

**CONSOLIDATED  
ANNUAL REPORT**  
SOLEK HOLDING SE

20  
20

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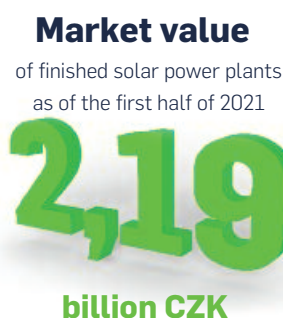
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**THE ENERGY GROUP HAS BEEN ESTABLISHED IN 2010, SOLEK GROUP SPECIALIZES IN RENEWABLE AND SUSTAINABLE ENERGY. AN INNOVATOR IN SOLAR POWER.**

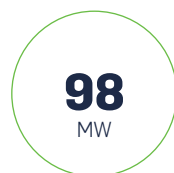
**SOLEK GROUP DEVELOPS, BUILDS, OPERATES, OWNS AND MAINTAINS ITS NUMEROUS POWER PLANTS THROUGHOUT EUROPE & LATIN AMERICA, THE MAIN MARKET BEING CHILE.**



**on the market**  
of renewable  
energy sources



SOLEK employs over 210 professionals as of the first half of 2021, more than **145 of them working in Chile**. SOLEK has experienced local teams in key markets.



**2021**  
of connected solar power  
plants as of the first  
half of 2021



**2021**  
solar power plants under  
construction and in advanced  
stage of preparation



**2023**  
planned installed capacity  
of completed and developed solar  
power plants in Chile





## Foreword

Dear friends, business partners, colleagues,

year 2020 will probably be remembered by all of us as the year that stands out from the previous years. Not everyone would necessarily recall the year 2020 as a year of closed restaurants, cancelled flights and mandatory facemasks. I think of quite different symbols than those associated with the global coronavirus pandemic. Above all, they are family and togetherness. The company and solidarity within the team. Trust in the meaningfulness of our work. Belief in progress and better future to which we want to contribute.

The combination of our experience with working remotely and local situations on our construction sites in Chile, supported by the reliability of our partners, led to the fact that 2020 was the most successful year in the history of the SOLEK Group. Revenues of the entire Group reached almost CZK 649,242 thousand.

By the end of 2020, we have completed 15 solar power plants in Chile with a total capacity of 87,5 megawatts. Number of power plants have been bought by renowned investment funds from all over the world. Whether it is Canadian CarbonFree Technology, French REDEN Solar, Chilean Rockville Capital Group or American Arroyo Energy Group. Construction continues to accelerate in the current year. We have entered into a USD 85 million loan agreement with the French investment bank Natixis to finance the construction of photovoltaic power plants in Chile with a capacity of over 110 megawatts. Therefore, we have successfully set out to reach the goal of total installed capacity of 500 MW realized within the SOLEK Group by the end of 2023.

We have a strong position in the entire chain of services: from financing, through development, engineering, purchasing, construction to operation and maintenance. We are a growing company with interesting projects in Latin America and Europe. In Latin America, apart from Chile, we focus primarily on Colombia and Peru. In Europe, we are very active in Cyprus, which welcomes renewable energy projects and, like Chile, has a high level of solar exposure and a high market price of electricity. The projects are being prepared by our colleagues in Greece, Romania and Hungary.

We are an innovator in the area of utilization of renewable resources. We are looking to the future. Therefore, in addition to geographical expansion, we are also interested in related new technologies. For example, the connection of photovoltaics with battery storage or hydrogen production. We are meeting the global demand for green energy, which is growing dynamically. We are on the right track.

In conclusion, I would like to thank all the employees and partners for their commitment in these difficult times, for the results we have achieved together, and for the care they have all given to our projects. My thanks also go to the clients and partners for trusting us, inspiring us and motivating us to come up with all sorts of innovations. I thank them for their trust in our projects and in ourselves.



**ZDENĚK SOBOTKA**  
Founder & Group CEO

## Main indicators of the Group

(in CZK thousand)

### Revenues



### Operating profit /loss



### Profit/loss before income tax



### Profit/loss for the period



### Comprehensive income/loss for the period



### Number of employees



## Board of Directors

**Zdeněk SOBOTKA**

Chairman of the Board of Directors  
Of SOLEK HOLDING SE

**Pavel KOCIÁN**

Deputy Chairman of the Board of Directors  
of SOLEK HOLDING SE

## Supervisory Board

**Zdeněk SOBOTKA**

Member of the Supervisory Board  
of SOLEK HOLDING SE

## Management of the Group as at 30 June 2021





**Martin MICHALÍČEK**

Group Head of Business Development



**Petr SEDLÁČEK**

Group Chief Operating Officer



**Ljuba KOVAČEVIĆ**

Group Compliance Officer



**Michal HEŘMAN**

CEO, SOLEK LATAM



## Management Chile as at 30.6.2021



**OPAZO CARVALLO  
VICTOR EMILIO ALBERT**  
CEO CL



**RAMIREZ DAUVIN  
MARCELO ALEJANDRO**  
CFO CL



**MARTINEZ CERDA  
LUIS SEBASTIAN**  
HSE Manager CL



**GUZMAN PEÑA SERGIO**  
Head of Connection CL



**ALVAREZ ROJAS  
CAMILA ANDREA**  
Legal Manager CL



**CARRASCO ROJAS  
MARCIA XIMENA**  
Head of Procurement CL



**CAMPOS COELLO  
NIDIA SUSANA**  
Deputy of Head  
of Development CL



**ARANDA PADILLA  
GISELA MAGDALENA**  
HR Manager CL



**CRICHTON NORERO  
STEPHANIE SUSANA**  
Business Development  
Manager CL



**GOMEZ VILLASECA  
MARIO ALBERTO**  
Commercial Manager CL



**210**  
employees

**38** years  
average age

**15**  
nationalities

# What do we do

The SOLEK Group provides turnkey photovoltaic projects and individual activities separately.

## 1. Development



Assessment of optimal illumination conditions and technical parameters for connection to the distribution network. We select the ideal technologies, secure all permits and prepare project documentation in accordance with the legislation of the country.

We build solar power plants in Europe and Latin America. Due to wealth of experience, we implement projects of the highest quality and on time. Connecting to the distribution network, testing operation and reliable commissioning of the power plant is obligatory for our projects.



## Construction 2.

## 3. Portfolio Management



Effective management of the solar power plant portfolio guarantees the reliability of energy supply and represents added value for our investors.

Regular maintenance and fast professional service for safe, reliable and optimal performance of solar power plants. We offer these services not only to our regular customers, but to all owners of solar parks and smaller PV plants.



## O & M 4.

(Operation & Maintenance)



**Santa Laura (3 MW), Chile,  
sold to Reden Solar**



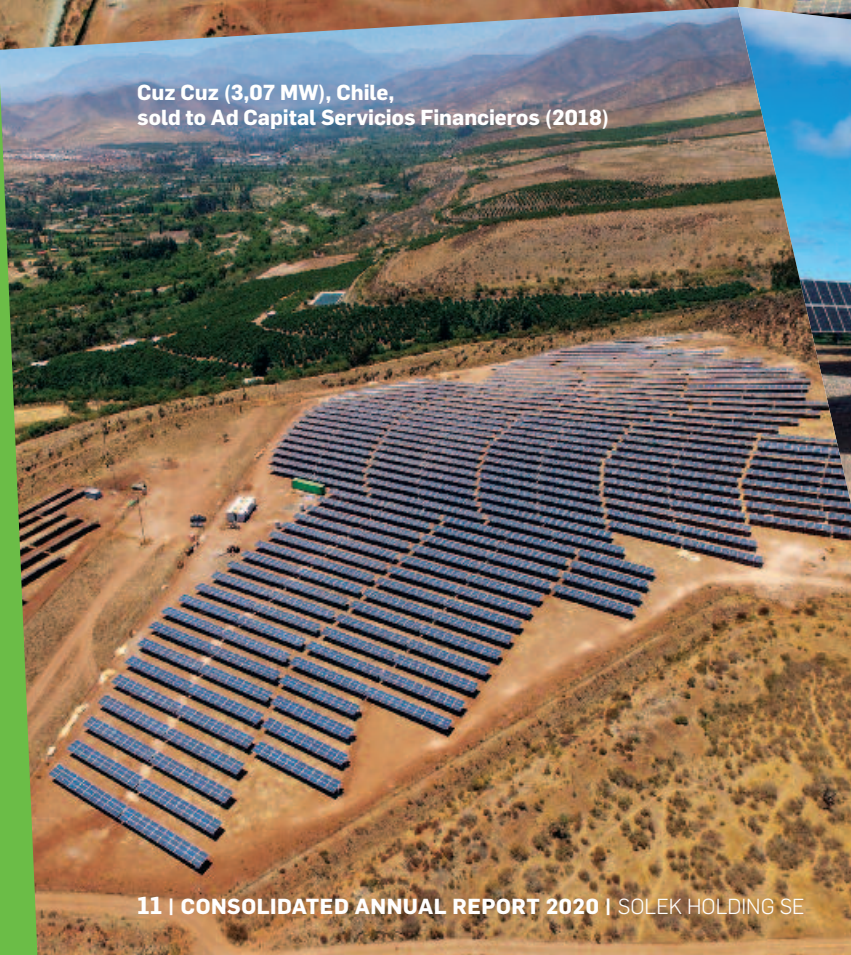
**Amparo de Sot (3 MW), Chile,  
sold to Arroyo Energy Group (2018)**



**Ovalle Norte (10,66 MW), Chile**



**Cuz Cuz (3,07 MW), Chile,  
sold to Ad Capital Servicios Financieros (2018)**



**Los Paltos (2,99 MW), Chile,  
sold to Carbon Free Technology**



**Meco Chillan (7,1 MW), Chile**





## Global operations of the Group

### Evropa

**Czech Republic** connected: **1,6 MW**

**Slovakia** connected: **1 MW**

**Romania** connected: **8,6 MW**

**Hungary** planned: **600 MW**

**Cyprus** planned: **150 MW**

**Greece** planned: **900 MW**

### South America

In Chile, successfully implemented  
**15 projects** (87 MW), as at first half 2021  
by the end of 2021 **113 MW**

plan to connect another Colombia  
planned: **400 MW**

Peru planned: **200 MW**

Other business opportunities:

**France, Spain, Portugal,  
Israel, Poland, UK,  
Georgia, Vietnam,  
South Africa and USA.**

# Organizational structure of the group

as at 30.6.2021





# Organizational structure of the Group

as at 30.6.2021

## SPV CHILE

SPVs owned by  
SOLEK Chile Holding SpA II

- 1 PARQUE SOLAR MECO CHILLAN SPA
- 2 FOTOVOLTAICA AVELLANO SPA
- 3 PARQUE SOLAR OVALLE NORTE SPA
- 4 PARQUE SOLAR EL SAUCE SPA

SPVs owned by SOLEK Chile Holding SpA III

- 1 PARQUE SOLAR EL CONQUISTADOR PA
- 2 PARQUE SOLAR RETIRO SPA
- 3 CHAMPA SOLAR SPA
- 4 PARQUE SOLAR LA MURALLA II SPA
- 5 PARQUE SOLAR LO CHACON SPA
- 6 PARQUE SOLAR BENAVENTE SPA
- 7 PARQUE SOLAR LO PRADO SPA
- 8 SANTA ESTER SPA

SPVs owned by SOLEK Chile Holding SpA IV

- 1 LPENA SOLAR SPA
- 2 PARQUE SOLAR SALAMANCA SPA
- 3 PARQUE SOLAR VIVEROS SPA
- 4 PARQUE SOLAR SANTA CRUZ SPA
- 5 PARQUE SOLAR PANGUILEMO SPA
- 6 PARQUE SOLAR ALIANZA SPA
- 7 PARQUE SOLAR CONVENTO SPA
- 8 PARQUE SOLAR EL GULTRO SPA
- 9 PARQUE SOLAR TABOLANGO SPA
- 10 PARQUE SOLAR COLIMAVILLA SPA
- 11 HUMBERTO SOLAR SPA
- 12 LIMACHE SOLAR SPA
- 13 PARQUE SOLAR LOS PEUMOS SPA
- 14 PARQUE SOLAR DON CHACHO SPA
- 15 PARQUE SOLAR LEYDA SPA
- 16 PARQUE SOLAR CANTILLANA SPA
- 17 PARQUE SOLAR ITIHUE SPA
- 18 PARQUE SOLAR LA ROSA II SPA
- 19 PARQUE SOLAR LINARES NORTE SPA
- 20 PARQUE SOLAR COLINA SPA
- 21 PARQUE SOLAR TRUPAN SPA
- 22 PARQUE SOLAR EL CAQUI SPA
- 23 PARQUE SOLAR KALI SPA
- 24 PARQUE SOLAR CAMPANAS SPA
- 25 PARQUE SOLAR QUILMO SPA
- 26 PARQUE SOLAR VILLA LONGAVÍ SPA

## SPV Rumunsko

SPVs owned by  
SOLEK HOLDING SE (99,9%)  
And SOLEK Czech Services s.r.o. (0,01%)

- 1 SOLEK Project Alpha SRL
- 2 SOLEK Project Gamma SA
- 3 SOLEK Project Tau SA
- 4 SOLEK Project TXI SA

## SPV Kypri

SPVs owned by  
SOLEK EUROPE Holding s.r.o.

- 1 SOLEK LARNAKA I LIMITED
- 2 SOLEK LEMESOS I LIMITED
- 3 SOLEK NICOSIA I LIMITED
- 4 SOLEK LARNAKA I LIMITED

SPV owned by SOLEK Cyprus Services Limited

- 1 NERATECH LIMITED

## SPV Kolumbie

SPV owned by  
SOLEK Colombia Holding SAS

- 1 PARQUE SOLAR LAS PLAYAS S.A.S.

# Sustainable development

**Sustainable development is one of our key values.**

In everything we do and plan, we emphasize long-term sustainable development which brings current and future generations the opportunity to meet their basic needs of life while not reducing the diversity of nature and preserving the natural functions of ecosystems.



## Environment

The whole principle of our entire work in the field of renewable sources creates value, which contributes to a better environment and reduction of CO2 emissions. In all countries where we operate, we follow the rules and regulations of local authorities, including those that regulate environmental protection. Similarly we prefer local suppliers in individual countries, producing a positive impact on creating local job opportunities. We also put emphasis on waste sorting in our activities.



## Social activities and our people

We are proud of our international team consisting of 15 nationalities in several locations around the world. This group of professionals is one of our strengths and our long-term goal is to develop this community, both professionally and personally. Satisfaction of our clients as well as our employees is one of the key principles that we have followed since our establishment. We have thorough health and safety standards. All our employees are responsible for strict adherence to these rules and legal standards. We welcome diversity and difference to our employees, we offer interesting job opportunities to everyone, regardless of gender, nationality, religion, sexual orientation or age. We respect fair dealing and discrimination of any kind would not be tolerated. All our employees have equal opportunities and are always evaluated based on their work performance and objective criteria.



## Our business principles

In connection with the continuous growth of our activities, we are aware that in order to increase our value and build a good reputation, we need not only employee loyalty but also strict compliance with legislation, corporate culture and great emphasis on responsibility, integrity and security in everything we do. We have established clear procedures for the adoption, amendment and application of internal regulations. We regularly check whether the internal regulations and the chosen recognised standards are up-to-date and in accordance with other requirements of legal regulations. Employees are regularly acquainted with internal regulations at mandatory trainings. The role of our Legal & Compliance department is very important, it is responsible for providing legal support and for managing operational and compliance risks, as well as operational safety. As a precautionary measure to support a proper understanding of our company's ethical and safety rules, employees can use the consulting services of this department, for example to navigate through situations regarding potential conflicts of interest, corruption, communication in tenders, information sharing within trade associations or on social networks. We have also introduced a process of responsible selection of third parties (i.e. suppliers and business partners) that we use for our activities, emphasizing the application of the precautionary principle. Our goal is to continuously improve our internal processes and rules, as well as compliance with legal regulations and ethical behaviour in our business practice.

# Report of the Board of Directors on business activities

## Expected business development – outlook for 2021

The Group's main task in the following period remains not only traditional investments in the construction of other photovoltaic power plant projects in the target markets, but also diversification of the business focus of the whole SOLEK Group. In addition to photovoltaic projects, we see interesting potential in other related segments, in particular:

- holding and management of photovoltaic power plants in our own portfolio;
- providing EPC (engineering, procurement and construction) services (provision of turnkey projects) for customers outside the Group;
- providing O&M (operation and maintenance) services to customers outside the Group;
- a perspective focus on other renewable technologies – hybrid systems with batteries and wind parks or hydrogen production.

In terms of territorial focus, in addition to Chile, which is a strategic market for the Group in the near future, the Group plans to focus on other regions in Latin America, especially Colombia, and within Europe mainly Cyprus, Hungary and Greece.

The main goal of the Group is to achieve profitability by the end of 2021, to increase equity by increasing the profit and optimizing external sources of financing.

The business goal is to look for new potential suppliers in the market of photovoltaic power plants, as well as to offer services including the development, construction, operation and maintenance of solar power plants, both on a turnkey basis and separately.

In the area of personnel, the main goal is to optimize and stabilize the management and organizational structure of the Group.

### Research and development activities

The Group does not carry out any research and development activities and has no research and development costs due to the nature of its activities.

### Acquisition of own shares

In the past year, the Group did not acquire any of its own shares in any subsidiary or SOLEK HOLDING SE.

### Events that occurred after the balance sheet date

Events that occurred after the balance sheet date are stated in the notes to the consolidated financial statements, which are an integral part of this annual report.

# Report of the Board of Directors on business activities

## Factors influencing business activity

### Spread of coronavirus (COVID-19)

On 12 March 2020, the Government of the Czech Republic declared a state of emergency for the entire territory of the Czech Republic in connection with the evidence of the occurrence of coronavirus. The state of emergency lasted until 17 May 2020. In the autumn of the same year, during the second wave of the coronavirus pandemic, the Government of the Czech Republic declared another state of emergency from 5 October 2020 which lasted until the first months of 2021. The government and other public administration bodies subsequently took several different measures that affected the business environment and the company's activities.

As part of its measures against the spread of coronavirus, the Government of Chile declared a state of emergency on 18 March 2020, which was supposed to last for 90 days and which was extended until 19 August 2020 due to health protection related to the occurrence of coronavirus.

The overall uncertainty in the market due to Covid-19 has caused a delay in some development investments in Latin America. Planned constructions in Peru and Colombia have been delayed due to coronavirus.

The SOLEK Group has taken adequate measures to eliminate the risks and impacts of the COVID-19 pandemic on key operations and employee health.

The SOLEK Group is closely monitoring developments and is following the advice and recommendations of the respective national authorities regarding COVID-19. The Group is continuously evaluating any potential implications the spread of the disease might have for personnel and assets and is taking adequate precautionary measures at all locations to limit the spread of the virus, keep people safe and ensure the continued safe development of the projects and operations of the power plants.

SOLEK has not yet recorded a serious impact of COVID-19 on project development, operating assets or the supply of electricity to customers.

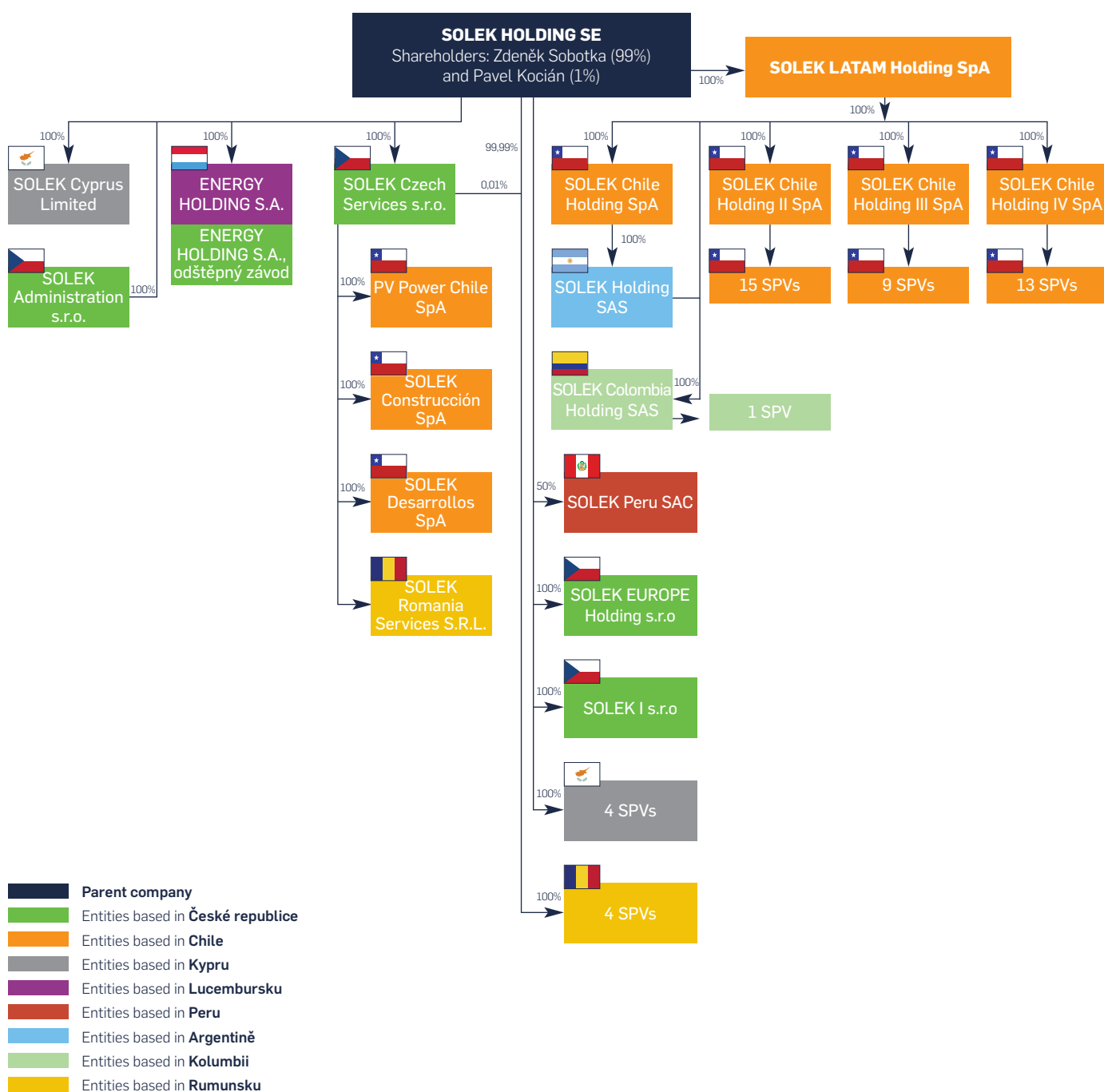
The risk of such impact is considered to be low as energy supply is generally defined as critical infrastructure in all countries where SOLEK operates and the projects are developed in areas and locations with a generally low population density.

Although there are travel restrictions and local regulations, they do not have a significant impact on the construction, commissioning and testing of new solar power plants.

In any case, SOLEK focuses on maintaining reasonable progress and sustaining a sufficiently strong financial capacity to be well prepared in a rapidly changing environment. The Group continues to monitor the situation closely and will continuously implement all other measures necessary to maintain the health and safety of people and to continue its activities steadily.

# Group administration and management

## Organizational structure of the Group as at 31.12.2020





## Organizational structure of the Group k 31. 12. 2020



### SPV CHILE

SPVs owned by  
SOLEK Chile Holding SpA II

1	PARQUE SOLAR LA ROSA SPA
2	PARQUE SOLAR DON FLAVIO SPA
3	PARQUE SOLAR OVALLE NORTE SP
4	PARQUE SOLAR EL SAUCE SPA
5	FOTOVOLTAICA LAUREL SPA
6	FOTOVOLTAICA AVELLANO SPA
7	PARQUE SOLAR TANGUA SPA
8	PARQUE SOLAR ALTOS LAO SPA
9	PARQUE SOLAR ALCALDESA SPA
10	PARRAL SOLAR SPA
11	MEMBRILLO SOLAR SPA
12	PARQUE SOLAR LA MURALLA SPA
13	PARQUE SOLAR MECO CHILLAN SPA
14	PARQUE SOLAR AURORA SPA
15	PARQUE SOLAR MINA DORADA SPA

SPVs owned by SOLEK Chile Holding III SpA

1	PARQUE SOLAR PORVENIR SPA
2	PARQUE SOLAR EL CONQUISTADOR SPA
3	PARQUE SOLAR RETIRO SPA
4	CHAMPA SOLAR SPA
5	PARQUE SOLAR LA MURALLA II SPA
6	PARQUE SOLAR LO CHACON SPA
7	PARQUE SOLAR BENAVENTE SPA
8	PARQUE SOLAR LO PRADO SPA
9	SANTA ESTER SPA

SPVs owned by SOLEK Chile Holding IV SpA

1	LA PENA SOLAR SPA
2	PARQUE SOLAR SALAMANCA SPA
3	PARQUE SOLAR VIVEROS SPA
4	PARQUE SOLAR SANTA CRUZ SPA
5	PARQUE SOLAR PANGUILEMO SPA
6	PARQUE SOLAR ALIANZA SPA
7	PARQUE SOLAR CONVENTO SPA
8	PARQUE SOLAR EL GULTRO SPA
9	PARQUE SOLAR TABOLANGO SPA
10	PARQUE SOLAR COLIMAVILLA SPA
11	HUMBERTO SOLAR SPA
12	LIMACHE SOLAR SPA
13	PARQUE SOLAR LOS PEUMOS SPA



### SPV Rumunsko

SPVs owned by  
SOLEK HOLDING SE (99,9%)  
and SOLEK Czech Services s.r.o. (0,01%)

1	SOLEK Project Alpha SRL
2	SOLEK Project Gamma SA
3	SOLEK Project Tau SA
4	SOLEK Project TXI SA



### SPV Kypr

SPVs owned by  
SOLEK HOLDING SE

1	SOLEK LARNAKA I LIMITED
2	SOLEK LEMESOS I LIMITED
3	SOLEK NICOSIA I LIMITED
4	SOLEK LARNAKA I LIMITED



### SPV Kolumbie

SPV owned by  
SOLEK Colombia Holding SAS

1	Parque Solar Las Playas SAS
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## Declaration of the Statutory Body

The undersigned Chairman of the Board of Directors of SOLEK HOLDING SE declares that, to the best of his knowledge, the consolidated annual report provides a true and fair view of the financial position, business activities and results of operations for the past accounting period and the prospects for future financial situation, business activities and results of operations.

Prague, 1 September 2021



**Zdeněk Sobotka**

Chairman of the Board of Directors

## Information about dependence on patents or licenses

The Group is not aware that its activities would be dependent on the use of patents by specific persons. When using technology, the Group has always arranged with the relevant supplier that the liability for any infringement of industrial rights or intellectual property rights is borne by the supplier. In its activities, the Group uses software products from Microsoft.

## Independent auditor's report

to the shareholders of SOLEK HOLDING SE

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### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of SOLEK HOLDING SE, with its registered office at Voctářova 2449/5, Libeň, Praha 8 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020,
- the consolidated statement of comprehensive income for the year ended 31 December 2020,
- the consolidated statement of changes in equity for the year ended 31 December 2020,
- the consolidated statement of cash flows for the year ended 31 December 2020, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

---

### Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section 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 the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

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### Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated annual report but does not include the consolidated financial statements and auditor's report thereon.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic  
T: +420 251 151 111, [www.pwc.com/cz](http://www.pwc.com/cz)

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Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

---

### Responsibilities of the board of directors and supervisory board of the Company for the consolidated financial statements

The board of directors is responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

---

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal controls 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 Group's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and 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.

1 September 2021

PricewaterhouseCoopers Audit, s.r.o.  
represented by



Jan Musil



Jana Sabadášová  
Statutory Auditor, Licence No. 2378

This report is addressed to the shareholders of SOLEK HOLDING SE



# **Consolidated financial statements for the year ended 31 December 2020**

## **Prepared in accordance with International Financial Reporting Standards as adopted by the European Union**

The consolidated financial statements were approved by the Board of Directors on 1 September 2021 and signed on behalf of the company by:



**Zdeněk Sobotka**

Chairman of the Board of Directors

## 1. General information

The SOLEK Group ("SOLEK", "the SOLEK Group" or „the Group“) consists of SOLEK HOLDING SE ("the Company" or "Parent company") and its subsidiaries. The Group operates in the field of renewable energy sources with a focus on solar energy. It focuses on the design, construction and operation of solar power plants in Europe and Latin America. It has been operating on the market since 2010.

The parent company is a European company founded in 2010 with its registered office in the Czech Republic. The registered office of the Company is at Votčářova 2449/5, Prague 8, 180 00. The Company is incorporated in the Commercial Register of the Czech Republic under the identification number 292 02 701. The controlling entity of the SOLEK Group as at 31 December 2020 and 2019 is Mr. Zdeněk Sobotka, an experienced Czech businessman in the field of renewable energy sources.

The share capital of the Company as at 31 December 2020 and as at 31 December 2019 in the amount of CZK 3,175,800 (EUR 120,000) was fully paid and consisted of 100,000 registered shares, in book-entry form with a nominal value of CZK 31.76.

All shares are mutually equivalent and carry one vote per share.

The shareholder of the Company with a share of 99% is a Czech citizen Zdeněk Sobotka with permanent residence at Ke Hvězdárně 1032, Hlubočinka, Sulice, 251 68.

The shareholder of the Company with a share of 1% is a Czech citizen Pavel Kocián with permanent residence at V Uliče 921, Tuchoměřice, 253 01.

### **Rights and obligations associated with registered shares**

The rights and obligations associated with registered shares representing a share in SOLEK Holding SE are set out in Article 6 of the Company's Articles of Association, which reads as follows:

- 6.1. The rights and obligations of shareholders are set out in legal regulations and these Articles of Association. The shareholder of the Company may be a domestic or foreign legal entity or a natural person.
- 6.2. A shareholder is entitled to attend and vote at the General Meeting, has the right to request and receive explanations of matters concerning the Company, if such explanations are necessary for assessing the content of matters included in the General Meeting or for exercising his shareholder rights, and to submit proposals and counter-proposals.
- 6.3. Shareholders attend the General Meeting in person or by proxy on the basis of a written power of attorney, which must indicate whether it has been granted for representation at one or more General Meetings. The signature of the represented shareholder on the power of attorney must be officially verified. The representative is obliged to notify the shareholders in advance before the General Meeting of all facts that could be relevant for the shareholder in assessing whether, in the given case, there is a risk of conflict of shareholders' interests with the interests of the representative. If a shareholder acts in respect of certain shares on behalf of another person, he is entitled to exercise the voting rights belonging to those shares differently.

- 6.4. The shareholder does not exercise their voting right:
- a) if he is in arrears with the fulfillment of the deposit obligation, to the extent of the delay;
  - b) if the General Meeting decides on his non-monetary contribution;
  - c) if the General Meeting decides whether he or a person with whom he acts in agreement should be exempted from fulfilling the obligation or whether he should be removed from the position of a member of the Company's body for breach of duty in the performance of his function;
  - d) in other cases specified by law.
- 6.5. Restrictions on the exercise of voting rights referred to in Article 6.4 letter b) to d) of the Articles of Association shall also apply to shareholders who deal with a shareholder who is not able to exercise the voting right in agreement.
- 6.6. Restrictions on the exercise of voting rights referred to in Article 6.4 letter b) to d) of the Articles of Association do not apply if all shareholders of the Company act in concert.
- 6.7. The shareholder is entitled to a share in the Company's profit, which the General Meeting has approved for distribution among the shareholders. This share is determined by the ratio of the shareholder's share to the share capital. The shareholder is not obliged to return to the Company the share of the profit received in good faith. In case of doubt, good faith is assumed.
- 6.8. The profit share is payable within 3 (in words: three) months from the date of the General Meeting's decision on the distribution of the Company's profit, by non-cash transfer to the shareholder's account specified in the list of shareholders at the expense and risk of the Company.
- 6.9. For the duration of the Company, even in the event of its dissolution, the shareholder has no right to return the subject of his deposits. Upon dissolution of the Company in liquidation, each shareholder is entitled to a share in the liquidation balance.
- 6.10. Other rights of shareholders are governed by the relevant provisions of generally binding legal regulations.

## Consolidated statement of comprehensive income

for the year ended 31 December 2020

(CZK '000)	Notes (item 8)	Year ended 31 Dec 2020	Restated year ended 31 Dec 2019*
Revenue	a)	648,242	244,871
Cost of sales of solar power plant projects	b)	(279,908)	(165,145)
Cost of raw materials and services used	b)	(144,128)	(78,111)
Personnel expenses	b)	(91,611)	(48,569)
Depreciation of PPE and intangible assets	e), f)	(28,749)	(29,672)
Other operating income		8,733	13,326
Other operating expenses	b)	(25,378)	(10,094)
<b>Operating profit</b>		<b>87,201</b>	<b>(73,394)</b>
Finance income	c)	34,483	4,172
Finance costs	c)	(94,689)	(132,520)
Share of net profit of associates accounted for using the equity method		(54)	0
<b>Profit before income tax</b>		<b>26,941</b>	<b>(201,742)</b>
Income tax expense	d)	14,566	20,285
<b>Profit for the period</b>		<b>41,507</b>	<b>(181,457)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		27,786	4,663
Share of other comprehensive income of associates accounted for using the equity method		(64)	0
<b>Other comprehensive income for the period</b>		<b>27,722</b>	<b>4,663</b>
<b>Total comprehensive income for the period</b>		<b>69,229</b>	<b>(176,794)</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.

## Consolidated statement of financial position

as at 31 December 2020

(CZK '000)	Notes (item 8)	31 Dec 2020	Restated 31 Dec 2019*	Restated 1 Jan 2019*
<b>ASSETS</b>				
Property, plant and equipment	e)	662,212	147,467	171,338
Right-of-use assets	f), g)	129,333	0	0
Goodwill	f), u)	840,228	840,228	0
Non-current intangible assets	f)	3,946	3,900	2,035
Financial assets		288	11,569	0
Deferred tax asset	q)	106,880	22,902	0
Other non-current assets	h)	44,182	6,166	71
<b>Non-current assets</b>		<b>1,787,069</b>	<b>1,032,232</b>	<b>173,444</b>
Inventories	i)	275,493	445,753	144,674
Trade receivables	j)	34,741	75,978	6,192
Other financial assets	k)	437,028	0	0
Other current assets	m)	228,255	92,818	88,063
Cash and cash equivalents	l)	404,244	60,318	415,330
<b>Current assets</b>		<b>1,379,761</b>	<b>674,867</b>	<b>654,259</b>
Disposal group of assets held for sale	n)	62,727	0	0
<b>Total assets</b>		<b>3,229,557</b>	<b>1,707,099</b>	<b>827,703</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.



## Consolidated statement of financial position

as at 31 December 2020

(CZK '000)	Notes (item 8)	31 Dec 2020	Restated 31 Dec 2019*	Restated 1 Jan 2019*
<b>EQUITY AND LIABILITIES</b>				
Share capital	t)	3,176	3,176	3,176
Surcharges outside the share capital	f)	504,597	504,597	4,597
Unpaid losses (-)		(382,459)	(166,416)	(79,417)
Profit/loss for the period		41,507	(181,457)	(87,415)
Exchange differences from the translation of foreign subsidiaries		31,427	3,694	(969)
<b>Total equity</b>		<b>198,248</b>	<b>163,594</b>	<b>-160,028</b>
Non-current financial liabilities	p)	1,872,366	797,622	813,121
Lease liabilities	g), p)	143,265	0	0
Provisions	r)	15,366	6,072	0
Deferred tax liability	d)	56	0	0
<b>Total non-current liabilities</b>		<b>2,031,053</b>	<b>803,694</b>	<b>813,121</b>
Trade payables	o)	144,769	43,836	37,500
Current financial liabilities	p)	744,821	681,314	131,331
Lease liabilities	g), p)	1,295	0	0
Current tax liabilities	d)	73,582	2,016	1,258
Other current liabilities	o)	29,601	12,645	4,521
<b>Total current liabilities</b>		<b>994,068</b>	<b>739,811</b>	<b>174,610</b>
Liabilities directly associated with disposal group of assets held for sale	n)	6,188	0	0
<b>TOTAL liabilities</b>		<b>3,031,309</b>	<b>1,543,505</b>	<b>987,731</b>
<b>Total equity and liabilities</b>		<b>3,229,557</b>	<b>1,707,099</b>	<b>827,703</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.

## Consolidated statement of changes in equity

for the year ended 31 December 2020

(CZK '000)	Notes (item 8)	Share capital	Surcharges outside the share capital	Translation differences	Revaluation differences	Unpaid losses and Profit/loss for the period	Total equity
<b>Balance as at 1 Jan 2019</b>		<b>3,176</b>	<b>4,597</b>	<b>(969)</b>	<b>0</b>	<b>(166,832)</b>	<b>(160,028)</b>
<i>Transactions with owners</i>							
Shareholder's contribution	f)	0	500,000	0	0	0	500,000
<i>Other transactions</i>							
Other changes		0	0	0	0	416	416
Loss after tax		0	0	0	0	(41,493)	(41,493)
Other comprehensive income for the period		0	0	4,663	0	0	4,663
<b>Balance as at 31 December 2019</b>		<b>3,176</b>	<b>504,597</b>	<b>3,694</b>	<b>0</b>	<b>(207,909)</b>	<b>303,558</b>
Restatement due to error*		0	0	0	0	(139,964)	(139,964)
<b>Restated balance as at 31 Dec 2019*</b>		<b>3,176</b>	<b>504,597</b>	<b>3,694</b>	<b>0</b>	<b>(347,873)</b>	<b>163,594</b>
<i>Other transactions</i>							
Changes in the definition of consolidated group		0	0	0	11	(14,171)	(14,160)
Restatement due to error in inventory		0	0	0	0	(20,415)	(20,415)
Profit after tax		0	0	0	0	41,507	41,507
Other comprehensive income for the period		0	0	27,786	(64)	0	27,722
<b>Balance as at 31 December 2020</b>		<b>3,176</b>	<b>504,597</b>	<b>31,480</b>	<b>(53)</b>	<b>(340,952)</b>	<b>198 248</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.

## Consolidated statement of cash flows

for the year ended 31 December 2020

(CZK '000)	Notes (item 8)	2020	Restated 2019*
<b>Cash flows from operating activities</b>			
Profit/loss before tax		26,941	(201,742)
Adjustments for:			
Depreciation and amortization of PPE, intangible assets and right-of-use assets	e), f)	28,749	29,672
Interest income	c)	(331)	(4,172)
Interest expense	c)	90,007	63,455
Gain/loss from the sale of fixed assets	e), f)	(834)	0
Change in provisions		9,294	6,072
Other non-cash transactions		(7,228)	1,271
		146,598	(105,444)
Changes in solar power plants projects under construction		98,850	(308,554)
Changes in inventories	i)	8,684	(5,052)
Changes in trade and other receivables	j)	(94,490)	(111,122)
Changes in trade and other payables	o)	147,792	19,221
		307,434	(510,951)
Interest received		331	4,172
Interest paid	p)	(49,377)	(48,345)
Income tax paid		(1,455)	(923)
<b>Net cash flow from operating activities</b>		<b>256,933</b>	<b>(556,047)</b>
<b>Cash flows from investing activities</b>			
Acquisition of PPE and intangible assets		(533,996)	(13,096)
Proceeds from the sale of investment assets		57,000	7,138
Acquisition of investment assets		(853,109)	(11,000)
<b>Net cash flow from investing activities</b>		<b>(1,330,105)</b>	<b>(16,958)</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.

## Consolidated statement of cash flows

for the year ended 31 December 2020

(CZK '000)	Notes (item 8)	2020	Restated 2019*
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	p)	1,748,428	240,319
Repayments of borrowings	p)	(324,535)	(101,413)
Repayments of lease liabilities	p)	(3,355)	0
Proceeds from bonds issued	p)	89,500	28,764
Repayments of bonds	p)	(72,379)	(16,011)
<b>Net cash flow from financing activities</b>		<b>1,437,659</b>	<b>151,659</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			
		<b>364,487</b>	<b>(421,346)</b>
Cash acquired in a business combination		0	63,237
<b>Cash and cash equivalents at the beginning of the reporting period</b>			
		<b>43,692</b>	<b>402,130</b>
Exchange differences from the translation of cash and cash equivalents		(20,934)	(329)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>l)</b>	<b>387,245</b>	<b>43,692</b>

\* For more information on changes in consolidated financial statements see note Y.  
Changes in information in the Group's consolidated financial statements.

### 3. Consolidated group

As at 31 December 2020 and 2019, the consolidation group consists of the consolidating entity SOLEK HOLDING SE established in the Czech Republic with the functional currency of the Czech koruna (hereinafter referred to as Kč or CZK) and the following subsidiaries:

Group's share	Subsidiaries	Country	Functional currency	2020	2019
100%	SOLEK Czech Services s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
100%	SOLEK Administration s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
100%	Solek I s.r.o.	Czech Republic	CZK	full consolidation	not consolidated (insignificant)
100%	SOLEK EUROPE Holding s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2020
0%	SOLEK SICAV, a.s.	Czech Republic	CZK	sold in 2020 (100% shares)	not consolidated (insignificant)
100%	SOLEK Renewables s.r.o. v likvidaci	Czech Republic	CZK	---	liquidated in 2019
100%	ENERGY HOLDING S.A.	Luxembourg	EUR	full consolidation	full consolidation
100%	SOLEK LATAM Holding SpA	Chile	CLP	full consolidation	full consolidation
100%	SOLEK Chile Holding SpA	Chile	CLP	full consolidation	full consolidation
100%	Solek Chile Holding II SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	SOLEK Chile Holding III SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	SOLEK Chile Holding IV SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	PV Power Chile SpA	Chile	CLP	full consolidation	full consolidation
100%	Solek Construcción SpA	Chile	CLP	full consolidation	full consolidation
100%	Solek Desarrollos SpA	Chile	CLP	full consolidation	full consolidation
100%	Parque Solar Ovalle Norte SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar El Sauce SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Don Flavio SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar La Rosa SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Meco Chillan SpA	Chile	CLP	full consolidation	full consolidation
100%	Parque Solar Aurora SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Alcaldesa SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Tangua SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Lo Chacon SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Parral Solar SpA	Chile	CLP	full consolidation	not consolidated (insignificant)



Group's share	Subsidiaries	Country	Functional currency	2020	2019
100%	Fotovoltaica Laurel SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Alianza SPA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Retiro SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Altos Laos SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Membrillo Solar SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Champa Solar SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Parque Solar La Muralla II SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Fotovoltaica Avellano SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar La Muralla SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Mina Dorada SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar El Conquistador SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Porvenir SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Tabolango SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Panguilemo SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Los Peumos SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Viveros SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Benavente SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Santa Cruz SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Convento SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Colimavilla SpA	Chile	CLP	full consolidation	not consolidated (insignificant)

Group's share	Subsidiaries	Country	Functional currency	2020	2019
100%	Parque Solar El Gultro SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Salamanca SpA	Chile	CLP	full consolidation	not consolidated (insignificant)
100%	La Pena Solar SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Parque Solar lo Prado SPA	Chile	CLP	full consolidation	incorporated in 2020
100%	Humberto Solar SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Limace Solar SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	Santa Ester SpA	Chile	CLP	full consolidation	incorporated in 2020
100%	SOLEK Santa Laura SpA	Chile	CLP	---	sold in 2019
100%	Parque Solar Los Paltos SPA	Chile	CLP	---	sold in 2019
100%	Parque Solar Villa Seca SpA	Chile	CLP	---	sold in 2019
100%	Parque Solar el Paso SpA	Chile	CLP	sold in 2020	full consolidation
100%	Parque Solar Santa Fe SpA	Chile	CLP	sold in 2020	full consolidation
100%	Parque Solar Villa Alegre SpA	Chile	CLP	sold in 2020	full consolidation
100%	SOLEK Romania Services S.R.L.	Romania	RON	full consolidation	full consolidation
100%	Solek Project Alpha SRL	Romania	RON	full consolidation	full consolidation
100%	Solek Project Gamma SA	Romania	RON	full consolidation	full consolidation
100%	Solek Project Tau SA	Romania	RON	full consolidation	full consolidation
100%	Solek Project Txi SA	Romania	RON	full consolidation	full consolidation
100%	Solek Holding SAS	Argentina	ARS	full consolidation	not consolidated (insignificant)
100%	Solek Colombia Holding SAS	Colombia	COP	full consolidation	not consolidated (insignificant)
100%	Parque Solar Las Playas SAS	Colombia	COP	full consolidation	incorporated in 2020
50%	Solek Peru SAC	Peru	PEN	equity method	not consolidated (insignificant)
100%	SOLEK Cyprus Services Limited	Cyprus	EUR	full consolidation	not consolidated (insignificant)
100%	SOLEK LARNAKA I LIMITED	Cyprus	EUR	full consolidation	incorporated in 2020
100%	SOLEK LEMESOS I LIMITED	Cyprus	EUR	full consolidation	incorporated in 2020
100%	SOLEK NICOSIA I LIMITED	Cyprus	EUR	full consolidation	incorporated in 2020
100%	SOLEK PAPHOS I LIMITED	Cyprus	EUR	full consolidation	incorporated in 2020

The results of the subsidiaries, which were not included in the 2019 consolidation group, have an overall insignificant impact on the Group's consolidated financial statements and did not cause significant omissions.

**SOLEK SICAV, a.s. (now as MW Investiční fond SICAV, a.s.)**

As at 26 June 2019, the Company established a qualified investor fund SOLEK SICAV, a.s. (now as MW Investiční fond SICAV, a.s.) in order to enable private investors to invest exclusively in power plants developed by the Solek Group.

As at 31 December 2019, the Company owned the founding (ordinary) shares of the SOLEK SICAV, a.s. fund.

On 20 April 2020, these shares were transferred outside the SOLEK Group.

SOLEK SICAV, a.s. is administrated and managed by an independent specialized investment company registered with the Czech National Bank outside the SOLEK Group.

The qualified investor fund was subsequently renamed to MW Investiční fond SICAV, a.s. from 1 January 2021.

# Notes to the consolidated financial statements

## 4. Accounting policies

The consolidated financial statements for the year ended on 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The Group therefore applies all IFRS published by the IASB and interpretations issued by the IFRS Interpretations Committee ("IFRIC"), which are effective as of 31 December 2020, adopted by the EU and applicable to the Group. The term IFRS includes all applicable International Accounting Standards and all interpretations and amendments of the International Financial Reporting Standards.

The Group's accounting period (financial year) comprises twelve months and ends on 31 December each year.

The consolidated financial statements have been prepared in Czech crowns (CZK) and presented in thousands of Czech crowns (in thousands of CZK). The Group's consolidated financial statements have been prepared in accordance with the uniform accounting principles and consolidation rules for all reporting periods.

The consolidated financial statements have been prepared in accordance with the historical cost basis, except for instances where IFRS requires a different method of measurement as described in the accounting policies below.

The Group's management has considered the impact of the new coronavirus causing the disease Covid 19 when assessing the valuation of assets and liabilities and Group's going concern assumptions.

### I. Principles of consolidation

All subsidiaries controlled by the Company in accordance with the provisions of IFRS 10 "Consolidated Financial Statements" are included in the consolidated financial statements and fully consolidated. The Group gains control when it can exercise power over an entity, is exposed to variable returns from investment and has the ability to use its power over the entity in which it has invested to influence its operations. The Company reviews control again if facts and circumstances indicate that one or more of the above control criteria have changed.

The results of subsidiaries acquired or sold during the year are recognized in the consolidated statement of comprehensive income with effect from the actual acquisition date or up to the actual disposal date.

The gain or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in non-controlling interests with a negative balance. If necessary, the financial statements of subsidiaries shall be adjusted so that the accounting policies applied by them are consistent with the Group's accounting policies. All assets and liabilities within the Group, equity, revenues, expenses and cash flows relating to transactions between members of the Group are fully eliminated in consolidation.

Loans between the Group's entities and related foreign exchange gains or losses are eliminated in consolidation. However, if the loan is between the Group's entities that have different functional currencies, the foreign exchange gain or loss cannot be completely eliminated and is recognized in consolidated profit or loss unless the loan is expected to be settled in the foreseeable future and forms part of net foreign investment. In this case, the foreign exchange gain or loss is recognized in other comprehensive income.

The Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months after the end of the reporting period. If assets and liabilities have both a current and a non-current component, they are divided into these different components and recognized as current and a non-current assets or liabilities according to the structure of the statement of financial position. The consolidated statement of comprehensive income is prepared on the basis of the nature of expense method.

## II. New standards and interpretations

### Adoption of new or revised standards and interpretations

#### New and amended IFRS accounting rules adopted by the Group

In preparing these financial statements, the Group has considered the following amendments to IFRS, effective from 1 January 2020, which have had little or no effect on the results and information presented in these consolidated financial statements compared to the previous consolidated financial statements for 2019:

- The new *Conceptual Framework for the Financial Reporting* based on IFRS, which clarifies and expands the conceptual regulation of the presentation and disclosure of information, the definition of the reporting entity, valuation and derecognition, updates the definitions of assets and liabilities. The conceptual framework does not a priori apply to the Group's reporting, as it is necessary to respect the requirements of standards and interpretations. However, as a result, the existing rules may be amended in the future, which will also lead to changes in the Group's accounting policies.
- Amendments to IFRS 3 *Business Combinations* concerning the definition of an enterprise, which affects the assessment of an acquisition transaction of another enterprise and the assessment of whether such a transaction is a business combination under IFRS 3 or only an acquisition of a group of assets. The consequences of such an assessment are crucial for the method of recording and related valuation, e.g. revaluation of acquired net assets, identification and valuation of goodwill, etc. The amendment removes from the definition of a business the condition that the consequence of a business combination may be a reduction in costs, and the new definition is fully oriented to the outputs of the purchased business (goods, services provided to customers). The amendment newly introduces a "concentration test", which will be optional, and the entity can use it to decide that the fair value of the acquiree is formed (concentrated) by the fair value of the acquired asset within the entity, and therefore the transaction is recorded as an acquisition of group of assets, not a business combination. The Group will reflect the adjustment of the definition in its possible future transactions.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* adjusting the definition of materiality. According to the new definition of materiality, an entity must avoid the "obscuration of information" (e.g. vaguely formulate information about significant items and events, inappropriately aggregate or disaggregate, place information in various positions in the financial statements and provide significantly more information and thus hide essential information). In assessing materiality, primary users must be considered, not the full range of potential users. Finally, information must be considered in such a way that it can be expected to influence users' decisions, not whether they influence it. The effectiveness of the amendment is prospective for events and transactions that have taken place since the inception of the initial application. The Group does not expect a material impact on the consolidated financial statements but perceives and reflects the adjustment to the definition of materiality in the assessment of transactions and in the preparation of consolidated financial statements.



- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* titled *Interest Rate Benchmark Reform* are the IASB's first response to the potential changes that the reform of IBOR rates to financial reporting may bring. IBOR rates, i.e. EURIBOR, PRIBOR etc. are considered as reference interest rates (used, for example, as a basis for determining variable interest rates) and express the cost of obtaining loan financing. As the question of their long-term application has arisen, the published IFRS amendment regulates the procedure for replacing existing interest rates with other alternative rates and addresses the effects on hedge accounting. The amendment also affects disclosure and introduces additional information requirements regarding the uncertainty arising from the interest rate reform. The amendment has no impact on the 2020 consolidated financial statements.
- Amendment IFRS 16 *Leases Covid-19-Related Rent Concessions*, effective from 1 June 2020, was voluntarily adopted by the Group from 1 January 2020. This amendment, as a practical expedient, reacts to rent concessions occurring as a direct consequence of the covid-19 pandemic. It concerns lessees only and it allows not to account for rent concessions occurring as a direct consequence of the covid-19 pandemic as lease modifications; hence not to re-measure the lease liability, and instead to account for those rent concessions as for rent reliefs with direct impact to the current period profit. This amendment does not have material impact on the 2020 consolidated financial statements.

**The new and amended IFRS accounting rules, which have been issued but are not yet effective and have not been applied by the Group**

As of the date of approval of these consolidated financial statements, the following new and amended IFRSs were issued, but they were not effective at the beginning of the current accounting period (1.1.2020) and were not used by the Group in preparing these consolidated financial statements for the year ended 31 December 2020:

- In May 2017, a new standard titled IFRS 17 *Insurance Contracts* was issued (original effectiveness for annual periods beginning on or after 1 January 2021 or later was deferred by an amendment from June 2020 to 1 January 2023 and later), which introduces a comprehensive guidance (on recognition, valuation, presentation, disclosure) for insurance contracts in the financial statements prepared in accordance with IFRS, i.e. it relates primarily to the insurance industry. IFRS 17 replaces the current incomplete guidance in IFRS 4. The Group operates in different industry, does not report insurance contracts and the new standard, according to the current assessment, does not affect the financial position and performance of the Group.
- In January 2020, amendments to IAS 1 *Presentation of Financial Statements* titled *Classification of Liabilities as Current or Non-current* were issued (original effectiveness for annual periods beginning on 1 January 2022 and later was deferred by amendment from July 2020 to 1 January 2023 and later with retrospective effect), which provide a more general approach to classifying liabilities with respect to contractual arrangements in force at the balance sheet date. The amendments will affect only the presentation of liabilities in the statement of financial position, not the amount or the timing of their recognition or the information disclosed about liabilities in the financial statements. The amendment clarifies that a liability shall be presented as current or non-current with respect to the rights and obligations valid at the balance sheet date and shall not be affected by the entity's expectations regarding the settlement (realization or fruition) of the liability. The Group will assess the new adjustments and the resulting changes but does not expect a material impact on the consolidated financial statements.

- In May 2020, amendments to IAS 16 *Property, Plant and Equipment - Proceeds before Intended Use* were issued (effective for annual periods beginning on or after 1 January 2022), which prohibit an entity from reducing acquisition costs by proceeds from the sale of products created during the trial phase of the property, i.e. before being put into condition for the intended use. Newly, this income as well as related expenses are to be recognized in profit or loss. The Group will assess the new adjustments and the resulting changes but does not expect a material impact on the consolidated financial statements.
- In May 2020, amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets - Cost of Fulfilling a Contract* were issued (effective for annual period beginning on or after 1 January 2022), which clarify the costs to be included in the entity's costs to fulfill the contract during assessment whether the contract is onerous. The Group will assess the new adjustments and the resulting changes but does not expect a material impact on the consolidated financial statements.
- In May 2020, the *Annual Improvements Project to IFRSs 2018-2020 Cycle* was issued (effective for annual periods beginning on or after 1 January 2022), which includes amendments to the following standards: amendment to IFRS 9 Financial Instruments clarifies the fees to be considered by an entity when assessing whether the terms of the new or modified financial liability are substantially different from those of the original commitment (clarification of the 10% test). Amendment to IFRS 1 First-time Adoption of IFRS simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter later than its parent. The simplification relates to the valuation of the exchange rate difference from the translation of financial statements. Amendment to IAS 41 Agriculture removes the requirement to exclude taxation cash flows from the measurement of fair value in order to comply with the requirements of other standards. The Group does not expect any significant impact from the newly issued amendments.
- In May 2020, amendments to IFRS 3 *Business Combinations* were issued (effective for annual periods beginning on or after 1 January 2022), which only update the guidance with relevant references to the new Conceptual Framework. This is a formal amendment without impact on the Group's consolidated financial statements.
- In June 2020, amendments to IFRS 17 *Insurance Contracts* were issued (effective for annual periods beginning on or after 1 January 2023), which were aimed to assist the Group in implementing IFRS 17 during the Covid-19 pandemic and to facilitate clarification of the impact of IFRS 17 on the financial performance of the Group. This amendment postpones the effectiveness of IFRS 17 to 1 January 2023 and later. The Group does not fall within the scope of IFRS 17 and the amendment will not have any impact on its consolidated financial statements
- In July 2020, amendments to IAS 1 *Presentation of Financial Statements titled Classification of Liabilities as Current or Non-current* were issued (effective for annual periods beginning on or after 1 January 2023) which postponed the effectiveness of the amendment from the original date of 1 January 2022 to 1 January 2023 and later.
- In August 2020, amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* titled *Interest Rate Benchmark Reform - Phase 2* were issued and it is the IASB's second response to expected changes that the reform of IBOR rates for financial reporting should bring (effective for annual periods beginning on or after 1 January 2021). The amendment regulates the procedures for reflecting possible changes in the amount of contractual cash flows of financial instruments and in hedge accounting as a result of changes in IBOR rates in the financial statements. The Group does not expect a material impact on the consolidated financial statements.

- In February 2021, amendments to IAS 1 *Presentation of Financial Statements titled Disclosure of Accounting Policies* (effective for annual periods beginning on or after 1 January 2023) were issued. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to assist in deciding which accounting policies to disclose in the financial statements. The Group will assess the new adjustments and the resulting changes but does not expect a material impact on the consolidated financial statements.
- In February 2021, amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors - Definitions of Accounting Estimates* were issued (effective for annual periods beginning on or after 1 January 2023). The adjustments focus on accounting estimates and provide guidance on distinguishing between accounting policies and accounting estimates. The Group does not expect the amendments to have a material impact on the consolidated financial statements.
- In May 2021, amendments to IAS 12 *Income Taxes* titled *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* were issued (effective for annual periods beginning on or after 1 January 2023), to reduce the scope of the exemption for non-recognition of deferred tax on transactions for which there is a difference between the carrying amount and the tax base of the asset or liability on initial recognition. This is due to different approaches to the recognition of deferred tax on leasing contracts. The Group will assess the new adjustments and the resulting changes but does not expect a material impact on the consolidated financial statements.

#### New and amended IFRS accounting rules issued by the IASB, but not yet adopted by the EU

As at the date of preparation of these consolidated financial statements, the following standards, amendments and interpretations, previously issued by the IASB, have not yet been approved by the European Commission for use in the EU.

- IFRS 14 *Regulatory Deferral Accounts* (issued in January 2014) – the EU decision to never approve it as it is a temporary standard
- IFRS 17 *Insurance Contracts* (issued in May 2017, including consideration of the June 2020 amendments postponing the effective date to 1 January 2023)
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (issued in January 2020 including the July 2020 amendments postponing the effective date to 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued in February 2021 with effect from 1 January 2023)
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definitions of Accounting Estimates* (issued in February 2021 with effect from 1 January 2023)
- Amendments to IFRS 16 *Leases* titled *Covid-19-Related Rent Concessions beyond 30 June 2021* (issued in March 2021 with effect from 1 April 2021)
- Amendments to IAS 12 *Income Taxes* titled *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued in May 2021 with effect from 1 January 2023)

**B. Going concern and key sources of uncertainty in estimates, judgements and assumptions**

In connection with the preparation of the Company's consolidated financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Group's control. Such changes are reflected in the financial statements when the changes in assumptions occur.

**I. Going concern assumption of the SOLEK Group**

The total comprehensive income of the SOLEK Group for the year ended 31 December 2020 is a profit of CZK 69,229 thousand (31 December 2019 restated loss of CZK 176,794 thousand).

The Group's top management approved a strategic plan, which specifies future intentions with individual subsidiaries that own a solar power plant under construction. The plan divides the subsidiaries into the following categories:

- a) intended for future sale; strategic negotiations are underway with an investment company on the purchase of individual companies during different periods
- b) intended for the retention and subsequent production of electricity; in this case, the financing is provided by a strategic banking partner.

The goal is to ensure the optimal amount of positive cash flow and thus at the same time guarantee the going concern of the Group.

The Group's management is constantly preparing and revising forecasts of future cash flows covering the next 24 months. These forecasts already reflect management's expectations in terms of the completion and realization of projects, their sales and any funds generated.

The Group's management has assessed the relevant inputs and cash flow forecasts, as described above, and believes that the Group will be able to obtain all funds in a timely manner and to the extent necessary to continue as a going concern.



## **II. Significant judgments and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

In the process of applying the Group's accounting policies, management has made the following judgments and estimates that have a material effect on the amounts reported in these consolidated financial statements:

### **Judgment on constructing of a solar power plant: Selling to investors vs. construction financing using bank**

The decision on whether the solar power plant construction project will be financed by the bank's facility or whether it will be intended for sale to an investor is made with regard to the financial stability and long-term sustainability of the SOLEK Group's growth. This means in practice that it is always required to invest equity capital when using bank financing, which of course slows down the construction of other projects, but in the long run contributes to diversification of proceeds between proceeds from construction and subsequent sale of projects and proceeds from electricity sales.

Another factor in deciding whether a project will be sold or remain the property of the SOLEK Group is risk diversification. The SOLEK Group does not conclude exclusivity for the construction of solar power plants with only one investor, but always tries to keep several investors in the customer portfolio.

### **Valuation of projects under construction**

For projects under construction, the price of the project is determined on the basis of the achieved progress of design and preparatory work and subsequently the construction phase. The price is firmly agreed with a specific investor for each individual milestone and is then reflected in the payment calendar.

All permits, assessments and contracts must be obtained within the design work (for example DIA assessment - environmental impact, lease agreements for land for the construction of the plant and lines which connect the plant to the grid, building permits, analysis and measurement of light exposure, archaeological research etc.) - this milestone is usually valued as 15% of the price of the entire solar power plant.

Next milestone of the project is the detailed engineering of the entire solar power plant, which usually represents the value of 5% of the entire solar power plant.

When determining the price for these two milestones, the status of the individual parts of the project is assessed on the basis of the permits obtained and the conditions met for the construction of the solar power plant and its connection.

For milestones that are already related to the construction itself, this price is assessed on the basis of the investment rate, i.e. based on the invoices for the material delivered and the work that has been carried out.

### **Estimated useful life of solar power plants**

An important estimate in accounting for property, plant and equipment and intangible assets is the determination of the useful life of assets for the purposes of their depreciation and amortization.

To determine the useful life of the Group's solar power plant, it is necessary to make estimates in connection with technical obsolescence, location and expected physical wear and tear with respect to the production materials used for the asset.

The warranty for the useful life of photovoltaic power plants is 25 years. The individual components of the power plant have a warranty for the useful life of 2 to 25 years. The warranties provided by the SOLEK Group are fully covered by the warranties of the manufacturers and suppliers of the individual components. For power plants that are not intended for sale, the useful life is internally considered in the range of 15 to 20 years, the expected real useful life is longer than 25 years.

In the event of an extension of the useful life of power plants operating in Romania (the Group does not yet operate power plants in Chile), we expect an additional annual net revenue of CZK 2,800 thousand from each 1 MW of installed capacity.

### **Taxes**

A deferred tax asset arising from unused tax losses is recognized to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment was required to determine the amount of the deferred tax asset that could be recognized based on the probable timing and level of future taxable profits, together with future tax planning strategies.

### **Right-of-use assets and lease liabilities**

The valuation of right-of-use assets is based on significant management judgment, primarily to determine the interest rate estimate.

The considered interest rate is based on average borrowing costs and is set at 12% p.a.

In the event of a change in the considered interest rate by 1%, the lease interest expense will change by CZK 3,558 thousand.

### **Borrowing rate**

The Group uses the borrowing rate to measure right-of-use assets and lease liabilities. In each country, it determines the value of the interest rate at which it would obtain a loan from an external provider to finance its activities. The borrowing rate was set at 12% for Chile and 5% for Romania according to a concluded bank loan agreement.

Due to the total amount of loans, with an increase in the borrowing rate by 1%, there is a risk of an increase in the Group's interest expenses by CZK 23,749 thousand.

## **C. Subsidiaries**

Business combinations are accounted for using the acquisition method. The acquisition cost of a business combination corresponds to the fair value of the consideration paid, liabilities incurred to the former owners of the acquiree and equity shares issued by the Group. The acquisition cost includes the fair value of the assets and liabilities that arise from the contingent consideration arrangement. Subsequent changes in this fair value are recognized in profit or loss.

Acquisition related costs are recognized in profit or loss when incurred. For each business combination, the Group measures any non-controlling interest in the acquiree at either its fair value or its proportionate share of the acquiree's net identifiable assets. In the case of a step business combination, the Group, as the acquirer, remeasures through profit or loss the existing equity interests in the acquiree to fair value at the acquisition date.

A change in ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

#### D. Common control transactions

A business combination under common control is a combination that does not change the ultimate controlling entity of the combined entities. The Group's management has decided to report business combinations under the common control of the highest controlling entity using the acquisition method. The assets and liabilities of the subsidiary acquired in the scope of the acquisition under common control are reported in the Group's financial statements at fair value, they are measured at fair value and goodwill is calculated (see chapter J.). Other transactions under the common control of the Parent company, when there is no expansion of the consolidation group, are reported at book value, are not revalued and the value of goodwill is not calculated. In this case, the difference is recognized in equity.

#### E. Foreign currencies

The Group's consolidated financial statements are presented in CZK. Each entity of the Group determines its own functional currency, which is the currency of the primary economic environment in which the subsidiary or parent company operates. Individual items of the financial statements of consolidated companies are valued and reported using these functional currencies.

Transactions in foreign currencies are initially recognized by the entity at the relevant functional currency exchange rate at the date when the transaction initially meets the conditions for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates of the functional currency at the reporting date. The source used was information presented by the Czech National Bank, for state variables the exchange rate as of 31 December was used, for flow variables the average exchange rate for the given calendar year was used. Exchange rates not announced by the CNB are calculations of mutual currency pairs using the announced exchange rate of the Czech crown. Differences arising from the settlement or translation of monetary items are recognized in the statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition of the transactions.

As at 31 December 2020, the following exchange rates were used in the preparation of the consolidated financial statements:

	Exchange rate as at 31 Dec 2020				Average exchange rate for 2020			
	EUR	CLP	RON	PEN	EUR	CLP	RON	PEN
CZK	26.245	0.030	5.391	5.922	26.444	0.029	5.466	6.617
EUR	-	0.001	0.205	0.226	-	0.001	0.207	0.250
CLP	-	-	178.925	196.548	-	-	187.256	226.674
RON	-	-	-	1.098	-	-	-	1.211

## **F. Investments in Joint Ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, where strategic financial and operating decisions relating to the activities of the joint venture require the unanimous consent of all parties sharing control. In connection with its participation in a joint arrangement, the Group recognizes ownership interests in joint ventures, which it measures using the equity method. Value of these ownership interests is tested for impairment at least annually at the balance sheet date. Any decrease in the value of investments would be recognized in profit or loss and reported on the line Share of other comprehensive income of associates accounted for using the equity method.

## **G. Property, plant and equipment**

Property, plant and equipment ("PPE") include solar power plants, machinery, equipment and other facilities and solar power plants under construction. These assets are stated at cost less accumulated depreciation and accumulated impairment. Their useful life is longer than 1 year.

The cost of internally developed assets includes the cost of materials and direct labor, indirect costs directly attributable to construction, and any costs directly attributable to the commissioning of the asset. Furthermore, for qualifying assets, it includes duly attributable borrowing costs (see chapter L. Borrowing costs) incurred during construction. These assets are completed and ready for use when the power plant is connected to the electricity grid and all technical parameters necessary for electricity generation are met.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component beginning from the time it is ready for use. Depreciation of a solar power plant begins when the power plant is ready for its intended use, usually on the day of connection to the grid and commissioning.

Depreciation is calculated considering zero residual value.

Depreciation ceases when the asset is derecognized or when the tangible asset is classified as held for sale, whichever occurs first.

Depreciation is not interrupted when the asset is temporarily idle or out of active operation (unless it is fully depreciated).

Maintenance costs that do not extend the useful life are recognized in the consolidated statement of comprehensive income when incurred. The costs of improvements that extend useful life are capitalized.

Replacement of damaged components is accounted for as derecognition of the components being replaced and subsequent capitalization of replacement costs as new PPE items.

Parts of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their continued use.



Any gain or loss arising on the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the asset is derecognized.

Estimated useful life of solar power plants and other tangible fixed assets:

Property, plant and equipment	Method	Useful life
Buildings	Straight-line	8-32 years
Plant and equipment, holders, converters, transformers	Straight-line	2-20 years
Alarms	Straight-line	8 years
Cars, curve meters, other machines	Straight-line	5 years
Notebooks below CZK 40 thousand	Straight-line	2 years
Notebooks above CZK 40 thousand	Straight-line	5 years

Land is expected to have an indefinite useful life and is therefore not depreciated.

At the end of each reporting period, management assesses whether there is any indication that an item of property, plant or equipment may be impaired. If such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior years may be reversed if there has been a change in the estimates used to determine the asset's value in use or its fair value less costs to sell.

Costs related to research activities (project opportunities) are recognized in the statement of comprehensive income at the time they are incurred. Costs related to development activities (projects in preparation) are included in the acquisition cost if the project is technically and commercially viable and the Group has sufficient resources to complete the development work.

## H. Intangible assets

The Group's intangible assets comprise computer software, goodwill, licenses, valuable rights and other intangible assets. Computer software mainly represents external costs associated with the acquisition of the Group's information systems intended for use within the Group. Costs associated with the development or repair of computer programs are recognized as an expense when incurred.

Costs directly related to identified and specific software products that are controlled by the Group and whose probable economic benefit will exceed the acquisition costs for a period longer than one year and the acquisition price higher than CZK 20 thousand are reported as intangible assets.

Estimated useful lives of intangible fixed assets:

Asset	Method	Useful life
Valuable rights	Straight-line	up to 20 years
Licenses	Straight-line	5 years
Software	Straight-line	3 years

Intangible assets that are no longer used and do not generate any future economic benefits or are otherwise disposed of are derecognized from the statement of financial position together with the amortization related to these assets (if amortized). All net gains or losses arising on derecognition are recognized in profit or loss, i.e. the net gain or loss is determined as the difference between the net proceeds from disposal / sale and the carrying amount of the asset. Intangible assets, with the exception of assets with indefinite useful lives, are amortized on a straight-line basis from the time they are ready for use. Depreciation ceases when the asset is derecognized or when the intangible asset is classified as an asset with an indefinite useful life or as held for sale, whichever occurs first.

### I. Right-of-use assets and lease liabilities

Upon entrance into the contract, the Group assesses whether the contract has the character of a lease or contains a lease as per the lease definition, i.e. if the contract transfers the right to control the use of the identified asset for a certain period in exchange for consideration.

#### Leases where the Group acts as a lessee

As at the commencement date of the lease, the Group recognizes a right-of-use asset and a lease liability.

The right-of-use of an underlying asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made on or before the commencement date, net of any lease incentives received. Subsequently, the asset is stated at cost less accumulated depreciation and accumulated impairment and adjusted for certain revaluations of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The lease term established by the Group generally includes the non-cancellable lease term, the period covered by the lease extension option if the Group is reasonably certain to exercise this option and the period covered by the lease termination option if the Group is reasonably certain that it will not be exercised.

Estimated useful lives of right-of-use assets:

Right-of-use assets	Method	Useful life
Land	Straight-line	Lease term 20-30 years
Cars	Straight-line	Lease term 4 years

The lease liability is measured at the commencement date at the present value of the lease payments outstanding at that date, discounted using the lease borrowing rate.

The Group determines the borrowing rate based on the interest rates at which it would receive funds to finance its activities in the specific country.

The lease liability is measured by including fixed lease payments and variable lease payments dependent on an index or rate that were initially measured on the basis of an index or rate at the commencement date. The lease liability is subsequently increased by the lease interest expense on the lease and reduced by the lease payment made.

The liability is reassessed when there is a change in future lease payments resulting from a change in the index or rate used to determine those payments, or if there is a change in the lease term resulting from the Group's reassessment of whether it is reasonably certain that the Group will exercise the extension option or that it will not exercise the termination option.

The Group applied the standard's recognition exemptions for contracts with a lease term of less than 12 months and for leases with a low value of the underlying asset (in particular leases for Luxembourg and Romania offices). The SOLEK Group considers the rent of office space up to EUR 500 per month to be low in this sense.

### **J. Goodwill**

Goodwill represents the positive difference between the acquisition cost and the fair value of the group interest in the acquiree's identifiable assets at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment and is not amortized. Goodwill is tested for impairment at least once a year and is also subjected to a sensitivity analysis at least once a year using a significant change in input parameters.

The reason for testing goodwill for impairment is to determine whether the amount, recognized as an intangible asset in the consolidated financial statements, has lost its permanent value and has to be impaired. In this context, the cash-generating units to which goodwill is allocated are identified and tested for permanent impairment. An impairment loss is the difference, if negative, between the carrying amount and the recoverable amount. This represents the higher of the fair value of the cash-generating unit and its value in use, i.e. the present value of the future expected cash flows generated by the unit.

The fair value of a cash-generating unit is determined based on current market quotations or common valuation techniques. Value in use is based on the present value of future cash inflows and outflows based on projected plans / forecasts approved by the Group's management and covering a period of five years with the subsequent years being extrapolated with the expected growth rate for the period. The total length of the cash flow period is set at 30 years. If past impairment losses on goodwill no longer exist, they cannot be reversed.

### **K. Impairment of non-current non-financial assets**

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use and are not subject to amortization are tested annually for impairment. Assets that are subject to depreciation and amortization are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed the asset's recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which cash flows (cash-generating units) can be identified separately.

Any impairment of non-current non-financial assets would be recognized in the consolidated profit or loss and recognized in the line Impairment losses on non-current assets. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

#### **L. Borrowing costs**

Borrowing costs directly attributable to the acquisition of a qualifying asset, which are assets that necessarily require a significant period of time to become ready for their intended use or sale, are included in the cost of such an asset until the assets are substantially ready for their intended use or sale. Borrowing costs are determined at the actual amount based on the costs directly attributable to the individual qualifying assets. Any income realized from the temporary investment of borrowed funds from specific loans is deducted from the borrowing costs to be capitalized.

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

#### **M. Assets classified as held for sale**

In the consolidated statement of financial position, the Group separately recognizes non-current assets or groups of assets and liabilities (disposal groups) classified as held for sale, for which no residual value is recovered through continuing use but rather through sale. Assets or a group of assets and liabilities classified as such are available for immediate sale in their current condition and under normal conditions for the sale of such assets (groups of assets), their sale is highly probable and is expected to occur within one year.

The Group measures assets (group of assets) held for sale at the lower of their carrying amount and net realizable value. The Group recognizes impairment losses on initial or subsequent reduction of carrying amount to net selling price and accounts for them as impairments with an impact on consolidated profit or loss. Assets classified as held for sale cease to be depreciated or amortized at the date of their classification and subsequently only monitored for impairment.

#### **N. Inventories**

The Group considers assets held for sale, assets in the production process or material and similar supplies that are consumed in the production process as inventories.

Inventories are recognized at acquisition cost and they are subsequently measured at the lower of cost and net realizable value at each balance sheet date.

The acquisition cost includes the cost of materials and direct labor costs, indirect costs directly attributable to construction and all costs directly attributable to the commissioning of the asset. In addition, for qualifying assets, the Group includes duly attributable borrowing costs incurred during construction. These assets are completed and ready for sale when the power plant is connected to the electricity grid and all technical parameters necessary for electricity generation are met.

#### **O. Financial assets**

Financial assets are divided into two basic categories (a) at amortized cost and (b) at fair value, depending on whether the financial assets are held for trading or held under a business model with objective to hold the assets for the purpose of collecting contractual cash flows.

##### **a) measurement of a financial asset at amortized cost**

This category includes financial assets for which the Group has a strategy to hold them for the purpose of collecting contractual cash flows. Examples of such financial assets are trade receivables. Expected credit losses, exchange rate differences and interest income are recognized in the consolidated profit or loss.

**b) measurement of a financial asset at fair value remeasured to consolidated profit or loss**

Categories of financial assets for which the receipt of contractual cash flows is not the main objective of the strategy. An example of such a financial asset are investment shares. Provisions are not calculated or reported. Changes in the fair value of financial investments at fair value through profit or loss are reported in Finance costs or Finance income. Financial assets are included in current or non-current assets depending on the period in which they are settled.

**Investment shares**

The Group has invested its free funds into investment shares, which it measures at fair value with an impact on its consolidated profit or loss. The Group assumes that this is a short-term asset with a settlement of up to one year.

The value of an investment share is determined by MW Investiční fond SICAV, once a quarter, always for the quarter ahead based on the values as of the last working day of the previous quarter depending on the development of the fund's value. This price is announced publicly no later than on the 20th calendar day of the given quarter.

**Receivables**

Receivables are initially recognized at fair value adjusted for transaction costs that are directly attributable to their incurrence and are subsequently measured at amortized cost using the effective interest method, less any impairment. Any interest income on short-term receivables is insignificant and is not recognized. Receivables are then measured at nominal value less any impairment loss.

The Group recognizes an impairment loss on trade receivables based on an expected credit loss, considering lifetime losses. Expected losses on trade receivables are based on an analysis of the aging of receivables calculated from the inception of the receivable and reflecting the different risk portfolios of the debtors.

In assessing whether there has been a significant increase in credit risk, the Group considers, among other, the following indications:

- significant financial problems of the debtor;
- breach of contractual conditions;
- probability of bankruptcy or other financial restructuring of the debtor, etc.

The Group will fully write off a trade receivable if the information indicates major financial problems of the debtor and it is not realistic that the receivable will be settled. The written-off receivable may still be a subject to bad debt collection process, and if the Group ultimately receives some compensation, it is recognized as a gain in consolidated profit or loss.

The Group derecognizes a receivable only when the contractual rights to the cash flows arising from the receivable are exhausted or the receivable is transferred or sold to another entity along with all risks and benefits related to the ownership of the receivable. If during a transfer or sale, there is a difference between the carrying amount of the derecognized receivable and the consideration received, the difference is recognized in consolidated profit or loss.



**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held on demand with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at amortized cost and are held for the purpose of collecting contractual obligations.

Cash and cash equivalents with limited availability represent a form of collateral for lending banks. These funds can only be used with their consent.

Debt service accounts and project reserves are excluded from cash and cash equivalents.

**Impairment of financial assets**

Impairment of financial assets after applying the IFRS 9 approach is based on the expected credit loss (ECL) model, which is applied to the following financial assets:

- a) financial assets at amortized cost (trade receivables),
- b) financial guarantee contracts,
- c) bank accounts.

The analysis of the potential creation of a provision for receivables is performed by the Group at each balance sheet date, both for individually significant specific receivables and on the basis of expected credit losses. For receivables, the Group used a simplified approach, where the expected credit losses for the entire life cycle are always accounted for. The provision is determined as a percentage of historically outstanding receivables.

**P. Financial liabilities**

The Group reports only financial liabilities measured at amortized cost, which include trade payables, issued bonds, loans and bank loans. These liabilities are initially recognized at fair value adjusted for transaction costs that are directly attributable to their incurrence and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss in accordance with the effective interest rate method, except for current liabilities for which potential interest expense is insignificant. These liabilities are then measured at nominal value.

**Obligations under the financial guarantee agreement**

The financial guarantee agreement is linked to the loan agreement provided by an individual or a legal entity of the Company. A financial guarantee agreement is an agreement in which the guarantor undertakes to reimburse the creditor in accordance with the financial guarantee agreement in the event of the Company's inability to repay the loan at the specified time and in accordance with the terms of the debt instrument.

Liabilities arising from a financial guarantee contract are initially measured at fair value and, unless they are designated to be measured at fair value through profit or loss and do not result from a transfer of an asset, they are subsequently measured at the higher of: (i) the amount of the provision for loss; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with revenue recognition principles.

#### **Q. Fair value of financial assets and liabilities**

The valuation techniques described below should be used to determine the fair value of financial assets and liabilities for which no current market price is available. For financial assets that are traded infrequently and with that show little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, valuation assumptions and other risks affecting specific amounts.

To determine the fair value hierarchy, the Group follows IFRS 13 and determines fair value using the following hierarchical system, which reflects the significance of the inputs used in the valuation:

**Level 1:** Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities to which the Group has access at the measurement date;

**Level 2:** Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability: quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets in markets that are not active, inputs other than quoted prices that are observable, market-corroborated inputs;

**Level 3:** Level 3 inputs are unobservable inputs for the asset or liability.

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis and meets the following conditions:

- a) the items traded in the market are homogeneous;
- b) willing buyers and sellers can normally be found at any time; and
- c) prices are publicly available.

If there is no active market for the financial asset, fair value is estimated using valuation techniques. When using valuation techniques, management makes estimates and assumptions that are based on available information about the estimates and assumptions that market participants would make in setting the price of the financial instrument.

#### **R. Guarantees**

The Group provides guarantees for the proper execution and completion of a construction. Upon completion of the construction, the customer requires a warranty for the subsequent warranty period.

The Group uses the following guarantee instruments:

##### **Performance bond**

This is a guarantee "bond" issued by an insurance company that guarantees the satisfactory completion of a project by a subsidiary of the Group. If the project is not satisfactorily carried out at any agreed stage or an unforeseen event occurs, then the customer has the right to claim reimbursement from the insurance company.

**Warranty bond**

It serves to ensure the quality of delivery during the warranty period. The insurance company guarantees the quality of delivery required by the relevant contract during the warranty period. Validity is usually agreed for two years from the connection of the solar power plant to the grid.

These guarantees do not meet the criteria for translation to fair value and recognition in the consolidated statement of financial position as financial guarantees.

**S. Taxes**

Income tax includes current tax and deferred tax.

**Current income tax**

Current income tax is the expected tax payable on the taxable income of the Group for the year and any adjustment to tax payable in respect of previous years. Interest income and interest expense related to possible tax matters are estimated and recognized in the period in which they are earned or are incurred and are presented in net financial expenses in the consolidated statement of comprehensive income.

**Deferred tax**

Deferred tax assets and liabilities are recognized for the future tax consequences that attributable to the differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. In deciding whether to recognize a deferred tax asset, management has critically assessed all available information, including future profit plans.

**Current and deferred tax for the period**

Current and deferred tax are recognized as expense or income in the consolidated statement of profit or loss, except for items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized as other comprehensive income or directly into equity.

**T. Employee benefits****Wages**

In accordance with all employment contracts, the Group pays regular monthly wages to all its employees. Payroll costs are recognized in the consolidated statement of comprehensive income in the same period to which they relate.

**Pension insurance**

The Group pays regular contributions to the state budget to finance the state pension insurance using the rates applicable during the period on the basis of gross salaries. Contributions to the state budget to finance the state pension insurance correspond to the defined contribution plan. The Group has no additional costs with this insurance after payment. Expenses related to contributions are recognized in the consolidated statement of comprehensive income in the same period as the payment of wages and salaries to which they relate.

**Severance pay**

Severance pay applies to employees whose employment is terminated prematurely for reasons stipulated by law. The Group accounts for a provision for severance pay if it is obliged to terminate the employment of selected employees in accordance with the approved detailed plan without the real possibility of its cancellation. Severance pay due in more than 12 months is discounted to its present value. However, the Group has no severance pay due in more than 12 months after the balance sheet date.

**Bonuses**

The Group accounts for the bonuses of selected employees related to the given accounting period in the amount calculated on the basis of the expected fulfilment of the Group's objectives taking into account selected key characteristics, such as fulfilment of the power plant construction plan or obtaining funds for investment activities. The Group recognizes a liability for bonuses when it is contractually obligated to pay it or when current past practice creates a present obligation.

**U. Provisions and contingent assets and liabilities**

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of such obligation can be estimated reliably. If the effect of the time value of money is significant, 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, where appropriate, the risks specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of comprehensive income.

A provision for a guarantee is recognized when the underlying products or services are sold. The provision is based on historical information about guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

A provision for asset disposal costs is recognized when the Group has a legal or contractual obligation to dismantle and remove a solar power plant and to restore the site, on which it is located, to its original condition and when a reliable estimate of this liability can be made.

The provisions are estimated for each power plant based on its specific characteristics and considering the relevant macroeconomic conditions.

If a liability for asset disposal costs is recognized, the value of the related property, plant and equipment is increased by the corresponding amount and then depreciated as part of their cost. Any change in the present value of the estimated costs is reflected as an adjustment to the provision and the corresponding property, plant and equipment. The Group's management considered all these aspects and did not find any indications that would lead to the decision to create such provision.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation are not recognized but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.

Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control are not recognized but are disclosed when an inflow of economic benefits is probable.

## V. Revenues from contracts with customers and revenue recognition

Revenues are income arising from the Group's ordinary activities. The Group reports revenues from the following activities:

- revenues from the sale of solar power plant projects under construction (according to IFRS 15)
- revenues from the sale of electricity (according to IFRS 15)
- revenues from supporting activities - maintenance and technical management of solar power plants (according to IFRS15)

Revenues that comply with IFRS 15 are recognized at the transaction price. The transaction price is the amount of consideration to which the Group is entitled in exchange for the transfer of control of a promised asset or service to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognized net of discounts, value added taxes, export duties and similar mandatory payments.

The Group follows a five-step model in recognizing and measuring revenue in accordance with IFRS 15. If any of the levels are not met, then the Group follows a different reporting standard.

- The Group identifies contracts with the customer that have the following attributes (a contract is defined as an agreement that contains enforceable rights and obligations)
  - both parties have approved the contract and are committed to fulfill it
  - rights to goods / services have been determined
  - payment terms have been determined
  - contracts are of a commercial substance
  - considerations are likely to be collected
- The Group identifies a performance obligation in the contracts
 

A performance obligation is an obligation to transfer any goods / product or service that is included in the contract to the customer.
- Determination of the transaction price
 

The Group expects the amount of consideration to which it will be entitled in exchange for the transfer of the promised goods / products or services to the customer, excluding amounts collected on behalf of third parties.
- The Group allocates the transaction price to the performance obligations
 

The Group allocates the transaction price on the basis of the relative standalone selling prices of the individual performance obligations. Standalone selling price means the amount for which the Group would sell the product to a customer separately under similar business conditions. If the component is not sold separately by the Group, it will use an estimate that considers market conditions as well as internal data regarding the customer's position.
- Recognition of revenues upon satisfaction of the performance obligation
 

The Group sells solar power plant projects in a state of mechanical completion, where at the given moment of transfer of rights and control to the customer it reports revenues at that point of time with the actually incurred costs. The Group is also bound by the contract to complete the construction and connection of the solar power plant to the grid (revenues reported over time).

### Revenues from the sale of solar power plant projects under construction (according to IFRS 15)

The Group sells solar power plant projects in a state of mechanical completion, where at the given moment of transfer of rights and control to the customer it reports revenues at that point of time with the actually incurred costs. The Group is also bound by the contract to complete the construction and connection of the solar power plant to the grid (revenues reported over time).



The next phase of revenues from the sale of solar power plants stems from the contractual model, where the SOLEK Group is responsible for the remaining scope of the turnkey solar power plant installation, which includes engineering, supply and construction contracts. The contract clearly defines invoicing milestones. These milestones correspond to the stages of completion of the power plant. Revenue is recognized and presented in accordance with the transfer of rights and control of the stage of completion to the customer. Each phase is technically audited by the customer and it is confirmed in writing that it has been completed and is transferred to the customer. In the individual completed phases, the costs / inputs actually incurred are reported together with the revenues.

The EPC provider undertakes to build and supply a power plant with a regular guarantee for the quality of the work handed over. No long-term extraordinary guarantees that could be considered a separate obligation per IFRS 15 are provided. EPC completion phases represent one contractual obligation because they cannot be separated. Fulfillment of the EPC contract is tailored for each particular customer. The sale of solar power plant projects under construction also includes the sale of the subsidiary to a customer. As the Group's primary activity is the sale of Solar Power Plants, the Group recognizes the sale of the subsidiaries, including the solar power plants, which are the most significant part of the subsidiaries' assets, in accordance with IFRS 15 as revenue from contracts with customers.

#### **Revenues from electricity sales (according to IFRS 15)**

Revenues from the production and sale of electricity from solar energy on the basis of long - term contracts for the purchase of electricity or feed-in tariffs. Revenues are recognized when electricity is supplied to the local electricity network operator. Delivery is considered completed if all risks and rewards of ownership have been transferred to the buyer, as contractually agreed, the fee has been contractually agreed and the collection of the resulting receivable is probable. Revenues from the sale of electricity are reported at the time when the electricity is delivered on the basis of periodic readings of the meters.

#### **Revenues from support activities (according to IFRS 15)**

The Group provides external customers with services for the operation and maintenance of solar power plants. Revenues are based on service contracts with a regular basic fee. These revenues are recognized continuously during the time at which the service is provided.

#### **W. Financial income and financial expenses**

The Group's financial income and expenses include interest income, interest expense, foreign exchange gains and losses and bank charges. Interest income / expense is recognized over time and is determined from the outstanding principal using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts / payments over the expected life of the financial asset / liability to its net carrying amount.

#### **X. State subsidies**

Support for electricity from renewable sources is based on a combination of two components. On the so-called system of green certificates and the system of mandatory purchase of electricity from renewable energy sources. Producers of electricity from renewable energy sources are entitled to receive the appropriate number of green certificates for electricity supplied to the grid after meeting the set conditions. They can then sell them on a special market for green certificates or directly to their electricity customer. The Group has this collection of green certificates directly to the customer entered in the long-term contract and their sale is presented under Revenues.

#### **Y. Changes in information in the group's consolidated financial statements**

The Group corrected both last year's error and the classification and presentation of several items in the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows. In accordance with IAS 8, changes were made retrospectively, and the comparative information was restated accordingly. The third period (as at 1 January 2019) presented in the statement of financial position reflects the impact of the changes described.

The consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2019 have been restated to reflect the corrections and reclassifications set out below and to ensure comparability with the following year, and thus the financial position and results of the Group for the year 2020 were expressed as faithfully as possible.

## 1. Impact of error correction and reclassifications in the consolidated financial statements as at 31 December 2019

### Consolidated statement of financial position

in thousand CZK	Initial balance as at 31 December 2019	Restate- ment 1	Restate- ment 2	Restate- ment 3	Restate- ment 4	Restate- ment 5	Restate- ment 7	Restate- ment 8	Restated balance as at 31 December 2019
<b>Assets</b>									
Inventories	121,925	323,828	-	-	-	-	-	-	445,753
Trade receivables	561,135	(463,792)	-	-	-	(21,365)	-	-	75,978
Other current assets	71,453	-	-	-	-	21,365	-	-	92,818
<b>Liabilities</b>									
Profit/(loss) for the current period	(41,493)	(139,964)	-	-	-	-	-	-	(181,457)
Provisions - current	2,442	-	(2,442)	-	-	-	-	-	-
Other current payables	25,333	-	1,777	-	-	-	(14,465)	-	12,645
Trade payables	43,171	-	665	-	-	-	-	-	43,836
Lease liabilities – non-current	19,801	-	-	(19,801)	-	-	-	-	-
Non-current financial lease	777,821	-	-	19,801	-	-	-	-	797,622
Lease liabilities – current	15,187	-	-	-	(15,187)	-	-	-	-
Current financial liabilities	666,127	-	-	-	15,187	-	-	-	681,314
Current loans	196,780	-	-	-	-	-	14,465	(2,000)	209,245
Non-current loans	395,007	-	-	-	-	-	-	2,000	397,007

### Consolidated statement of comprehensive income

in thousand CZK	Initial balance 2019	Restate- ment 1	Restate- ment 2	Restate- ment 6	Restated balance 2019
<b>Statement of comprehensive income</b>					
Income	708,663	(463,792)	-	-	244,871
Costs of sales of solar power plant projects	(488,973)	323,828	-	-	(165,145)
Raw materials and services used	(77,446)	-	(665)	-	(78,111)
Personnel expenses	(46,792)	-	(1,777)	-	(48,569)
Other operating expenses	(79,344)	-	2,442	66,808	(10,094)
Financial costs	(65,712)	-	-	(66,808)	(132,520)

### Consolidated statement of changes in equity

in thousand CZK	Initial balance 2019	Restate- ment 1	Restated balance 2019
<b>Consolidated statement of changes in equity</b>			
Retained earnings (+) / loss (-)	(207,909)	(139,964)	(347,873)

## Consolidated statement of cash flows

in thousand CZK	Initial balance 2019	Restate- ment 9	Restate- ment 10	Restate- ment 11	Restate- ment 7	Restate- ment 12	Restated balance 2019
Net cash flows from operating activities	(533,289)	11,000	(15,100)	(3,426)	(14,465)	(767)	(556,047)
Net cash flows from investing activities	(5,957)	(11,000)	-	-	-	(1)	(16,958)
Net cash flows from financing activities	122,120	-	15,100	-	14,465	(26)	151,659
Cash and cash equivalents at beginning of period	415,330	-	-	(13,200)	-	-	402,130
Effect of exchange rate movements	(1,124)	-	-	-	-	795	(329)
Cash and cash equivalents at the end of the period	60,318	-	-	(16,626)	-	-	43,692

### Restatement 1 - Correction of the recognition of income in accordance with IFRS 15 and expenses

In 2019, the Group incorrectly applied the Percentage of completion method to recognize revenue. The reporting did not comply with IFRS 15. The revenues that were recognized originated partly from the consolidation group and as such were to be excluded. Revenues from the sale of two projects for the construction of solar power plants after the revision correctly belong to the following year, and therefore they were reduced in the amount of CZK 463,792 thousand. This correction has an impact on invoiced receivables, which have been reduced by the same amount as income. In connection with this correction, the value of inventories was adjusted (item Solar power plant projects under construction), by an increase of CZK 323,828 thousand and the value of costs related to the sale of solar power plant projects was reduced by the same amount. Reported corrections have an effect on retained earnings / loss, item Profit (+) / loss (-) of the current year, where the loss was increased by CZK 139,964 thousand.

### Restatement 2 - Provisions under IAS 37

In 2019, the Group included items in provisions, that were not in accordance with IAS 37. It was an audit provision in the amount of CZK 665 thousand and a reserve for unused vacation in the amount of CZK 1,777 thousand. These items have been reclassified as business liabilities and other current liabilities (liabilities to employees). In the consolidated statement of comprehensive income, they were recognized in other operating expenses and were therefore reclassified as consumption of materials and services (service item) and to personnel costs (salary and wages item).

### Restatement 3, 4 - Recognition of a loan from a leasing guarantor

The Group incorrectly recognized the long-term and short-term portion of the loan from Garanti Leasing. The loan was recognized in lease liabilities, which are based only on IFRS 16. The loan does not meet the criteria of IFRS 16, as it is not a lease of tangible fixed assets, but a standard bank loan. Its long-term (CZK 19,801 thousand) and short-term (CZK 15,187 thousand) parts were reclassified as long-term and short-term financial liabilities.

### Restatement 5 - Reclassification of short-term advances

The Group incorrectly reported short-term advances paid in trade receivables in the amount of CZK 21,365 thousand. The Group reclassified them to other current assets.

### Restatement 6 - Reclassification of exchange rate differences

The Group incorrectly reported CZK 8,497 thousand in Other operating expenses, which were financial exchange rate differences. The Group reclassified them to financial expenses as a net foreign exchange loss. The group identified CZK 58,311 thousand incorrectly included in the item Other operating expenses. These are net foreign exchange losses and therefore the entire amount was reclassified as Financial expenses - net foreign exchange loss.

**Restatement 7** – The Group incorrectly recorded an amount in Other current liabilities of CZK 14,465 thousand. The entire amount was reclassified as current loan.

**Restatement 8** – The Group reclassified incorrectly reported current loans in the total amount of CZK 2,000 thousand and increased the non-current loan by the same amount.

**Restatement 9** – The Group incorrectly recorded partial payment of the purchase price of the investment in ENERGY HOLDING S.A. as a non-cash transaction in the amount of CZK 11,000 thousand.

**Restatement 10** – The Group decided to record the interest paid in operating cash flows and at the same time adjusted the incorrectly reported amount of interest paid during 2019.

**Restatement 11** – The Group corrected the cash equivalents which are not freely at the disposal as at 1.1.2019 in the amount of CZK 13,200 thousand and as at 31.12.2019 in the amount of CZK 16,626 thousand.

**Restatement 12** – The Group has clarified the reporting of the effect of exchange rates and rounding.

## 2. Impact of reclassification in the consolidated financial statements as at 1 January 2019

Consolidated statement of financial position

in thousand CZK	Initial balance as at 1 January 2019	Restate- ment 1	Revised balance as at 1 January 2019
<b>Liabilities</b>			
Other Provisions	2,937	(2,937)	-
Trade payables	34,563	2,937	37,500

Consolidated statement of comprehensive income

in thousand CZK	Initial balance 2018	Restate- ment 1	Revised balance as at 1 January 2019
<b>Statement of comprehensive income</b>			
Raw materials and services used	(15,516)	(2,937)	(18,453)
Other operating expenses	(26,523)	2,937	(23,586)

### Restatement 1 – Provisions according to IAS 37

In 2018, the Group included the audit provision item in other provisions, which was not in accordance with IAS 37. It was reclassified as trade payables in amount of CZK 2,937 thousand. In the consolidated statement of comprehensive income, it was recorded as other operating expenses and was therefore reclassified as cost of raw materials and services used (service item).

## 5. Financial risk management

The Group's policies and procedures for risk management are defined in order to identify and analyze the risks faced by the Group. Appropriate risk limits are set and controls are designed so that the Group can monitor these risks and comply with the set limits.

Risk management policies and procedures are reviewed on an ongoing basis to reflect changes in the Group's activities and changes in market conditions.

In connection with its business activities, the SOLEK Group is exposed to the following financial risks:

- Currency risk
- Liquidity risk
- Credit risk
- Interest rate risk

### Currency risk

SOLEK operates in an international environment and is therefore exposed to currency risks arising from foreign currency transactions. The Group faces currency risk from sales, purchases and borrowings denominated in currencies other than the functional currencies of the companies in the Group. Transactions of companies in the Group are denominated mainly in CZK, USD, CLP, RON and EUR. The currency impact is also affected by the consolidated comprehensive income and the consolidated statement of financial position, when the results of companies in the Group are converted to CZK for reporting purposes. The group does not use currency derivatives but aims to achieve natural hedging where possible.

In the following table, the Group shows the exposure to currency risk and the sensitivity of profit before tax to currency risk. It was calculated based on the assumption of + 5 / -5% deviation of foreign currency exchange rates to which the Group was exposed; 5% change concerns the depreciation of the transaction currency against the functional currency at the balance sheet date and the -5% change concerns the appreciation of the transaction currency against the functional currency.

31 December 2020 in thousand CZK	CLP	EUR	RON	USD	CZK	Total
Cash and cash equivalents	1,881	60,796	25,073	66,091	250,403	404,244
Trade receivables	28,721	-	1,727	3,766	527	34,741
Trade payables	(29,647)	(61,861)	(2,857)	(51,616)	1,212	(144,769)
Non-current and current financial payables	(196,464)	(2,375)	(73,752)	(1,029,835)	(1,314,761)	(2,617,187)
Total	(195,508)	(3,441)	(49,809)	(1,011,594)	(1,062,619)	(2,322,971)
Exchange rate at the closing date	0.030	26.245	5.391	21.387	1.000	
Effect of exchange rate change of + 5%	(9,775)	(172)	(2,490)	(50,580)		
Effect of exchange rate change of - 5%	9,775	172	2,490	50,580		

31 December 2019 in thousand CZK	CLP	EUR	RON	USD	CZK	Total
Cash and cash equivalents	738	3,104	11,487	42,368	2,621	60,318
Trade receivables	55,567	7,964	226	11,399	822	75,978
Trade payables	(34,105)	(4,112)	(1,221)	-	(4,398)	(43,836)
Non-current and current financial payables	-	(1,614)	(15,573)	-	(1,461,749)	(1,478,936)
Total	22,200	5,343	(5,082)	53,767	(1,462,704)	(1,386,476)
Exchange rate at the closing date	0.028	25.410	5.169	21.520	1.000	
Effect of exchange rate change of + 5%	1,110	267	(254)	2,688		
Effect of exchange rate change of - 5%	(1,110)	(267)	254	(2,688)		

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities, which are settled through cash or another financial asset.

The Group's management focuses on the methods used by financial institutions, i.e. on the diversification of financial resources. This diversification gives the Group flexibility and reduces its potential dependence on a single source of funding. Liquidity risk is assessed primarily by monitoring changes in the funding structure and comparing these changes with the Group's liquidity risk management strategy. Part of the strategy is the preparation of a cash flow forecast for the entire Group on a daily basis and monitoring the development and maturity of individual debt instruments. The group continues to keep part of its own assets in highly liquid funds.

The Group's approach to liquidity management is to ensure, whenever possible, sufficient liquidity to meet its obligations under both normal and stress conditions, without incurring unacceptable losses or damaging the Group's reputation.

### Credit agreement with NATIXIS

In 2020, SOLEK Chile Holding II SpA negotiated a loan agreement with NATIXIS, namely with its New York office ("NATIXIS Loan Agreement"). Under this NATIXIS Loan Agreement, entered into on 12 March 2021, SOLEK Chile Holding II SpA will be able to draw a loan of up to USD 85 million. The first draw of the loan was expected in the 2<sup>nd</sup> quarter of 2021. The loan is provided for a period of 7 years with an amortization profile of 20 years. The purpose of the loan is to finance the development of new projects in Chile, which are set off for this purpose in the Group or SOLEK Chile Holding II SpA portfolio. Funds from the provided loan should finance up to 75% of the value of individual projects. The remaining 25% of the value of these projects should be financed with the Group's own resources and resources obtained through long-term investments provided by the independent fund MW Investiční fond SICAV, a.s. whose goal is the permanent appreciation of the funds invested by investors into the fund.

See also Chapter V. Events after the date of the consolidated financial statements.

The table below shows the contractual undiscounted cash flows, which are divided into appropriate maturity groups recognized at the balance sheet date.



31 December 2020 in thousand CZK	Book value	Within 1 year	Undiscounted cash flows		Total
			1-5 years	Over 5 years	
<b>Assets</b>					
Cash and cash equivalents	387,245	387,245	-	-	387,245
Restricted cash	16,999	-	-	16,999	16,999
Trade receivables	34,741	34,741	-	-	34,741
Other financial assets	437,028	437,028	-	-	437,028
Assets held for sale	62,727	62,727	-	-	62,727
<b>Total</b>	<b>938,740</b>	<b>921,741</b>	<b>-</b>	<b>16,999</b>	<b>938,740</b>
<b>Liabilities</b>					
Bonds	439,555	55,100	405,613	70,897	531,610
Loans from individuals	893,753	745,529	184,597	7,058	937,184
Loans and credits	1,283,879	17,454	444,030	2,866,620	3,328,104
Lease payables	144,560	1,295	63,647	79,618	144,560
Trade payables	144,769	144,769	-	-	144,769
Payables related to the disposal group of assets held for sale	6,188	6,188	-	-	6,188
<b>Total</b>	<b>2,912,704</b>	<b>970,335</b>	<b>1,097,887</b>	<b>3,024,193</b>	<b>5,092,415</b>
<b>Net assets</b>	<b>(1,973,964)</b>	<b>(48,594)</b>	<b>(1,097,887)</b>	<b>(3,007,194)</b>	<b>(4,153,675)</b>
<b>Estimated revenue based on MW *</b>		<b>3,599,980</b>	<b>33,107,534</b>	<b>46,339,641</b>	<b>83,047,154</b>

\* Revenues based on MW include revenues which we expect from sales of solar power plant projects and also include the financing of selected portfolios of solar power plants by strong investors.

31 December 2019 in thousand CZK	Book value	Within 1 year	Undiscounted cash flows		Total
			1-5 years	Over 5 years	
<b>Assets</b>					
Cash and cash equivalents	43,692	43,692	-	-	43,692
Restricted cash	16,626	-	-	16,626	16,626
Trade receivables	75,978	75,978	-	-	75,978
<b>Total</b>	<b>136,296</b>	<b>119,670</b>	<b>-</b>	<b>16,626</b>	<b>136,296</b>
<b>Liabilities</b>					
Bonds	421,112	87,389	377,633	80,886	545,908
Loans from individuals	606,252	237,333	440,615	-	677,948
Loans and credits	451,572	468,706	891	232	469,829
Trade payables	43,836	43,836	-	-	43,836
<b>Total</b>	<b>1,522,772</b>	<b>837,264</b>	<b>819,139</b>	<b>81,118</b>	<b>1,737,521</b>
<b>Net assets</b>	<b>(1,386,476)</b>	<b>(717,594)</b>	<b>(819,139)</b>	<b>(64,492)</b>	<b>(1,601,225)</b>

Loans and credit positions include interest from loans and credits, which according to individual contracts should accrue for the duration without the assumption of earlier repayment. Revenues based on MW fully cover the difference with liabilities and selected assets. For more information regarding the Group's financial liabilities, refer to chapter p. Financial liabilities.

## Credit risk

The credit risk to which the SOLEK Group is exposed relates to the non-fulfillment of contractual obligations by the counterparty. The risk arises from financial guarantees, cash and cash equivalents.

Based on the internal methodology, the Group determines the maximum credit exposure and the expected potential loss. Based on the maximum credit exposure a credit limit and an expected potential loss is assessed.

### *Financial guarantee*

On 30 November 2020, the company entered into a loan agreement in the total amount of CZK 300,000 thousand with a natural person. The drawdown was divided into two credit lines in the amount of CZK 100,000 thousand and CZK 200,000 thousand and both took place in December 2020. In addition to the loan agreement, guarantee agreements were concluded for the drawn funds and their accessories by SOLEK LATAM Holding SpA and SOLEK Czech Services s.r.o. As at 31 December 2020, the Group is, as such, exposed to credit risk.

The maximum exposure of the Group in this regard is the maximum amount that the Group (in particular the above guarantors and the Company) could pay, the value of which as at 31 December 2020 is CZK 300,000 thousand plus interest.

Based on the conditions valid as at the balance sheet date, both credit lines are due within 6 months and are listed under short-term liabilities. The related guarantee was issued free of charge and was considered a basic condition to conclude the loan agreement. The Group determined the fair value of the guarantee as the value of the initial valuation approaching zero.

See also chapter v. Events after the date of the consolidated financial statements.

## Interest rate risk

The Group is exposed to interest rate risk arising from a floating interest rate only on a selected loan from Sberbank CZ, a.s. The floating rate is 3.32% - 4.27% p.a. The value of the loan is 0.03% of the total debt. Other short-term and long-term financial liabilities are agreed at a fixed interest rate. Revenue and operating cash the Group's flows are largely independent of changes in market interest rates. The Group perceives the risk of interest rate movements as low.

The Group's management regularly monitors and responds to the above risks so that the method of their management is appropriate to the nature of the risk. The aim is to minimize the potential impact of the risks on the Group's operations.

## Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions with assessed credit risk (see I. Cash and cash equivalents).

## 6. Classification and fair value

The fair value and carrying value of financial assets and liabilities presented in the statement of financial position are presented as follows:

31 December 2020 in thousand CZK	Financial assets at carrying value	Financial liabilities at carrying value	Total of carrying value	Fair value
Cash and cash equivalents	404,244	-	404,244	404,244
Trade receivables	34,741	-	34,741	34,741
Other financial assets	437,028	-	437,028	437,028
<b>Total financial assets</b>	<b>876,013</b>	<b>-</b>	<b>876,013</b>	<b>876,013</b>
Bonds	-	(439,555)	(439,555)	(439,555)
Loans and credits	-	(1,283,879)	(1,283,879)	(1,283,879)
Loans	-	(893,753)	(893,753)	(893,753)
Lease liabilities	-	(144,560)	(144,560)	(144,560)
Current tax liabilities	-	(73,582)	(73,582)	(73,582)
Trade payables	-	(144,769)	(144,769)	(144,769)
Other financial liabilities	-	(21,120)	(21,120)	(21,120)
<b>Total financial liabilities</b>	<b>-</b>	<b>(3,001,218)</b>	<b>(3,001,218)</b>	<b>(3,001,218)</b>

31 December 2019 in thousand CZK	Financial assets at carrying value	Financial liabilities at carrying value	Total of carrying value	Fair value
Cash and cash equivalents				
Trade receivables	60,318	-	60,318	60,318
Other financial assets	75,978	-	75,978	75,978
<b>Total financial assets</b>	<b>136,296</b>	<b>-</b>	<b>136,296</b>	<b>136,296</b>
Bonds	-	(421,112)	(421,112)	(421,112)
Loans and credits	-	(451,572)	(451,572)	(451,572)
Loans	-	(606,252)	(606,252)	(606,252)
Current tax liabilities	-	(2,016)	(2,016)	(2,016)
Trade payables	-	(43,836)	(43,836)	(43,836)
Other financial liabilities	-	(4,757)	(4,757)	(4,757)
<b>Total financial liabilities</b>	<b>-</b>	<b>(1,529,545)</b>	<b>(1,529,545)</b>	<b>(1,529,545)</b>

## 7. Capital management

The main goal of the SOLEK Group is to maintain a healthy balance between equity and liabilities, which will support the SOLEK Group's business and maximize value for shareholders. The SOLEK Group monitors its capital structure and makes changes with respect to changes in the business environment. The Group maintains an optimal capital structure, especially with regard to the future value of projects under construction.

Total debt includes long-term debts, including the part due within one year and non-current loans.

## 8. Notes to the consolidated financial statements

### a) Revenue

The Group recognizes revenue over a period of time (on an ongoing basis) or at a particular point in time (on a one-off basis), depending on when the contractual obligations are met.

in thousand CZK	2020	Corrected 2019
Revenues reported on a one - off basis	540,607	184,737
Revenues reported on an ongoing basis	107,635	60,134
<b>Total revenues</b>	<b>648,242</b>	<b>244,871</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

Revenues reported on a one-off basis include mainly sales of solar power plants that are already completed and connected into the network or in the mechanical completion phase and are intended for sale. In both cases, the rights and control passes to the external customer upon fulfillment of the contractual obligation arising from the purchase contract for the sale of the solar power plant.

Revenues reported on an ongoing basis include revenues from EPC contracts for the completion of sold solar power plants, as well as revenues from services for the operation and maintenance of solar power plants provided to external customers and revenues from the sale of electricity for the accounting period.

Revenue by geographical origin:

in thousand CZK	2020	Corrected 2019
Czech Republic	894	-
Chile	609,280	206,207
Romania	38,08	38,664
<b>Total</b>	<b>648,242</b>	<b>244,871</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

Total revenue in Czech Republic consist of sale of electricity.

Revenues in Chile include sales of electricity in the amount of CZK 1,502 thousand in 2020 (2019: CZK 9,872 thousand), sales of solar power plants and EPC performance in the amount of CZK 602,872 thousand (2019: CZK 191,054 thousand) and sales of services in the amount of CZK 4,906 thousand (2019: CZK 5,281 thousand). Other sales of electricity in the amount of CZK 38,962 thousand (CZK 38,664 thousand in 2019) are provided in Romania and the Czech Republic.

In 2020 and 2019, total revenue in Romania were generated from electricity sales.

Revenue overview by type:

in thousand CZK	2020	Corrected 2019
Revenues from sold projects and development activities	602,872	191,054
Revenues from electricity sales	40,464	48,536
Revenues from sales of services	4,906	5,281
<b>Total</b>	<b>648,242</b>	<b>244,871</b>

## b) Operating expenses

Overview of operating expenses

in thousand CZK	2020	Corrected 2019
Costs of selling solar power plant projects	(279,908)	(165,145)
Raw materials and services		
Raw materials	(13,143)	(6,774)
Services:		
External suppliers of specialized work	(45,544)	(22,657)
Commission	(24,228)	(9,028)
Tax and audit accounting services	(11,362)	(2,197)
Legal services	(11,462)	(3,101)
Consulting and recruitment services	(8,935)	(1,155)
Rental and related services	(3,197)	(2,309)
Travel	(2,341)	(3,903)
Audit	(4,000)	(1,000)
Related authentication and other services	(300)	(300)
Other	(19,616)	(25,687)
Total services	(130,985)	(71,337)
<b>Total expenses</b>	<b>(424,036)</b>	<b>(243,256)</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

Other operating expenses

in thousand CZK	2020	Corrected 2019
Litigation costs (creation of provisions)	(15,366)	-
Other taxes	(8,885)	-
Other operating expenses	(1,127)	(2,728)
Costs of shares Solek Renewable	-	(15,775)
Net book value of sold tangible assets	-	(3,677)
Settlement of provisions and adjustments	-	12,086
<b>Total</b>	<b>(25,378)</b>	<b>(10,094)</b>

Personnel expenses

in thousand CZK	2020	Corrected 2019
Wages	(78,565)	(42,426)
Health insurance	(5,138)	(2,141)
Social insurance	(7,908)	(4,002)
<b>Total</b>	<b>(91,611)</b>	<b>(48,569)</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

As at 31 December 2020, the Group had 148 employees. 6 were employed in Romania, 98 employees were employed in Chile, 1 employee in Luxembourg and the remaining 43 employees were employed in the Czech Republic.

As at 31 December 2019, the Group had 135 employees. 6 were employed in Romania, 108 employees were employed in Chile, 1 employee in Luxembourg and the remaining 20 were employed in the Czech Republic.

Personnel costs of the members of the Board of Directors and management of the Group, including social security and health insurance and remuneration for the performance of the function of members of the Supervisory Board are disclosed in Note u. Related party transactions.

### c) Financial income and expense

Financial income and expense for the years ended 31 December 2020 and 2019 include:

in thousand CZK	2020	Corrected 2019
Interest income	331	4,172
Net foreign exchange gain	26,037	-
Other financial income	8,115	-
<b>Total financial income</b>	<b>34,483</b>	<b>4,172</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

in thousand CZK	2020	Corrected 2019
Interest expense	(90,007)	(63,455)
Net foreign exchange losses	-	(67,872)
Other financial expense	(4,682)	(1,193)
<b>Total financial expense</b>	<b>(94,689)</b>	<b>(132,520)</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

Financial income includes interest income from loans. Interest income is recorded in the Consolidated statement of comprehensive income using the effective interest rate method. Financial expenses include interest expenses from loans, bank account fees and net exchange rate losses. Interest expenses are recorded using the effective interest method. Loan costs, which are not directly attributable to the acquisition, construction or production of a qualifying asset are recorded in the Consolidated statement of comprehensive income. Loan costs incurred by the Group in connection with the construction of power plants are capitalized in the cost of the related asset until the date of its completion. Foreign currency gains and losses are recognized on a net basis and recognized in the Consolidated statement of comprehensive income.

As at 31 December 2020, the Group capitalized loan costs arising from direct financing of the construction of solar power plants in the amount of CZK 49,445 thousand (2019 CZK 0). Loan costs in the amount of CZK 26,645 thousand were capitalized for solar projects with the future intention to sell, i.e. to inventories, loan costs in the amount of CZK 21,792 thousand were capitalized for solar projects with the future intention to own them (fixed assets) and the remaining amount of CZK 1,008 thousand was capitalized as an asset held for sale. The Group capitalized borrowing costs from loans that were directly intended to finance the construction of individual solar power plants.



#### d) Income tax

in thousand CZK	2020	Corrected 2019
<i>Total tax revenue / expense includes:</i>		
Current tax liability	(73,021)	(1,681)
Deferred tax	87,587	21,966
<b>Total income tax</b>	<b>14,566</b>	<b>20,285</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

The Group's income tax differs from the theoretical amount that would arise using the applicable tax rate profit of the Group, as follows:

#### Effective tax – calculation:

in thousand CZK	2020	Corrected 2019
Net profit +/- loss before tax	26,941	(201,742)
Theoretical tax calculated using the corporate income tax rate	19%	19%
Income tax calculated by the weighted average statutory rate	(5,119)	38,331
Impact on tax from:		
Non-deductible expenses (representation, employee benefits and other expenses)	(7,162)	(4,106)
Non-deductible income	34,450	3,184
Unused tax losses previously included in deferred tax	(2,291)	(1,012)
Correction of previously unrecognized deferred tax	5,638	(17,610)
Application of tax losses that were not previously included in the calculation of deferred tax	(682)	(440)
Impact of different tax rates / others	(10,070)	3,024
Other	(198)	(1,086)
<b>Total income tax</b>	<b>14,566</b>	<b>20,285</b>

As at 31 December 2020, the total amount of the liability for current tax was CZK 73,582 thousand (2019: CZK 2,016 thousand), the deferred tax assets amounted to CZK 106,880 thousand. CZK (2019: CZK 22,902 thousand) and deferred tax liability of CZK 56 thousand (2019: 0 thousand CZK).

#### Accumulated losses

in thousand CZK	2021	2022	2023	2024	2025	without expiration
Česká republika	712	33 058	30 511	25 326	33 958	0
Chile	0	0	0	0	0	231 632

As at 31 December 2020, the Group has the above-mentioned taxable losses from previous periods. Which with regard to the expected development of the Group are expected to be fully utilized in future periods.

For more please refer to q) Deferred income tax

According to the applicable tax legislation, the economic results of companies in Romania do not reach the limits which would make the profits subject to taxation.

## e) Property, plant and equipment

As at 31 December 2020

in thousand CZK	Solar power plants	Machines and other equipment	Solar power plants under construction	Total
Balance as at 1 January 2020	255,437	25,020	-	280,457
Change of the Group as at 1 January 2020	5,181	-	-	5,181
New balance as at 1 January 2020	260,618	25,020	-	285,638
Additions	531	4,560	529,239	534,330
Disposals	-	(1,891)	-	(1,891)
Exchange rate differences	(11,553)	778	-	(10,775)
<b>Acquisition price as at 31 December 2020</b>	<b>249,596</b>	<b>28,467</b>	<b>529,239</b>	<b>807,302</b>
Correction as at 1 January 2020	(129,947)	(3,043)	-	(132,990)
Change of the Group as at 1 January 2020	(2,424)	-	-	(2,424)
New balance as at 1 January 2020	(132,371)	(3,043)	-	(135,414)
Depreciation for the year	(19,387)	(3,973)	-	(23,360)
Exchange rate differences	13,866	(182)	-	13,684
<b>Correction as at 31 December 2020</b>	<b>(137,892)</b>	<b>(7,198)</b>	<b>-</b>	<b>(145,090)</b>
<b>Net book value as at 31 December 2020</b>	<b>111,704</b>	<b>21,269</b>	<b>529,239</b>	<b>662,212</b>

As at 31 December 2019

in thousand CZK	Solar power plants	Machines and other equipment	Solar power plants under construction	Total (corrected)
Balance as at 1 January 2019	260,250	18,140	-	278,390
Additions	650	14,740	-	15,390
Additions from acquisitions	-	330	-	330
Disposals	(5,181)	(8,190)	-	(13,371)
<b>Acquisition price as at 31 December 2019</b>	<b>255,719</b>	<b>25,020</b>	<b>-</b>	<b>280,739</b>
Correction as at 1 January 2019	(105,850)	(1,210)	-	(107,060)
Depreciation for the year	(26,265)	(2,363)	-	(28,628)
Disposals	2,168	530	-	2,698
<b>Correction as at 31 December 2019</b>	<b>(129,947)</b>	<b>(3,043)</b>	<b>-</b>	<b>(132,990)</b>
Exchange rate differences	(282)	-	-	(282)
<b>Net book value as at 31 December 2019 corrected</b>	<b>125,490</b>	<b>21,977</b>	<b>-</b>	<b>147,467</b>

As at 31 December 2020, the Group recorded increases in solar power plants under construction in the amount of CZK 529,239 thousand, which the Group plans to keep in its ownership and operate according to the approved plan. These are capitalized deliveries of materials, services and other directly or indirectly related costs associated with the construction of solar power plants. According to the business plan, the Group has identified solar power plants, which it will own and operate. As at 31 December 2019, the value of non-current assets due to the construction of solar power plants was nil. The Group's management intended to sell these assets, and therefore recorded the construction of solar power plants in unfinished inventories.

Additions to tangible fixed assets in the category of machinery, equipment and other equipment are directly related to the construction of solar power plants. As at 31 December 2020, insulation testers and megohmmeters were acquired. As at 31 December 2019, the Group acquired indicators of iron coating and industrial scales.

The amount of capitalized borrowing costs into the value of fixed assets is stated in note c) Financial income and costs.

As at 31 December 2020 and 31 December 2019, four Romanian solar power plants with a total book value of CZK 108,760 thousand resp. CZK 125,490 thousand were shut down.

As at 31 December 2020 and 31 December 2019, the solar panels and inverters in the subsidiary Solek I s.r.o. were pledged in the total book value of CZK 2,943 thousand in favor of Sberbank CZ, a.s. against the drawn bank loan.

#### f) Intangible assets

As at 31 December 2020

in thousand CZK	Software	Assets of use rights	Other intangible assets	Goodwill	Total
Balance as at 1 January 2020	3,924	-	2,705	840,228	846,857
Additions	1,672	133,269	142	-	135,083
Exchange rate differences	(349)	-	34	-	(315)
<b>Acquisition price as at 31 December 2020</b>	<b>5,247</b>	<b>133,269</b>	<b>2,881</b>	<b>840,228</b>	<b>981,625</b>
Corrections as at 1 January 2020	(703)	-	(2,026)	-	(2,729)
Amortization for the year	(1,171)	(3,936)	(282)	-	(5,389)
Corrections as at 31 December 2020	(1,874)	(3,936)	(2,308)	-	(8,118)
<b>Net book value as at 31 December 2020</b>	<b>3,373</b>	<b>129,333</b>	<b>573</b>	<b>840,228</b>	<b>973,507</b>

As at 31 December 2019

in thousand CZK	Software	Assets of use rights	Other intangible assets	Goodwill	Total
Balance as at 1 January 2019	979	-	2,473	-	3,452
Additions	2,970	-	320	840,228	843,518
Exchange rate differences	(25)	-	(88)	-	(113)
<b>Acquisition price as at 31 December 2019</b>	<b>3,924</b>	<b>-</b>	<b>2,705</b>	<b>840,228</b>	<b>846,857</b>
Corrections as at 1 January 2019	-	-	(1,741)	-	(1,741)
Amortization for the year	(703)	-	(341)	-	(1,044)
Exchange rate differences	-	-	56	-	56
<b>Corrections as at 31 December 2019</b>	<b>(703)</b>	<b>-</b>	<b>(2,026)</b>	<b>-</b>	<b>(2,729)</b>
<b>Net book value as at 31 December 2019</b>	<b>3,221</b>	<b>-</b>	<b>679</b>	<b>840,228</b>	<b>844,128</b>

**Acquisition of ENERGY HOLDING S.A**

On 26 June 2019, the Company purchased a 100% interest in ENERGY HOLDING S.A. for CZK 897,482 thousand. The purchase price was determined based on the valuation of an independent appraiser. The value of net assets at the date of acquisition was CZK 57,254 thousand, the resulting goodwill in the amount of CZK 840,228 thousand was disclosed.

The resulting liability to the shareholder arising from the transaction was partially offset (in the amount of CZK 500,000 thousand) against the receivable from a surcharge outside the share capital of the Company and other receivables of the shareholder. As at 31 December 2019, the amount remained outstanding at CZK 366,309 and disclosed as a liability to shareholders. This liability was repaid as of 31 December 2020.

As at 31 December 2020, the Group tested goodwill for impairment by calculating the present value of future cash flows based on the Group's plans. These calculations use cash-based cash flow projection budgets approved by management covering a five-year period with an approved 2GW of power construction plan. Monetary flows after this period are extrapolated using an estimated annual growth rate of 10% (and stable cash flows after this period). A pre-tax discount rate of 15% was used in the calculations.

If the planned cash flows were reduced by 1% in the next 10 years, the net present value of the company would decrease by approximately CZK 20 million. The goodwill would require an impairment with a reduction in the future expected cash flows by more than 44%.

With an 1% increase in the discount rate used to calculate the present value of future cash flows, the calculated current value will decrease by CZK 66,382 thousand. In practice, this means that with an unchanged production plan, an increase in discount rate of up to 22 percentage points is possible without affecting the amount of goodwill.

**g) Rights to use assets and lease liabilities**

The Group leases mainly land in Chile, on which it builds solar power plants and office space in administrative buildings.

Leases for land are usually concluded for a period of 20 to 30 years. Contracts may contain the option to extend the lease term and the lease payments are usually adjusted based on the development of the consumer price index.

The lease of office space in administrative buildings is usually concluded for a period of one year and is not considered as a lease under IFRS.

Leasing contracts are negotiated individually and contain a wide range of different contractual conditions. Rented property may not be the subject of collateral for the purpose of drawing loans. For selected leases the SOLEK Group is limited in concluding sublease agreements.

The Group reviews leasing contracts once a year. In 2020, it expanded the consolidation group for companies with an insignificant impact on the consolidation group for 2019 and then revised and subsequently identified new leasing contracts. The impact of the calculation of depreciation and interest is reported in the amount of CZK 1.6 million and is shown in the consolidated retained earnings (+) / loss (-) of the given year 2020.

Rentals arising from lease contracts to which an exemption has been applied are recorded in the consolidated statement with the total result in the amount of CZK 3,197 thousand as at 31 December 2020 (CZK 2,309 thousand as at 31 December 2019).

## Right-of-use assets

in thousand CZK	Land
Balance as at 1 January 2020	-
Change of the Group as at 1 January 2020	20,049
Corrected balance 1 January 2020	20,049
Additions	113,585
Allowance for changes in the Group as at 1 January 2020	(347)
Amortization for the year	(3,926)
Impact of exchange rate changes	(28)
<b>Net book value as at 31 December 2020</b>	<b>129,333</b>

## Lease liabilities

in thousand CZK	Total
Balance as at 1 January 2020	-
Change of the Group as at 1 January 2020	21,289
Corrected balance 1 January 2020	21,289
Repayment of lease liabilities	(3,355)
<b>Total cash flows</b>	<b>(3,355)</b>
Change of liabilities due to additions / disposals of assets from usage rights	114,641
Interest expenses from lease liabilities	11,985
<b>Total non-cash flows</b>	<b>126,626</b>
<b>As at 31 December 2020</b>	<b>144,560</b>

## Current and non-current lease liabilities

in thousand CZK	Total
Current lease liabilities	1,295
No-current lease liabilities	143,265
<b>Total</b>	<b>144,560</b>

## h) Other non-current assets

in thousand CZK	31 December 2020	31 December 2019
Other non-current assets	44,182	6,166
<b>Total</b>	<b>44,182</b>	<b>6,166</b>

As at 31 December 2020, other non-current assets include one-off fees paid to MW Investiční fond SICAV, a.s, which were assessed for the drawing of the I.-V. tranches of the borrowing. The total amount of fees is CZK 33,217 thousand and this value was reduced by CZK 147 thousand, i.e. the share of interest calculated on the basis of the effective interest rate as at the date of the consolidated financial statements. The remaining part of other non-current assets is mostly a deposit guarantee for the lease of land from selected solar power plants.

As at 31 December 2019, other non-current receivables include collateral guarantees for leases of land related to solar energy power plants that were not consolidated in 2019.

## I) Inventories

Overview of Group's inventories

in thousand CZK	31 December 2020	Corrected 31 December 2019
<b>Solar power plants</b>		
Solar power plant projects under construction	274,167	435,743
<b>Other inventories</b>		
Spare parts and material	1,034	10,010
Finished products	292	-
<b>Total</b>	<b>275,493</b>	<b>445,753</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

The Solar power plant projects under construction includes solar power plants under construction which, according to the Group's strategy, are intended for sale to a future customer. The potential customer is either already known or negotiations are underway with several potential buyers. During the construction of solar power plants, the Group does not store the purchased material, but after customs clearance it transports it directly to the construction site and builds from it.

The Group does not have excess and slow turnover inventories. As at 31 December 2020 and 31 December 2019, the Group did not create provisions for inventories. The amount of borrowing costs capitalized into the value of inventories is stated in note c) Financial income and costs. As at 31 December 2020 the inventories in the amount of CZK 275,493 thousand are measured at net realizable value (as at 31 December 2019: CZK 445,753 thousand).

## j) Trade receivables

in thousand CZK	31 December 2020	Corrected 31 December 2019
Trade receivables	34,944	76,517
Provision for impairment		
Opening balance	(539)	-
Additions	(157)	(539)
Disposals	493	-
Closing balance	(203)	(539)
<b>Total receivables</b>	<b>34,741</b>	<b>75,978</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

Invoiced (trade) receivables represent amounts owed by customers for sold solar power plants or services provided in the ordinary course of business. They are usually due within 30 days and are therefore all classified as non-current. Trade receivables are initially recorded in the amount of consideration that is unconditional. The Group holds trade receivables in order to collect contractual cash flows.



In connection with the activities conducted by the Group and the business relations resulting therefrom, the Group does not bear any significant credit risk related to its customers.

The Group applies the simplified approach of IFRS 9 to the measurement of expected credit losses, which uses the provision for expected losses for all trade receivables during their lifetime. In order to measure expected credit losses, receivables were grouped based on a common credit risk and days past due characteristics.

The amount of the allowance is determined according to the age structure of receivables. The percentage of making allowance for each age category is derived based on historical data. Historical information is based primarily on the actual development of debt repayments in the past. The provision rate reflects the expected percentage of receivables that will not be paid in a given age category. The Company quantifies allowances for receivables in the amount corresponding to expected credit losses for the entire duration of the financial asset.

The following table shows the analysis of the allowance for impairment of trade receivables.

As at 31 December 2020

in thousand CZK	Expected loss	Net book value of trade receivables	Opening balance	Provision		Closing balance	Corrected net book value
				Additions	Disposals		
Current	0%	6,883	-	-	-	-	6,883
Up to 30 days past due	0%	13,835	-	-	-	-	13,835
31-90 days past due	0%	13,603	-	-	-	-	13,603
91-180 days past due	0%	367	-	-	-	-	367
181-360 days past due	75%	210	-	(157)	-	(157)	53
361 and more days past due	100%	46	(539)	-	439	(46)	-
<b>Total</b>		<b>34,944</b>	<b>(539)</b>	<b>(157)</b>	<b>439</b>	<b>(203)</b>	<b>34,741</b>

As at 31 December 2019

in thousand CZK	Expected loss	Net book value of trade receivables	Opening balance	Opravná položka		Closing balance	Corrected net book value
				Additions	Disposals		
Current	0%	75,417	-	-	-	-	75,417
Up to 30 days past due	0%	561	-	-	-	-	561
31-90 days past due	0%	-	-	-	-	-	-
91-180 days past due	0%	-	-	-	-	-	-
181-360 days past due	0%	-	-	-	-	-	-
361 and more days past due	100%	539	-	(539)	-	(539)	-
<b>Total</b>		<b>76,517</b>	<b>-</b>	<b>(539)</b>	<b>-</b>	<b>(539)</b>	<b>75,978</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements.

As at 1 August 2021 a total amount of CZK 62,527 thousand was repaid by customers from the unpaid trade receivables amount as at 31 December 2020.

## k) Other financial assets

In 2020, the Group purchased investment shares. Investment shares are connected with the right of repurchase by the fund but there are no voting rights at the fund's general meeting. All profits / losses, including interest and dividend income, are recorded in the consolidated income statement.

Purchase	Numbers of shares	Value in CZK thousand at time of purchase
15.09.2020	241,515	250,500
24.09.2020	227,825	236,300
<b>Total</b>	<b>469,340</b>	<b>486,800</b>

Redemption	Numbers of shares	Carrying value at redemption in CZK thousand	Purchase price in CZK thousand	Valuation in CZK thousand
02.11.2020	44,651	47,000	46,312	688
07.12.2020	9,500	10,000	9,853	147
<b>Total</b>	<b>54,151</b>	<b>57,000</b>	<b>56,165</b>	<b>835</b>

State	Numbers of shares	Carrying value CZK thousand	Purchase price in CZK thousand	Valuation in CZK thousand
as at 31 December 2020	415,189	437,028	430,634	6,394

## l) Cash and cash equivalents

in CZK thousand	2020	2019
Cash in hand and at banks	387,245	43 692
Restricted cash	16,999	16 626
<b>Total cash and cash equivalents</b>	<b>404,244</b>	<b>60 318</b>

The amounts of restricted cash are a result of bank loan agreements. Failure to comply with these agreements may have negative consequences for the Group, including an increase in expenses connected to the loans.

As at 31 December 2020, the amount of resources limited by the ProCredit Bank S.A. bank is CZK 16,999 thousand (as at 31 December 2019 CZK 16,626 thousand).

As at 31 December 2020 and 31 December 2019, the Group complied with the limited availability amounts resulting from the loan agreements.

The structure of deposits at individual banks in terms of their rating is as follows:

Moody's LT Depos	Standard & Poor's LT Credit	31 December 2020	Corrected balance as at 31 December 2019
Baal	BBB	299,509	49,402
N/A	BBB+	76,867	-
B2	N/A	506	1,802
N/A	BBB- (as per Fitch)	167	-
Other unrated financial institutions		27,195	9,114
<b>Total</b>		<b>404,244</b>	<b>60,318</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements

Expected credit losses on cash and cash equivalents were negligible.

#### m) Other current assets

in thousand CZK	31 December 2020	Corrected balance as at 31 December 2019
Tax receivables	104,977	45,950
Advances paid	99,854	24,935
Prepayments and accrued income	811	-
Other current assets	22,613	21,933
<b>Total</b>	<b>228,255</b>	<b>92,818</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements

Other current assets consist of mainly VAT and other tax receivables, which were not settled at the end of the year.

#### n) Disposal group of assets held for sale

The Group has made a commitment to sell one of its solar power plants, which it previously put into use. The power plant already produces electricity and meets all the requirements for being recognized as an asset held for sale. The Group has classified all its assets and liabilities as assets and liabilities held for sale. The sale took place in February 2021. The asset did not generate significant operating income in 2020 due to the initial stage of operations. Therefore, the impact of sales on the result for 2021 will be marginal.

The relevant value of assets and liabilities is recorded at the carrying amount because the Group has verified that the carrying amount of the solar power plant is lower compared to the selling price less costs to sell. Due to this, no impairment was recorded when this reclassification of assets and liabilities to assets held for sale was made.

At the end of the reporting period, the main classes of assets and liabilities in the disposal group classified as held for sale are as follows:

in thousand CZK	as at 31 December 2020
Tangible fixed assets	50,920
Intangible fixed assets	3,222
Other fixed assets	73
Cash and cash equivalents	392
Trade receivables	1,330
Other non-current assets	6,790
<b>Disposal group classified as held for sale</b>	<b>62,727</b>
Non-current lease liabilities	3,262
Trade payables	1,691
Current lease liabilities	17
Other current liabilities	1,218
<b>Liabilities related to a disposal group of assets classified as held for sale</b>	<b>6,188</b>

#### o) Trade and other liabilities

in thousand CZK	31 December 2020	Corrected balance as at 31 December 2019
Trade liabilities	144,769	43,836
Other current liabilities		
Tax liabilities	9,053	1,921
Liabilities to employees	12,067	2,836
Advances and deferred income	4,454	1,004
Other liabilities	4,027	6,884
Total other current liabilities	29,601	12,645
<b>Total</b>	<b>174,370</b>	<b>56,481</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements

Trade liabilities include payables for materials and services provided to the Group before the end of the accounting period, which were not paid as at 31 December. These amounts are not secured and are usually paid within thirty days of reporting. Trade payables are presented as current liabilities if they are due within twelve months of the reporting period. They are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

## p) Financial liabilities

in thousand CZK	31 December 2020	Corrected 31 December 2019
<b>Non-current financial liabilities</b>		
Bonds	423,902	365,241
Borrowings	177,688	397,007
Loans	1,270,776	35,374
<b>Total</b>	<b>1,872,366</b>	<b>797,622</b>
<b>Current financial liabilities</b>		
Bonds	15,653	55,871
Borrowings	716,065	209,245
Loans	13,103	39,889
Liabilities to shareholders	-	376,309
<b>Total</b>	<b>744,821</b>	<b>681,314</b>

\* More information about changes in the consolidated financial statements is provided in Note Y.  
Changes of information in the Group's consolidated financial statements

in thousand CZK	Bonds	Borrowings	Loans	Lease liabilities	Total
<b>Balance as at 31 December 2019</b>	<b>421,112</b>	<b>606,252</b>	<b>75,263</b>	<b>-</b>	<b>1,102,627</b>
Drawn loans	-	527,296	1,221,131	-	1,748,427
Paid loans	-	(242,794)	(81,741)	-	(324,535)
Interest payments	-	(14,466)	(34,911)	-	(49,377)
Paid lease liabilities	-	-	-	(3,355)	(3,355)
Funds from issued bonds	89,500	-	-	-	89,500
Funds from paid bonds	(72,379)	-	-	-	(72,379)
<b>Net cash flows from financing activities</b>	<b>17,121</b>	<b>270,036</b>	<b>1,104,479</b>	<b>(3,355)</b>	<b>1,388,281</b>
Non - cash changes in financial liabilities	-	-	-	-	-
Additions to leasing obligations	-	-	-	135,930	135,930
Non - cash changes in financial liabilities	-	3,798	1,450	-	5,248
Interest expense	1,322	13,667	63,033	11,985	90,007
Capitalized fee	-	-	33,217	-	33,217
Exchange rate difference	-	-	6,437	-	6,437
<b>Non - cash changes in financial liabilities</b>	<b>1,322</b>	<b>17,465</b>	<b>104,137</b>	<b>147,915</b>	<b>270,839</b>
<b>Closing balance as at 31 December 2020</b>	<b>439,555</b>	<b>893,753</b>	<b>1,283,879</b>	<b>144,560</b>	<b>2,761,747</b>

in thousand CZK	Bonds	Borrowings	Bank loans	Total
<b>Balance as at 31 December 2018</b>	<b>408,358</b>	<b>437,787</b>	<b>98,307</b>	<b>944,452</b>
Cash flows from financing activities	-	-	-	-
Drawn loans	-	240,319	-	240,319
Paid loans	-	(86,319)	(15,094)	(101,413)
Interest payments	(43,870)	-	(4,485)	(48,355)
Issued bonds	28,764	-	-	28,764
Paid bonds	(16,010)	-	-	(16,010)
Net cash flows from financing activities	(31,116)	154,000	(19,579)	103,305
Non - cash changes in financial liabilities	-	-	-	-
Other non-cash movements	-	-	(7,021)	(7,021)
Interest expense	43,870	15,100	4,485	63,455
Exchange rate difference	-	(635)	(929)	(1,564)
<b>Non - cash changes in financial liabilities</b>	<b>43,870</b>	<b>14,465</b>	<b>(3,465)</b>	<b>54,870</b>
<b>Closing balance as at 31 December 2019</b>	<b>421,112</b>	<b>606,252</b>	<b>75,263</b>	<b>1,102,627</b>

in thousand CZK	2020	Liabilities to shareholders 2019
<b>Opening balance as at 31 December</b>	<b>376,309</b>	-
Purchase of an investment in Energy Holding S.A. from the shareholder	-	897,482
Loan with receivables from shareholders	-	(510,173)
Cash payment of the liability	(376,309)	(11,000)
<b>Closing balance as at 31 December</b>	<b>-</b>	<b>376,309</b>



### Loans and pledged assets

On 29 June 2020, a framework loan agreement was concluded between MW Investiční fond SICAV, a.s. and SOLEK LATAM Holding SpA. In order to secure receivables from this contract, MW Investiční fond SICAV, a.s. pledged shares of the Company in the following amount:

- A.** According to the pledge agreement for SOLEK HOLDING SE shares:
- Pledged 100% of shares with a total nominal value corresponding to the share capital of SOLEK HOLDING SE, i.e. CZK 3,176 thousand. The total value of net assets pledged in the Company is CZK 2,273,162 thousand, value of net assets is CZK 431,093 thousand.
  - The pledge secures receivables up to a total maximum amount of CZK 1,000,000 thousand
- B.** According to the pledge agreement for SOLEK Latam Holding SpA shares:
- 100% of shares with a total nominal value corresponding to the registered capital of SOLEK Latam Holding SpA, have been pledged, i.e. CLP 14,870,701 thousand, which recalculated represents the amount of CZK 448,054 thousand. The total value of net assets pledged in the company is CZK 1,755,629 thousand, the value of net assets is CZK 466,388 thousand.
  - The pledge secures receivables up to a total maximum amount of CZK 1,000,000 thousand

On the basis of the framework agreement and according to the concluded partial implementation agreements, loans subsequently provided were worth CZK 1,143 billion in total. The interest rate was agreed at 12% p.a.

On 30 November 2020, the Company entered into a loan agreement with an unrelated natural person in the amount of CZK 300,000 thousand. The interest rate was agreed at 12.5% p.a. Related to this agreement a Debt Recognition Agreement and Agreement for permission to enforce a notarial deed were concluded. SOLEK Czech Services s.r.o. and SOLEK LATAM Holding SpA act as guarantors here. Maturity of the amount due A (principal in the amount of CZK 100,000 thousand, interest and fees for the reservation of resources) covered by this agreement falls on 30 May 2021. Maturity of the amount due B (principal in the amount of CZK 200,000 thousand interest and resource reservation fee) falls on 18 June 2021.

Solek I s.r.o. signed agreements with Sberbank CZ, a.s. on 27 October 2010 for drawing a loan in the amount of CZK 2,800 thousand. The subsidiary has an equity contribution pledged to the bank in the amount of CZK 200 thousand, photovoltaic panels and inverters. The total value of net assets pledged in the company is CZK 3,525 thousand, the value of net assets is CZK 1,534 thousand. Interest rate the rate ranges from 3.32% to 4.27%.

### ProCredit Bank

On 17 July 2020, the Romanian subsidiaries (SOLEK Project Alpha SRL, SOLEK Project Gamma S.A., SOLEK Project Tau S.A. and SOLEK Project Txi S.A.) refinanced existing loans for a new bank loan from the Romanian bank PRO CREDIT Bank S.A. The value of the drawn loan is in the amount of EUR 5,500 thousand and is associated with the following pledges:

- a) fixed assets of solar power plants (the value of pledged assets is given in Chapter e),
- b) contracts of individual Romanian subsidiaries with E.ON for electricity supplies,
- c) the total value of shares in the amount of CZK 114,072 thousand owned by the Companies and SOLEK Czech Services s.r.o. in Romanian subsidiaries. The total value of net assets pledged at SOLEK Project Alpha SRL is CZK 23,395 thousand, the value of net assets is CZK 5,555 thousand. The total value of net assets pledged in SOLEK Project Gamma S.A. is CZK 41,638 thousand, the value of net assets is CZK 23,470 thousand. Total value of net assets pledged in SOLEK Project Tau S.A. is CZK 33,810 thousand, the value of net assets is CZK 15,219 thousand. The total value of net assets pledged at SOLEK Project Txi S.A. is CZK 42,246 thousand, the value of net assets is CZK 15,666 thousand.

In addition, an account has been set up for each subsidiary, where the bank monitors compliance with contractual covenants. Interest rate the rate is 5%. See also chapter I).

## Bonds

The Group carried out the following public and non-public bond issues.

### SOLEK HOLDING SE - non-public bond issues

ISIN	Nominal value / security (CZK)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003505125	1	200,000,000	12.50	15 years (31.12.2027)
CZ0003505133	1	150,000,000	10.00	12 years (31.12.2024)
CZ0003505141	1	150,000,000	9.00	10 years (31.12.2022)
CZ0003505158	1	150,000,000	8.00	8 years (31.12.2020)
CZ0003523680	100,000	500,000	6.50	1 year (20.11.2020)

Issued bonds CZ003505133, CZ003505141, CZ003505158 and CZ0003523680 - bonds from these issues were paid in 2020.

### SOLEK Administration s.r.o. - non-public bond issues

ISIN	Nominal value / security (CZK)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003514465	100,000	500	6,50	5 years (31. 12. 2021)

### SOLEK HOLDING SE - public bond issues

ISIN	Nominal value / security (CZK)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003516353	1,000	608,290	6,20	5 years (19. 9. 2022)
CZ0003528440	50,000	1000	4,50	1 year (20.11.2021)
CZ0003528465	50,000	1000	5,20	2 years (20.11.2022)
CZ0003528457	50,000	1000	6,00	3 years (20.11.2023)

As at 31 December 2020, the Group recorded non-current and current liabilities arising from the issue of bonds:

Bond issuer	Issue of bonds in CZK thousand	Non-current liabilities	Current liabilities
SOLEK HOLDING SE – non-public - CZ0003505125	200,000	63,000	-
SOLEK HOLDING SE – non-public - CZ0003505133	150,000	-	-
SOLEK HOLDING SE – non-public - CZ0003505141	150,000	-	-
SOLEK HOLDING SE – non-public - CZ0003505158	150,000	-	-
SOLEK HOLDING SE – non-public - CZ0003523680	500,000	-	-
SOLEK HOLDING SE - public - CZ0003516353	608,290	288,232	-
SOLEK HOLDING SE - public - CZ0003528440	50,000	-	14,350
SOLEK HOLDING SE - public - CZ0003528465	50,000	12,350	-
SOLEK HOLDING SE - public - CZ0003528457	75,000	50,000	-
SOLEK Administration s.r.o. – non-public - CZ0003514465	50,000	10,300	-
Bonds interest		20	1,303
<b>Total</b>		<b>423,902</b>	<b>15,653</b>

As at 31 December 2019, the Group recorded non-current and current liabilities arising from the issue of bonds:

Bond issuer	Issue of bonds in CZK thousand	Issue costs	Non-current liabilities	Current liabilities
SOLEK HOLDING SE – non-public - CZ0003505125	200,000		64,709	0
SOLEK HOLDING SE - non-public - CZ0003505133	150,000			45,371
SOLEK HOLDING SE - non-public - CZ0003505141	150,000			
SOLEK HOLDING SE - non-public - CZ0003505158	150,000			
SOLEK HOLDING SE – non-public - CZ0003523680	500,000			10,500
SOLEK HOLDING SE - public - CZ0003516353	608,290		290,232	
SOLEK Administration s.r.o. - non-public - CZ0003514465	50,000		10,300	0
<b>Total</b>			<b>365,241</b>	<b>55,871</b>

The Group pays interest on bonds either quarterly, semi-annually or annually depending on the issue conditions. As at 31 December 2020, total interest on bonds was CZK 29,002 thousand (as at 31 December 2019: CZK 31,065 thousand).

### Loan

The Group also concludes loan contracts as one of the tools to obtain funds for its, which are secured by bills of exchange. The Group has been using this tool since 2017. Interest is normally set at 4% p.a. up to 6% p.a. and the maturity of the loans is set at 1 to 3 years. Interest is paid to creditors once a year. The Group is shifting away from using this source of financing.

These loans also include loans from unrelated natural person as described earlier in this note.

in thousand CZK	31 December 2020	31 December 2019
current	716,065	209,245
non-current	177,688	397,007
<b>Total</b>	<b>893,753</b>	<b>606,252</b>

Overview of maturity loans:

Loans maturity	31 December 2020 (in thousand CZK)	31 December 2019 (in thousand CZK)
2020	-	209,245
2021	716,065	287,946
2022	110,884	103,211
2022	60,388	5,850
2027	6,416	-
<b>Total</b>	<b>893,753</b>	<b>606,252</b>

#### q) Deferred income tax

The rate of 19% was used to calculate deferred tax for the Czech Republic as at 31 December 2020 (as at 31 December 2019: rate 19%) and the rate of 27% in case of Chile (as at 31 December 2019: rate 27%).

As at 31 December 2020, the Group reported a deferred tax asset, mainly due to tax losses of CZK 106,824 thousand (2019: CZK 22,902 thousand). The Group reports a deferred tax asset that, based on the Group's assumptions and business plans, is likely to be used against future taxable income in subsequent periods. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be generated in the future, which will allow the use of these temporary differences.

The Group has no other tax losses as at 31 December 2020 that could be used.

Deferred tax consists of the following items:

in thousand CZK	31 December 2020	31 December 2019
Deferred tax from temporary differences arising from:		
Land, buildings, equipment, intangibles, assets and rights of use	58,556	(145)
Receivables, inventories and other differences	4,137	269
Contractual assets	210	-
Tax losses	37,500	23,201
Other temporary differences	6,477	30
Exchange rate difference	-	(453)
<b>Total</b>	<b>106,880</b>	<b>22,902</b>

in thousand CZK	Land, buildings, equipment, intangibles and rights of use	Land buildings, equipment, intangibles and rights of use	Contra-actual assets	Tax losses	Revaluation of assets and liabilities recognized in equity	Other temporary differences	Entities sold from the portfolio in 2020	Exchange rate difference	Total
As at 31.12.2018	(165)	269	-	930	-	(122)	-	24	936
Recorded in the consolidated statement of comprehensive income	20	-	-	17,429	-	151	4,842	-	22,442
Deducted from the consolidated statement of comprehensive income	-	-	-	-	-	-	-	(476)	(476)
Recorded in the other statement of comprehensive income	-	-	-	-	-	-	-	-	-
<b>As at 31.12.2019</b>	<b>(145)</b>	<b>269</b>	<b>-</b>	<b>18,359</b>	<b>-</b>	<b>29</b>	<b>4,842</b>	<b>(452)</b>	<b>22,902</b>
Recorded in the consolidated statement of comprehensive income	58,865	3,898	210	19,481	-	6,448	-	452	89,354
Deducted from the consolidated statement of comprehensive income	(164)	(30)	-	(340)	-	-	(4,842)	-	(5,376)
Recorded in the other statement of comprehensive income	-	-	-	-	-	-	-	-	-
<b>As at 31.12.2020</b>	<b>58,556</b>	<b>4,137</b>	<b>210</b>	<b>37,500</b>	<b>-</b>	<b>6,477</b>	<b>-</b>	<b>-</b>	<b>106,880</b>

## r) Provisions

in thousand CZK	Guarantee provisions	Provision for judicial administrative decisions	Total
<b>Restated balance on 1 January 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
Creation of provisions	6,072	0	6,072
<b>Restated balance on 31 December 2019</b>	<b>6,072</b>	<b>0</b>	<b>6,072</b>
Creation of provisions	0	15,366	15,366
Release of provisions	(6,072)	0	(6,072)
<b>Balance as at 31 December 2020</b>	<b>0</b>	<b>15,366</b>	<b>15,366</b>

\* More information on changes in the consolidated financial statements is provided in Note Y.  
Changes in information in the Group's consolidated financial statements.

### Provision for litigation

The company is a defendant in a legal dispute arising from its business activities with the Slovak company EF Solar I s.r.o. ("EFS") who is the plaintiff, processed by the Slovak courts. In 2015, a subsidy from a program related to the production of electricity from renewable sources was denied to EFS. This subsidy is to be paid by the West Slovak Distribution Company ("ZSD") due to an alleged administrative error that should have occurred while the Company was the owner of the company SIV (today EFS).

Since 2015, EFS has sued ZSD for payment of the refused aid for 2015, to which the Company also joined as intervener ("Dispute 1"). Both companies were fully of the opinion that the EFS claim was justified. Subsequently, the Company was sued directly by EFS for damages caused by the alleged administrative error mentioned above ("Dispute 2").

In the event of the failure of Dispute 2 (or impossibility of another agreement), the Company's management assumes that the result of this dispute may significantly affect the Company's results of operations and for this reason has created a provision for this item including accessories. The provision corresponds to the expected maximum possible impact that could arise from this dispute.

### Provision for warranty repairs

In 2019, the buyer started suspecting that the solar panels at one of the solar power plants he had purchased from the Group did not show declared electricity production. The selected sample of panels was, after mutual agreement, handed over to an independent testing laboratory, which was to verify their effectiveness. The company has created a provision for warranty repairs assuming future replacement of these solar panels. Based on the results from the laboratory, which proved the declared effectiveness and the client's confirmation that he agrees with the results of the laboratory, the Group released this provision for needlessness.

### s) Guarantees

Guarantees	Issued for	Project	Guarantees in thousand CZK	Platnost
Guarantee for warranty period	PV Power Chile SpA	Parque Solar Villa Seca SpA	2,945	05.03.2020 05.03.2022
Guarantee for warranty period	PV Power Chile SpA	Parque Solar Los Paltos SpA	2,993	30.06.2020 30.06.2022
Guarantee for warranty period	PV Power Chile SpA	Parque Solar Santa Fe SpA	10,368	30.06.2020 30.06.2022
Guarantee for warranty period	PV Power Chile SpA	Parque Solar Villa Alegre SpA	10,693	01.08.2020 30.09.2022
Performance guarantee	PV Power Chile SpA	Parque Solar El Paso SpA	13,808	03.08.2020 21.02.2021
<b>Total</b>			<b>40,807</b>	

PV Power Chile SpA concluded guarantees with insurance companies on behalf of these projects and paid premiums for the duration. In all cases, the client is CarbonFree Chile SpA, which in the event of deficiencies has the right to demand settlement from these insurance companies. The Group believes that the risk of settlement of these guarantees is low.

### t) Equity

	31 December 2020	31 December 2019
The nominal value of registered shares (CZK)	31,758	31,758
number of registered shares - fully paid	100,000	100,000

Shareholder structure of the Company:

	31 December 2020	31 December 2019
Zdeněk Sobotka	99%	99%
Pavel Kocián	1%	1%

### Equity management

The Group is not subject to external equity requirements.

The Group's objectives in the area of equity management include:

- a) ensuring the Group's ability to continue as a going concern, and thus return on shareholders' funds
- b) comply with all applicable legal requirements.

The management of the Group will continue to conduct and evaluate in-depth analysis of the current and expected results of the SOLEK Group, including planned and potential investments and cash flow generation, and will adjust the capital structure to implement these plans.



## u) Transactions with related parties

Balances and transactions between the Company and its subsidiaries that are related parties are eliminated on consolidation and are not disclosed below. Information about transactions with other related parties, which are shareholders of the Company with significant and / or higher influence, companies controlled by them or companies in which they have significant influence or joint control, and members of key management are disclosed below.

All transactions with related parties are carried out on the basis of ordinary business conditions and at market prices. The balances of receivables and payables are non-interest bearing (except for financial assets and liabilities intended for financing), are not secured and settlement is expected either in cash or by offsetting. Financial balances assets are reviewed for impairment at the consolidated financial statements date. The SOLEK Group is controlled by Mr. Zdeněk Sobotka as the majority owner and the ultimate controlling person of the Group.

Realized transactions with related parties:

### a) Shareholders of the Company

As at 31 December 2020 and 2019, no dividend was paid to the majority owner, nor was a liability for the payment of dividends recognized. As at 31 December 2020, the majority shareholder owned bonds issued by the Company of issue 125\_2027 in the total nominal value of CZK 63,000 thousand (as at 31 December 2019: CZK 68,764 thousand). The bonds of this issue bear interest at the rate of 12.5% p.a. and are due on 31 December 2027.

Statement of financial position	31 December 2020	31 December 2019
Trade and other payables	63 000	64 709
Obligation to the controlling entity	0	376 309
Interest expenses	8 035	8 160

On 26 June 2019, the shareholder of the Parent Company sold its stake in ENERGY HOLDING S.A. for the purchase price of CZK 897,482 thousand. The purchase price was determined on the basis of a valuation by an independent appraiser.

The resulting liability to the shareholder arising from the transaction was partially (in the amount of CZK 500,000 thousand) offset against the receivable from the surcharge outside the share capital and other receivables of the shareholder. As at 31 December 2019, the amount of CZK 366,309 thousand remains outstanding and reported as a liability to shareholders. The relevant amendment to the netting agreement stipulates that the liability is to be settled by 31 December 2021, provided that the settlement of the liability does not jeopardize the Group's continuity. The Company has another liability to the shareholder related to the shareholder's loan to the Parent Company.

As part of the above-mentioned liabilities to controlling entities, in 2019 the company recorded a liability to another shareholder in the amount of CZK 10 million; the total value due to the controlling persons thus amounts to CZK 376,309 thousand.

### b) an entity that has joint control over another entity

As at 31 December 2020 and 2019, no transactions were recorded with the co-controlling company of the subsidiary Solek Peru SAC.

### c) other related parties

Statement of financial position	31 December 2020	31 December 2019
Receivables and other assets	42	3 840
Trade and other payables	82	788

Statement of comprehensive income	Year ending 31 December 2020	Revised year ending 31 December 2019
Sale of goods and services	717	258
Purchase of goods and services	8 225	7 606
Interest expenses	219	0

### d) Remuneration of members of the Board of Directors, the Supervisory Board and senior management

The costs of remuneration of the members of the Board of Directors, the Supervisory Board and the top management of the Group are as follows:

In thousand CZK	31 December 2020	31 December 2019
Personal expenses	8 009	1 924

Personnel costs include all compensation due to members of the Board of Directors and the top management of the SOLEK Group, including social security and health insurance, and remuneration for the performance of the function as members of the Supervisory Board.

In 2020 and 2019, no loans were provided to members of the Board of Directors, the Supervisory Board and senior management.

### v) Events after the date of the consolidated financial statements

#### Changes in the Group structure:

- On 1 January 2021, PV Power Chile SpA was renamed SOLEK Chile Services SpA.
- On 1 January 2021, SOLEK CONSTRUCCIÓN SpA ceased to exist by merging with SOLEK Chile Services SpA, which became its legal successor.
- On 1 January 2021, SOLEK HOLDING SE transferred to SOLEK EUROPE Holding s.r.o. the Cypriot companies SOLEK Larnaca I Limited, SOLEK Paphos I Limited, SOLEK Nicosia I Limited and SOLEK Lemesos I Limited.
- With effect from 1.1.2021, SOLEK Administration s.r.o. bought part of the SOLEK Czech Services s.r.o. With this transaction a substantial part of the activities of SOLEK Czech Services s.r.o. was transferred to SOLEK Administration s.r.o.
- On 13 January 2021, SOLEK Hong Kong Services Limited was established, its sole shareholder being SOLEK Cyprus Services Limited.
- On 28 January 2021, SOLEK Greece Services SINGLE MEMBER P.C. was established
- As of February 9, 2021, the share of SOLEK DESSARROLLOS SpA was invested by SOLEK Czech Services s.r.o. as a non-monetary contribution to the share capital of SOLEK Chile Services SpA, which also increased the share capital of this company.
- On 22 February 2021, SOLEK Hungary Services Kft was established

9. The spin-off from SOLEK Chile Holding II SpA created SOLEK Chile Holding V was founded on 26 February 2021. 11 companies, whose shares were originally owned by SOLEK Chile Holding II SpA, were also transferred with this spin-off.
10. On 29 April, 2021, the company SOLEK ALPHA SpA was established, whose sole shareholder is the company SOLEK LATAM Holding SpA
11. On 31 May 2021 SOLEK Cyprus Services Limited bought the Cypriot company NERATECH Limited, which owns the Athienou solar power plant project, for a total cost of approximately 280,000 EUR.
12. On 12 July 2021, the legal consequences of the merger of the Luxembourg company ENERGY HOLDING S.A. and the Cypriot company SOLEK Cyprus Services Limited came into effect, where the merger resulted in the dissolution of ENERGY HOLDING S.A., whose legal successor became SOLEK Cyprus Services Limited.

### **New bond issues**

After the balance sheet date, new issues of SOLEK02 bonds were subscribed for:

1. SOLEK02 I 4,50 / 22, ISIN: CZ0003529463 in the nominal value of 50,000 CZK in the total number of 1,000 pieces, with a yield of 4.5% p.a. in the form of a book-entry registered security with a maturity of 1 year (1.2.2022),
2. SOLEK02 II 5,20 / 23, ISIN: CZ0003529489 in the nominal value of 50,000 CZK in the total number of 1,500 pieces, with a yield of 5.2% p.a. in the form of a book-entry registered security with a maturity of 2 years (1.2.2023),
3. SOLEK02 III 6.00 / 24, ISIN: CZ0003529471 in the nominal value of 50,000 CZK in the total number of 2,000 pieces, with a yield of 6% p.a. in the form of a book-entry registered security with a maturity of 3 years (1.2.2024),
4. SOLEK03 I 4,50 / 22, ISIN: CZ0003531923 in the nominal value of 50,000 CZK in the total number of 1,000 pieces, with a yield of 4.5% p.a. in the form of a book-entry registered security with a maturity of 1 year (31.5.2022),
5. SOLEK03 II 5,20 / 23, ISIN: CZ0003531907 in the nominal value of 50,000 CZK in the total number of 1,500 pieces, with a yield of 5.2% p.a. in the form of a book-entry registered security with a maturity of 2 years (31.5.2023),
6. SOLEK03 III 6.00 / 24, ISIN: CZ0003531915 in the nominal value of 50,000 CZK in the total number of 2,000 pieces, with a yield of 6% p.a. in the form of a book-entry registered security with a maturity of 3 years (31.5.2024),
7. SOLEK04 I 4,50 / 22, ISIN: CZ0003533291 in the nominal value of 50,000 CZK in the total number of 1,000 pieces, with a yield of 4.5% p.a. in the form of a book-entry registered security with a maturity of 1 year (1.8.2022),

As of 31 July 2021, 48% of the total subscribed value of the above-mentioned emissions SOLEK02 SOLEK03 was sold.

### **Lending activities**

- On 12 March 2021, a new loan agreement was signed with Natixis. The loan agreement provides a senior loan of USD 85 million, which should provide ongoing financing for photovoltaic power plants in Chile with a total minimum of 107 MWp. As of 27 April 2021, funds in the amount of USD 22 million had been drawn for the construction of the first 4 new projects with a total output of 31.1 MWp.
- On 30 March 2021, amendments to the implementing loan agreements were signed between MW Investiční fond SICAV, a.s. and SOLEK LATAM Holding SpA, based on which 95% of the interest accrued relating to 2020, originally due by 31 March 2021, was capitalized. From 1 April 2021, this interest is considered as new loans. The capitalization of interest, which will accrue in 2021 and 2022, has also been agreed.
- On 21 June 2021, an amendment was signed with an unrelated natural person to extend the maturity of an existing loan in the amount of CZK 300 million until 20 December 2021.

### **SPV sales in Chile**

- On 15 February 2021, the sale of the Bicentenario project (3 MWp) was completed. The Bicentenario - SPV project is called FOTOVOLTAICA LAUREL SpA - the partner and selling company was SOLEK Chile Holding SpA
- On 11 May 2021, the sale of the Alcaldesa project (7.1 MWp) was completed. The Alcaldesa - SPV project is called PARQUE SOLAR ALCALDESA SpA - the partner and selling company was SOLEK Chile Holding V SpA
- On 4 June 2021, the sale of the Curicura project (10.66 MWp) was completed. The Curicura - SPV project is called PARQUE SOLAR AURORA SpA - the partner and selling company was SOLEK Chile Holding V SpA
- In August 2021, the sale of the Aeropuerto project (6.58 MWp) was completed. The Aeropuerto - SPV project is called PARQUE SOLAR RETIRO SpA - the partner and selling company was SOLEK Chile Holding V SpA

In all cases, the buyer was Rockville Energy Holdings SpA.

### **Significant business contracts**

On 14 January 2021, a framework agreement was concluded with an unrelated legal entity for the tripartite sale of goods with a maximum value of USD 25 million.



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