Acting based on a General Meeting authorization from 31 May 2021, the Board of Directors of the Company decided on 1 February 2023 to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. Pursuant to the issuance of the new shares on 1 February 2023, the share capital of the Company has increased from EUR 600,000.00 to EUR 612,385.21.
The new shares were issued against a contribution in-kind consisting of 2,477,042 shares in Lerta S.A., in line with the above-mentioned investment agreement. Pursuant to Dutch law, there are no pre-emptive rights of existing shareholders of the Company with respect to the issuance of new shares against a non-cash contribution. With this step the acquisition process of Lerta S.A. is completed and Photon Energy has become holder of 100% of the share capital of Lerta S.A. The Board of Directors also resolved that the newly issued shares shall be included in the collective deposit as mentioned in Section 12 of the Dutch Giro Securities Act, and intends to undertake all necessary actions to register these new shares with the Czech and Polish depositaries acting as secondary depositaries for the Company's shares, and undertake all actions that are necessary to apply for the listing and admission to trading of these new shares on the Prague and Warsaw Stock Exchanges and in the Open Market of the Frankfurt Stock Exchange.

Working capital credit line for Photon Energy Technology CEE s.r.o.

In January 2023, a new loan agreement between Photon Energy Technology CEE s.r.o. and Unicredit Bank Czech Republic and Slovakia a.s. was signed. This credit line is meant to be used for financing of the working capital needs of the trading business activities with a credit line of up to EUR 5 million.

Photon Energy Commissioned Its First Romanian Utility-Scale PV Power Plant

On 23 February Photon Energy has completed and grid-connected its first Romanian PV power plant in the municipality of Șiria. The plant has a capacity of 5.7 MWp. High efficiency bifacial solar modules mounted on single-axis trackers will deliver around 8.7 GWh of renewable energy annually to the grid managed by Enel E-Distributie Banat. The electricity generated by the plant will be sold on the energy market on a merchant basis, without any support or power purchase agreement with an energy offtaker. The Company expects the plant to generate EUR 1.4 million in revenues based on the current forward prices for electricity base load in Romania in the next 12 months. Located near Șiria in Romania's Arad County, the power plant extends over 9.3 hectares of greenfield land and is equipped with some 10,600 solar panels. The power plant is owned and operated by Siria Solar S.R.L., a special purpose company fully-owned by Photon Energy Group.

Photon Energy Group announced the resignation of Clemens Wohlmuth as CFO

On 7 March 2023, the Group announced the resignation of Clemens Wohlmuth as the Group's Chief Financial Officer. Clemens Wohlmuth will remain involved during the handover process until after the conclusion of the Group's financial audit for the financial year 2022. The Board of Directors appointed Mr. Andrej Horansky as the Photon Energy Group's new Chief Financial Officer starting 8 March 2023. Andrej is a Slovak national and has gained extensive experience in senior finance roles including CFO in the financial services industry (Santander Consumer Finance, Simply Kilcullen Capital Partners, GE Money Bank (Moneta), Generali PPF Holding and Slavia Insurance, energy (Ezpada Group) and automotive retail (AURES Holding).

Photon Energy Group Secured EUR 21.9 Million Financing for Romanian Projects

On 17 March 2023, the Group closed a nonrecourse project refinancing agreement in the amount of EUR 21.9 million with Austrian Raiffeisen Bank International (RBI) for its portfolio of PV power plants in Romania with a total installed capacityof 31.5 MWp. The signing of the agreement represents the Group's first project financing of European PV assets that operate on a merchant basis, selling energy to the market without a power purchase agreement or state support. To date, only the Company's two merchant utility-scale power plants in Leeton, Australia, which have a combined installed capacity of 14.6 MWp, have obtained non-recourse project financing.

Photon Energy Secured DSR Capacity of 389 MW and Locked-in EUR 24.8 Million in 2024 Revenue

On 16 March 2023, the Group's subsidiaries Lerta JRM Sp. z o.o. and Lerta S.A. (part of the Company's New Energy Division) have succeeded in the additional 2024 Polish capacity auction with 375 MW of Demand Side Response ('DSR'). With the previously contracted capacity of 14 MW for 2024, the Company's total DSR capacity of 389 MW will lock-in PLN 116.8 million (EUR 24.8 million) in total DSR revenues for 2024.

Photon Energy Group increases Green Bond to EUR 80.0 million

On 28 March 2023, the Group announced that it has successfully increased its first 6.50% Photon Energy Green EUR Bond 2021/27 (ISIN: DE000A3KWKY4) to a total amount of EUR 80.0 million. The additional nominal amount of EUR 2.5 million has been placed through a private placement to institutional investors in the UK, Switzerland, Germany, and Austria.

Photon Energy Exceeds 100 MWp in IPP Portfolio With Three New Romanian PV Power Plants

On 13 April 2023, the Group announced the completion and grid-connection of further three PV power plants near Calafat in Romania's Dolj County. The combined generation capacity of the new installations is 6.0 MWp. High efficiency bifacial solar modules mounted on single-axis trackers will deliver around 9.3 GWh of renewable energy annually to the grid of Distribuie Energie Oltenia. The electricity generated by the plant will be sold on the energy market on a merchant basis, without any support or power purchase agreement with an energy offtaker. The Company expects the plant to generate EUR 1.4 million in revenues based on the current forward prices for electricity base load in Romania over the next 12 months. Located near Calafat in Romania's Dolj County, the power plant extends over 10.2 hectares of greenfield land and is equipped with some 10,800 solar panels. The power plant is owned and operated by a special purpose company fully-owned by Photon Energy Group.

Photon Energy Group

Standalone Financial Statements

For the Year Ended 31 December 2022

Company Balance Sheet as of 31 December 2022

(before profit appropriation)

In thousands of EUR	Note	31 December 2022	31 December 2021
Assets			
A. Fixed assets		**79,813**	**65,725**
I. Intangible fixed assets		**15,026**	**36**
3. Concessions, licences and intellectual property	22	21	36
4. Goodwill	21	15,005	0
II Tangible fixed assets		0	0
III Financial fixed assets		**64,787**	**65,689**
1. Participations in group companies	44	56,055	30,882
2. Receivables from group companies	45	776	25,060
3. Other participating interest	44	7,817	9,747
5. Treasury shares	47	139	0
B. Current assets		**114,443**	**101,883**
II Accounts receivable		**112,449**	**81,281**
1. Trade debtors	46	11,750	7,953
2. From group companies	45,46	97,516	70,165
4. Other accounts receivable	46	3,150	3,158
6. Prepayments and accrued income	46	33	4
IV Cash at banks and in hand	46	1,994	20,602
Assets		**194,257**	**167,608**

Equity and liabilities	**Note**	**31 December 2022**	**31 December 2021**
A. Equity	47	**107,015**	**79,336**
I. Called-up share capital		600	600
II. Treasury shares		0	-38
III. Share premium		53,636	44,554
IV. Revaluation reserve		19,738	19,037
V. Legal and statutory reserves		13	38
VI Other reserves*		2,115	1,533
VII Retained earnings		13,949	9,945
Profit for the year		16,965	3,667
C. Long-term debt	48	**78,757**	**59,403**
2. Other bonds and private loans		76,511	57,223
7. Accounts payable to group companies		2,247	2,180
D. Current liabilities	49	**8,484**	**28,869**
2. Other bonds and private loans	48	3,670	24,107
5. Trade creditors		626	1,008
7. Accounts payable to group companies		3,870	3,493
11. Other liabilities		141	12
12. Accruals and deferred income		177	249
Equity and liabilities		**194,257**	**167,608**

**Revaluation reserve and the legal reserves are non-distributable*
The notes on pages 151 to 164 are an integral part of these financial statements.

Company Income Statement for the Financial Year Ended 31 December 2022

In thousands of EUR	Note	1 January – 31 December 2022	1 January – 31 December 2021
Revenues	51	5,472	3,269
Other operating income/Capital gain from disposal of financial investments		223	484
Total operating income		**5,695**	**3,753**
Costs of raw materials and consumables		0	0
Wages and salaries		-29	-77
Impairment of current assets		0	0
Gain on derecognition of associate	8	2,182	
Other operating expenses	52	-5,462	-3,717
Total operating expenses		**-3,309**	**-3,794**
Other interest income and similar income	53	2,587	2,144
Changes in value of fixed asset investments	53,54	615	1,242
Interest expense and similar expenses	54	-7,046	-4,948
Results before tax		**-1,458**	**-1,603**
Taxes		0	-13
Share in profit/loss of participations	55	18,423	5,283
Net result after tax		**16,965**	**3,667**

The notes on pages 151 to 164 are an integral part of these financial statements.

Photon Energy Group

Notes to the Company Financial Statements

For the Year Ended 31 December 2022

43. Accounting Information and Policies

43.1 Basis of Preparation

The company's standalone 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 standalone 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.

43.2 Financial Fixed Assets

43.2.1 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.

43.2.1 Goodwill

Goodwill is measured initially as described under "Consolidated financial statements " in note 4.1.1. Goodwill is not amortised but it is tested for impairment annually. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of the cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

44. Financial Fixed Assets

In thousands of EUR	31 December 2022	31 December 2021
Interests in group companies	56,055	30,882
Other investments	7,817	9,747
Total Financial Fixed Assets	**63,872**	**40,629**

Other non-current investments include following investments:

In thousands of EUR	**Fair value at 31 December 2022**	**Fair value at 31 December 2021**
Investment in Raygen Resources Pty Ltd ordinary shares	3,535	3,434
Investment in Raygen Resources Pty Ltd preference shares	1,978	1,921
Investment in Lerta SA ordinary shares	0	1,405
Investment in Valuetech	605	0
Share options	1,698	1,247
Shares not yet registered	0	1,740
Total Other investments	**7,817**	**9,747**

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 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**
Share in result of participating interests	18,423	0	0	18,423
Sale of investments	-7	0	0	-7
Other movements	-132	0	0	-132
Share in PPE revaluation reserve s in participating interest	432	0	0	432
Share in derivatives revaluation in participating interest	2,514	0	0	2,514
Revaluation of investments–- OCI	0	0	0	0
Revaluation of investments–- PL	0	615	0	615
Dividend received by Company	-1,783	0	0	-1,783
Capital contribution	1,120	0	0	1,120
Currency reserve	-1,932	0	0	-1,932
Derecognition (change of category)	0	-1,411	-1,740	-3,151
New investments	195	605	0	800
Fair value of net assets acquired (Lerta)	6,343	0	0	6,343
Balance at 31 December 2022	**56,055**	**7,817**	**0**	**63,872**

2022

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. Result from the participation is recognised only in the case of net assets value higher than nil. Positive assets value is recognised only in case the previous negative value is covered sufficiently by the actual positive results from the participation.

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 PENV 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 2022 nor 2021. The unrecognized share of the loss for the period in the participation valued on the basis of equity accounting that is valued at zero as equal to EUR 3,222 thousand for the period and EUR 11,085 thousand cumulatively.

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 40.

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

Business combination performed in 2022

Lerta Spółka Akcyjna is a joint-stock company organized under the laws of Poland and a fully owns directly nine subsidiaries in five countries (hereinafter referred to as “Lerta Group”). The control and 100% ownership was obtained fully as at 31 December 2022. The acquirer has decided not to dispose any of the acquiree activities because of the acquisition. Total consideration paid for the acquisition equals to EUR 21,349 thousand. As a result of this transaction, company booked goodwill in amount of EUR 15,005 thousand and fair value of net assets acquired in amount of EUR 6,343 thousand, which relates mostly to the capacity market contracts (EUR 6,047 thousand) as described also in the note 8 Business combination and note 22 Intangible assets.

45. Accounts Receivable from Group Companies

In thousands of EUR	31 December 2022	31 December 2021
Accounts receivable from group companies – non current	776	25,060
Accounts receivable from group companies – current	97,516	70,165
Total loans provided	**98,292**	**95,225**

Movement schedule for loans provided:

In thousands of EUR	2022	2021
Opening balance	**95,225**	**71,972**
Newly provided loans	88,030	34,827
Accrued interest	2,502	1,090
Loans repayments/transfers	-83,492	-13,367
FX differences	-3,973	703
Closing balance	**98,292**	**95,225**

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 and are due within one-year. Decrease in non-current accounts receivable from group companies was caused by the early repayment of the portion of the loan, and the outstanding amount is due in more than 1 year period.

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 2022 and 31 December 2021.

46. Current Assets

In thousands of EUR	31 December 2022	31 December 2021
Trade debtors	11,750	7,953
Receivables from group companies	97,516	70,165
Other accounts receivable and prepayments	3,183	3,162
Cash at banks and in hand	1,994	20,602
Total current assets	**114,443**	**101,883**

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 2022 include trade receivables from companies within the Group of EUR 11,750 thousand (2021: EUR 7,953 thousand).

Receivable from group companies of EUR 97,516 thousand (2021: 70,165 thousand) represent loans provided to group companies. These loans are due on 31 December 2023 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 1,841 thousand (2021: 1,929 thousand) and other short-term assets of EUR 837 thousand (2021: EUR: 801 thousand) and are due within one year.

Receivables from related parties (Georg Hotar and Michael Gartner) of EUR 472 thousand (2021: EUR 411 thousand) are included in Other account receivable, see also note 39 of consolidated financial statements. Interest charged on these loans is 3% and the loans have mostly a short-term character.

Cash at bank and in hand are freely disposable.

47. Shareholders' Equity

47.1 Reconciliation of Movement in Capital and Reserves

In thousands of EUR	Note	Issued share capital	Own treasury shares	Share premium	Revaluation reserve	Currency translation reserve	Hedging reserve	Treasury shares reserve	Non-controlling interest	Retained earnings	Unappro-priated result	Total equity
Balance at 1 January 2021		**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**
Foreign currency translation differences in participating interest		-	-	-	-	-1,933	-	-	-	-	-	-1,933
Transfer to retained earnings		-	-	-	-	-	-	-	-	3,667	-3,667	0
Derivatives		-	-	-	-	-	2,515	-	-	-	-	2,515
Revaluation of PPE and other investments		-	-	-	1,037	-	-	-	-	-	-	1,037
Other movements		-	38	300	-336	-	-	-25	-	336	-	313
Acquisition of subsidiary		-	-	8,782	-	-	-	-	-	-	-	8,782
Actual result		-	-	-	-	-	-	-	-	-	16,965	16,965
Balance at 31 December 2022		**600**	**-**	**53,636**	**19,738**	**-2,979**	**5,094**	**13**	**-**	**13,948**	**16,965**	**107,015**

47.2 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 2022 treasury shares included 1,332,797 ordinary shares of the Company (2021: 3,747,635 ordinary shares) owned directly by the Company in the nominal value of 0.01 EUR per share. There is no pledge imposed on the shares. 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.

On 20 December 2022 Photon Energy concluded an investment agreement with the founders of Lerta, i.e. Tomala Investments alternatywna spółka inwestycyjna sp. z.o.o. and Krzysztof Drożyński ('Founders' and/or each "Founder") and certain executive contracts to this agreement. Under the terms of this agreement, an additional equity stake of 7,449,750 shares, representing 43.25% of Lerta's equity was acquired by the Group for a combination of a PLN 2,160 thousand (EUR 462 thousand) cash consideration, the transfer of 2,300,110 treasury shares in Photon Energy and 1,238,521 Photon Energy shares to be newly issued in an in-kind contribution. As of 31 December 2022, Photon Energy N.V. acquired 4,972,708 shares in Lerta in the exchange of 2,300,110 treasury shares in Photon Energy and the above cash consideration to the Founders. As a result Photon Energy increased its shareholding in Lerta to 85.62%.

On 1 February 2023, on the basis of a General Meeting authorization from 31 May 2021, the Board of Directors decided to issue 1,238,521 new shares with a nominal value of EUR 0.01 each. The new shares were issued against a contribution in-kind consisting of 2,477,042 shares in Lerta S.A., in line with the above-mentioned investment agreement. Upon the completion of this transaction Photon Energy Group increased its shareholding in Lerta to 100% while the Founders of Lerta hold jointly approximately 5.78% of Photon Energy's fully issued share capital. The Founders are subject to a lock-up agreement on their Photon Energy's shares and have provided representations and warranties commensurate with this type of transaction. Borys Tomala, one of the Founders, will manage the Group's New Energy Division into which Lerta will be integrated while Krzysztof Drożyński, the other Founder, will act as Director of Advanced Technologies and remain responsible for the development of the AI-driven Virtual Power Plant software platform. The Founders will be subject to an earn-out and management incentive plan which, subject to the achievement of certain economic parameters by the New Energy Division in the financial year 2025, will entitle them to a maximum of 2,383,846 additional Photon Energy shares.

Other movement in the share premium of EUR 300 thousand includes payments to employees paid by shares.

Other movement in revaluation reserve and retained earnings of EUR 336 thousand is reclassification of pre-acquistion revaluation of Lerta booked historically in Other comprehensive income and reclassified as part of the acquisition process.

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 16,813 thousand at 31 December 2022 (31 December 2021: EUR 19,037 thousand) and revaluation reserve arising from revaluation of other financial investments amounted to EUR 2,925 thousand at 31 December 2022 (31 December 2021: EUR 2,657 thousand).

Currency translation reserve includes all foreign translation exchange differences in the participations and amounted to EUR -2,979 thousand at 31 December 2022 (31 December 2021: EUR -1,046 thousand).

The hedging reserve includes results from hedging derivatives in the participations and amounted to EUR 5,094 thousand at 31 December 2022 (31 December 2021: EUR 2,580 thousand).

Unappropriated Result

To the General Meeting of Shareholders the following appropriation of the result 2022 will be proposed: the profit of EUR 16,965 thousand to be transferred and added to the retained earnings item in the shareholders' equity.

Unappropriated Result 2022 contains the amount of EUR 127 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 146 thousand of net profit of joint ventures retained in 2021 was distributed to the Company in 2022.

Movement schedule of retained earnings:

In thousands of EUR	
Balance at 1 January 2021	**6,320**
Movements in 2021	3,625
Closing balance 31 December 2021	**9,945**
Movements in 2022	4,003
Closing balance 31 December 2022	**13,948**

Reconciliation of consolidated group equity with company equity

In thousands of EUR	31 December 2022	31 December 2021
Group equity	**70,475**	**51,538**
Non-controlling interest	-197	-150
Group equity attributable to owners of the Company	**70,672**	**51,688**
Non-attributable losses of financial interest recognised in equity*	36,343	27,648
Shareholders' equity (Company)	**107,015**	**79,336**

In thousands of EUR	31 December 2022	31 December 2021
Group total comprehensive income	**7,672**	**2,095**
Profit/loss attributable to non-controlling interest	-47	-29
Group total comprehensive income attributable to the owners of the company	**7,719**	**2,124**
Non-attributable losses of financial interest recognised in profit and loss*	9,246	1,543
Net result (Company)	**16,965**	**3,667**

*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 44.

48. Long-Term Debt

In thousands of EUR	31 December 2022	31 December 2021
Other bonds – non current	76,511	57,223
Deferred tax	1,149	0
Accounts payable to group companies	2,247	2,180
Total Long-Term Debt	**79,907**	**59,403**

As at 31 December 2022 none of the Long term liabilities are due in more than 5 years. As at 31 December 2021 Long term liabilities of 58,575 thousand were due in more than 5 years.

Other bonds

In thousands of EUR	31 December 2022	31 December 2021
Other bonds – current	3,670	24,107
Other bonds – non current	76,511	57,223
Total	**80,181**	**81,330**

Movement schedule for issued bonds:

In thousands of EUR	2022	2021
Opening balance	**81,330**	**46,739**
Newly issued bonds	22,500	56,092
Placement cost paid	-331	-782
Repayments of principal	-23,719	-21,281
Accrued interest	6,213	4,251
Coupon paid	-5,898	-3,751
FX differences	86	62
Closing balance	**80,181**	**81,330**

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 had issued EUR bonds with an annual coupon of 7.75% and maturity in October 2022. The outstanding nominal amount as of 31 December 2021 was EUR 24,419 thousand, being due for repayment in October 2022, and was presented in Current liabilities.

EUR bonds 2017/22 were traded on the unregulated market segments of the Stock Exchanges in Frankfurt, Berlin, Hamburg, Hanover, Munich, Düsseldorf and Stuttgart.

In May 2022, the Company tapped its EUR green bond 2021/27 in the amount of EUR 10,000 thousand to a total outstanding amount of EUR 65 million. In October 2022 and November 2022, the Company tapped the bond in the amount of another EUR 12,500 thousand to a total outstanding amount of EUR 77,500 thousand.

The bonds from the second tap in autumn, were also offered to bondholders of the existing 2017/2022 corporate bonds in form of an exchange offer with a 1.5% loyalty premium plus the difference in net accrued interest on each exchanged bond. After the exchange the outstanding volume of the corporate EUR bond 2017/22 was EUR 15,232 thousand and was fully repaid together with the final interest payment to the bondholders on 27 October 2022. Total amount of placement costs paid for the tapping/exchange of the Green bond amounted to EUR 451 thousand. Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Gains less losses on derecognition of financial liabilities while the remaining amount of EUR 337 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.

CZK bond issued in October 2016 has an annual coupon of 6%, with an outstanding nominal amount of EUR 3,146 thousand as of 31 December 2022 (2021: EUR 3,052 thousand) which is due in December 2023 and has been presented in Current liabilities. CZK bonds 2016/23 are traded on the unregulated market segment of the Prague Stock Exchange.

Accrued interest of EUR 524 thousand at 31 December 2022 for EUR Green bond (2021: EUR 372 thousand) is presented within current liabilities.

Movement schedule for non current liabilities:

In thousands of EUR	2022	2021
Opening balance	**2,180**	**2,064**
FX revaluation	67	116
Closing balance	**2,247**	**2,180**

49. Current Liabilities

In thousands of EUR	31 December 2022	31 December 2021
Accounts payable from group companies	3,870	1,008
Other bonds and private loans	3,670	24,107
Trade payables	626	3,493
Accruals and deferred income	177	249
Other liabilities	141	12
Total Current Liabilities	**8,484**	**28,869**

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 2022 include CZK bonds which matures in December 2023 and short-term portion of the Green bond.

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 3,851 thousand represent loans from group companies. These loans are due on 31 December 2023 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.

50. Financial Instruments

50.1 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.

50.2 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	
	2022	2021	2022	2021
Current liabilities				
CZK bond 2016/23	3,146	0	3,127	0
Green bond 2021/27	524	0	0	0
EUR bond 2017/22	0	23,735	0	24,350
Non-current liabilities				
EUR bond 2017/22	0	54,602	0	57,201
Green bond 2021/27	76,511	0	70,284	0
CZK bond 2016/23	0	2,993	**0**	2,832
Total	**80,181**	**81,330**	**73,411**	**84,383**

50.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The table below shows liabilities at 31 December 2022 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.

In thousands of EUR	Carrying amount	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities						
Accounts payable to group S-T	3,870	3,986	0	0	0	3,986
Accounts payable to group L-T	2,447		2,596	0	0	2,596
Bonds	80,181	8,341	5,038	92,613	0	105,992
Total future payments, including future principal and interest payments	**86,498**	**12,327**	**7,634**	**92,613**	**0**	**112,574**

51. Revenues

In thousands of EUR	2022	2021
Revenues from provision of services	5,472	3,269
Total revenues	**5,472**	**3,269**

Revenues from provision of services of EUR 5,472 thousand (2021: 3,269 thousand) represent management services provided to the companies in the Group charged as management fees within the Group. Out of the total revenues, EUR 2,435 thousand was charged in Netherlands, EUR 1,121 thousand was charged in Romania, EUR 719 thousand was charged in the Czech republic, EUR 543 thousand was charged in Hungary, EUR 264 thousand was charged in Slovakia, EUR 218 thousand was charged in Switzerland, the remaining amount of EUR 172 thousand was charged in Poland, Australia and Germany.

Gain on derecognition of associate of EUR 2,182 thousand relates to the revaluation of the original share in Lerta entity before the acquisition of the controlling interest as at the year-end as described in note 8.

52. Other Operating Expenses

In thousands of EUR	2022	2021
Consulting services	-4,299	-3,348
Audit and accounting services	-288	-221
Investment relations costs	-41	-64
Legal	-88	-47
Miscellaneous	-746	-37
Other Operating Expenses	**-5,462**	**-3,717**

Audit fees are presented separately in note 57.

53. Other Interest Income and Similar Income

In thousands of EUR	2022	2021
Interest Income	2,587	1,721
Revaluation of financial participation	615	0
Other Income	0	422
Other Interest Income and Similar Income	**3,202**	**2,144**

Interest Income from group companies and related parties amounted in 2022 to EUR 2,587 thousand (2021: EUR 1,656 thousand). Revaluation of EUR 615 thousand relates to revaluation of Raygen investment.

54. Other Interest Expense and Similar Expense

In thousands of EUR	2022	2021
Interest expense	-6,374	-4,485
Exchange bonus paid	-114	-420
Other expense	-558	-43
Other Interest Expense and Similar Expense	**-7,046**	**-4,948**

Exchange bonus paid to existing bondholder of EUR 114 thousand was recognised in Other Interest Expense and Similar Expense. Remaining amount of placement fees paid of EUR 337 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 48).

Interest expense from group companies amounted in 2022 to EUR 126 thousand (2021: EUR 208 thousand).

Other expense of EUR 558 thousand (2021: EUR 43 thousand) include mainly FX losses and bank fees.

55. Share in Results from Participating Interests

An amount of EUR 18,423 thousand (profit) of share in results from participating interests relates to group companies (2021: profit of EUR 5,283 thousand).

56. Employee Benefits and Information

The company has only 1 employee (2021: 1 employee) who is working in the Netherlands. No employees are working outside of the Netherlands.

The two members of the board of directors are not employees of the Company and did not receive any compensation during 2022 nor 2021 for their duties serving on the board of directors for the Group of entities.

More information on management compensation is included in note 39 of consolidated financial statements and note 54 of standalone financial statements.

57. 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 2022:

2022:

In thousands of EUR	PricewaterhouseCoopers Accountants N.V.	Other PricewaterhouseCoopers firms and affiliates	Total
Statutory audit of annual accounts	126	120	246
Other audit procedures	0	0	0
Tax services	0	0	0
Other non-audit services	6	0	6

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

58. Related Parties

58.1 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 2022 nor 2021. Further information on key management compensation is included in the consolidated financial statements for 2022, note 39.

Key Management Personnel and Director

As at 31 December 2022 the directors of the Company control 72.65% (2021: 75.94%) 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.

59. Cash Flow Statement

Cash Flow Statement of the Company for the years 2022 and comparison to 2021:

In thousands of EUR	**2022**	**2021**
Cash flows from operating activities		
Loss/profit for the year before tax	**-1,458**	**-1,603**
Adjustments for:		
Gain on disposal of financial investments	0	-464
Net finance costs	990	3,161
Change in FV of derivatives	0	-1,242
Other non cash items	-870	1,358
Changes in:		
Trade and other receivables	-7,523	-17
Trade and other payables	52	1,143
Income tax paid	0	-13
Net cash from operating activities	**-8,809**	**2,323**
Cash flows from investing activities		
Acquisition of property, plant and equipment	0	-6
Acquisition of intangibles assets	-32	0
Acquisition of subsidiaries, goodwill, including loans provided to group companies	-7,183	-24,876
Acquisition of other investments	-119	-4,325
Proceeds from sale of investments	757	1,560
Dividends received	1,784	6,690
Net cash used in investing activities	**-4,793**	**-20,957**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	0	7,754
Proceeds from issuing bonds	22,500	56,092
Placement costs paid	-331	-1,202
Repayment of long term liabilities/bonds	-23,719	-21,281
Interest payments	-6,043	-3,962
Interest received	2,587	1,721
Net cash from financing activities	**-5,006**	**39,122**
Net decrease/increase in cash and cash equivalents	**-18,608**	**20,488**
Cash and cash equivalents at 1 January	**20,602**	**114**
Cash and cash equivalents at 31 December	**1,994**	**20,602**

Amsterdam, 24 April 2023

The Board of Directors:

Georg Hotar, Director

Michael Gartner, Director

The Supervisory Board:

Marek Skreta, Chairman

Bogusława Skowroński, Member

Ariel Sergio Davidoff, Member

Original signed.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

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 40 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 2022

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 of 31 December 2022 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 standalone financial statements of Photon Energy N.V. ('the Company') give a true and fair view of the financial position of the Company as of 31 December 2022 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 2022 of Photon Energy N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the standalone financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as of 31 December 2022
- the following consolidated statements for the year ended 31 December 2022: statement of comprehensive income, statement of changes in equity, and statement of 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 2022
- the company income statement for the financial year ended 31 December 2022, and
- the notes to the company financial statements for the year ended 31 December 2022, comprising a summary of the accounting policies applied 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 with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk, and the audit approach going concern was addressed 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 joint-stock company that mainly specialises in the development, construction, and operation of photovoltaic power plants. The consolidated financial statements of the Group incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries); therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

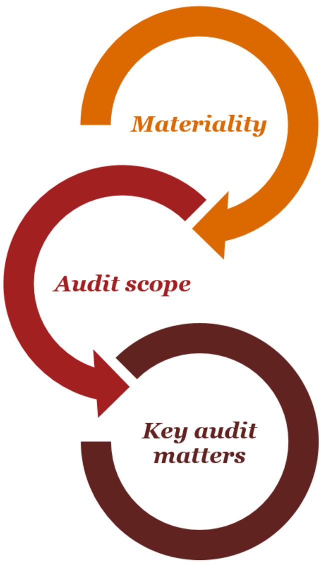
As part of designing of our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We considered where management made important judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, among other matters, the assumptions underlying the physical and transition risk related to climate change. In Note 2.4 of the financial statements, management describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and related higher inherent risks of material misstatement in the areas of valuation of photovoltaic power plants, valuation of the call option for the purchase of investments, and purchase price allocation accounting in relation to investment acquisition, we considered those to be a key audit matters as set out in the section 'Key audit matters' of this report. Recognition of revenue from construction contracts is not a key audit matter in 2022 based on decreased proportion in the total revenue.

In 2022, Group management continued assessing possible effects of climate change on its financial position. For more information, please refer to the sections 'Climate Change-related Risks', 'Corporate Social Responsibility', and 'Sustainable Investments' of the Director's report in which management defined potential physical as well as transitional risks, risk governance, metrics, and investment strategy. We discussed Photon Energy N.V.'s assessment and governance thereof with management and evaluated the potential impact on the financial position, including underlying assumptions and estimates. The expected effects of climate change are not considered a key audit matter.

Apart from key audit matters and the impact from the climate change on our audit, as described above, other areas of focus in our audit were related to recognition of revenue from construction contracts, valuation of derivatives, valuation of other investments, classification of the 'contracts for difference' revenue model, and consolidation of special purpose entities.

We ensured that the audit team included the appropriate skills and competences that are needed for the audit of a photovoltaic power business. We therefore included experts and specialists in the areas of, among others, information technology, taxation, and valuation in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €594,000.

Audit scope
- We conducted audit work at the head office of the Group. Because of the centralised structure, the entire Group was audited by one engagement team.
- 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.
- Valuation of the call option for the purchase of investments.
- Purchase price allocation accounting in relation to investment acquisition.

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	€594,000 (2021: €239,000).
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.
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 the users of the financial statements. On this basis, we believe that EBITDA is the most relevant metric for the financial performance of the Group, more clearly representing the operating performance of the Group compared to the highly volatile profit before tax in 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 €59,400 (2021: €23,900) 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 companies operating in the Czech Republic, Hungary, Poland, Romania, Slovakia, Australia, and some other countries with limited operational activities. The financial information of these entities is included in the consolidated financial statements of Photon Energy N.V. Please refer to Note 40 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 centralised in Prague and the Group is managed as a single operating unit with multiple segments. The Group applies a centralised 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.

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 Photon Energy N.V. and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system, and how the supervisory board exercised oversight, as well as the outcomes. We refer to section 'Culture and Values' and 'Fraud Management' of the Directors' Report for description of governance structure and policies in place, on which management relies when managing the risk of fraud.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment. We evaluated the design and the implementation where we were required by the applicable ISAs and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, and bribery and corruption. We assessed whether these factors indicate that a risk of material misstatement due to fraud is present. In doing this, we:

- performed an inquiry of supervisory board members as to fraud risks and related party transactions to identify the areas of their concerns in relation to fraud;
- 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 and process for responding to fraud risks;
- also assessed the matters reported through the Group's whistleblowing and complaints procedure and results of management's investigation and follow-up on such matters;
- also inquired with 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 behavior, whether they have knowledge of any actual, suspected or alleged fraud;
- 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.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
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 manual controls, such as those related to journal entries, related party transactions, significant accounting estimates, etc. Management measures performance of the group through monitoring EBITDA and revenue, which are considered key performance indicators. A focus on meeting financial targets could provide to management an incentive for bypassing of controls.	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 paid specific attention to non-routine transactions and areas of significant management judgement. We also paid specific attention to the access safeguards in the IT system. We considered the outcome of our audit procedures over the estimates and significant accounting areas and assessed whether control deficiencies and misstatements identified could be indicative of fraud. Where necessary, we planned and performed additional auditing procedures to ensure that fraud risks are sufficiently addressed in our audit. We evaluated key accounting estimates and judgements used in accounting areas where management judgement is applied (e.g. the valuation of photovoltaic power plants, the valuation of the call option and purchase price allocation accounting in relation to investment transactions) for biases, including retrospective reviews of prior year's estimates where available. We performed data analysis focused on journal entries related to the fraud risk factors identified during fraud risk assessment. Where we identified instances of unexpected journal entries, we performed audit procedures. We evaluated whether the business rationale (or lack thereof) of the significant transactions concluded in 2022 suggests that the Group may have entered into those 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 audit procedures. We performed substantive testing procedures over the consolidation entries. Our audit procedures did not identify indications of specific fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we considered the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue in order to meet financial targets or shareholder expectations. In this context, we consider this as a risk of fraud focussed to overstating revenue through the recording of non-existent transactions or premature revenue recognition.	We discussed and inquired with executive 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. Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures. We also paid specific attention to the processes surrounding the relevant IT systems. Through data analysis, we tested unexpected journal entries and performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. We did not identify specific indications of fraud or suspicion of fraud in respect of revenue recognition.

We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in Note 2.1 of the financial statements, management performed their assessment of the entity's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate management's going-concern assessment included, among others:

- a review of management's going-concern assessment and considering whether it includes all relevant information of which we are aware as a result of our audit procedures;
- inquiries of executive management as to their knowledge of going-concern risks beyond the period of management's assessment;
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- an analysis of the financial position at balance sheet date in comparison to prior year's year end to assessing 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 judgements 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.

Key audit matter	***Our audit work and observations***
Valuation of the photovoltaic power plants *Please refer to Notes 5.1, 19 and 37 of the consolidated financial statements for the related disclosure.* As of 31 December 2022, photovoltaic plants represent more than 75% 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). This valuation is significant to our audit due to complexity and high judgement applied within the assessment process. As of 31 December 2022, the cash flow projections are prepared 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 (period with guaranteed sales prices) or expected electricity and certificate prices on the relevant markets and on the expected after-tax cost of debt and expected cost of equity. Significant assumptions used in the models are the following: • production volume;	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. We challenged management's assumptions with reference to the internal and external supporting information noting the assumptions used fell within an acceptable range. The 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. 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. Together with our valuation experts, we evaluated the reasonableness and appropriateness of the discount rates based on inputs independently sourced from market data and comparable companies.

Key audit matter	Our audit work and observations
• operating and capital expenditures; • discount rates; • prices of electricity and large-scale green certificates (LGCs) for merchant models. 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.	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, 19 and 37 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 2022.
Valuation of the call option for the purchase of investments *Refer to Notes 2.4.5, 5.3, 23 and 37 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 the Company because of its development of promising photovoltaic technology. In 2020 and 2021, the Company subscribed for Raygen's ordinary shares and preferential shares. As a part of the subscription agreement, the Company also has a call option for additional shares in consideration for the services provided by the Company in respect of developing and completing a Qualifying solar project during a period of five years. The Company 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.	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. Furthermore, 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 realisation 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.

Key audit matter	*Our audit work and observations*
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 realisation of the share options; • discount rate reflecting the rate of return on investment. 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 tested the sensitivity of changes in the significant assumptions and evaluated their impact on the valuation. We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Notes 2.4.5, 5.3, 23, and 37 of the consolidated financial statements). Our procedures did not result in any material findings with respect to the fair value of right for additional shares.
Purchase price allocation accounting in relation to investment acquisition *Refer to Notes 8, 21 and 22 to the consolidated financial statements for the related disclosure* During 2022, the Company gradually increased its share in Lerta Spółka Akcyjna to 85.62%, giving it the possibility to assume control. The total consideration paid for the acquisition consists of cash and non-cash considerations. The business combination was accounted to according to IFRS 3 using the acquisition method and the purchase price is allocated to the assets acquired and liabilities assumed measured at their respective fair values as defined by IFRS 13. The assets, liabilities, and contingent liabilities acquired were stated at their fair values, which were determined in the course of the preliminary purchase price allocation performed. Fair value step up is primary comprised of capacity market contracts and related deferred tax impact. The preliminary purchase price allocation performed requires the management to make discretionary decisions, estimates, and assumptions.	We read the purchase agreements and the agreements under company law and analysed the criteria defined in IFRS 10 for the control transfer. We audited management's assessment of the date when control over Lerta was obtained and verified the date when consolidation will be required. We assessed the methodical approach in identifying the assets acquired and liabilities assumed at the acquisition date. We corroborated the completeness of intangible assets defined by management. We further verified the measurement methods applied and examined the determination of the identifiable assets acquired as well as of the liabilities and contingent liabilities assumed. We assessed the methodology and key accounting estimates applied to valuation of intangible assets identified by management (i.e. capacity market contracts) and that they are measured as defined by IFRS 13.

Key audit matter	*Our audit work and observations*
Changes in these assumptions may have a material impact on the fair values and accounting. Due to the matter described, we consider the business combination and in particular the purchase price allocation as a key audit matter in our audit.	We examined the disclosures on the acquisition made in the notes in accordance with the requirements of IFRS The accounting and measurement methods applied are in accordance with IFRSs (see Notes 8, 21, 22 of the consolidated financial statements). We consider the underlying assumptions and measurement parameters to be plausible and reasonable. Our procedures did not result in any material findings with respect to accuracy or valuation of purchase price allocation accounting.

Report on the other information included in the annual report

The annual report contains 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; and
- contains all the information regarding the director's 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.

Management is responsible for the preparation of the other information, including the director's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board 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 annually by shareholders and now represents a total period of uninterrupted engagement of three years.

European Single Electronic Format (ESEF)

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

Management is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby management 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.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een 12igital verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included, among other things:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - 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 have been prepared 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 or its controlled entities, for the period to which our statutory audit relates, are disclosed in Note 57 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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, 24 April 2023
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor’s report on the financial statements 2022 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 management.
- Concluding on the appropriateness of management’s 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

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