



**SOLIS BOND COMPANY  
DESIGNATED ACTIVITY  
COMPANY AND  
SUBSIDIARIES**

**MANAGEMENT REPORT AND  
CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE PERIOD ENDED  
30 SEPTEMBER 2023**



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## Company Information

<b>Directors</b>	Mr. Vincent Browne Mr. John McQuillan Mr. Are Remseth Gloersen (appointed on 10 August 2023) Mr. Paul McGowan (appointed on 10 August 2023)
<b>Secretary</b>	Mr. John McQuillan
<b>Registered Office</b>	Suite 9-10 Plaza 212, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 D15 R504
<b>Registered Number</b>	679734
<b>Solicitors</b>	Thommessen Advokatfirmaet Thommessen AS Postboks 1484 Vika 0116 Oslo
<b>Bankers</b>	Bank of Ireland 6 O'Connel Street Lwr Dublin City 1 Dublin, Ireland
	DNB Dronning Eufemias Gate 30 0191 Oslo
<b>Auditors</b>	Mazars Chartered Accountants & Statutory Audit Firm Harcourt Centre, Block 3 Harcourt Road Dublin 2



## Directors Report for the Period ended 30 September 2023

The directors present herewith their report and unaudited consolidated financial statements for the nine-month period ended 30 September 2023. These financial statements reflect the performance of Solis Bond Co, DAC and its subsidiaries ("the Group") for the nine months ended 30 September 2023.

### Directors and Secretary

The present directors and secretary are as listed on page 3 and, unless otherwise indicated, have served throughout the period. The table below outlines the beneficial interests in the shares of the Company:

#### Ordinary shares

Vincent Browne	-
John McQuillan	-
Are Remseth Gloersen	-
Paul McGowan	-

There were no transactions with Directors and Secretary during the nine-month period ended 30 September 2023.

### Principal Development & Performance Activities Review

Solis Bond Company Designated Activity Company ("We", "Solis" or the "Company") was incorporated in Dublin, Ireland on 16 October 2020. Solis Bond Company Designated Activity Company provides financing for acquisitions of solar PV parks.

The company is headquartered in Ireland and has offices in the United States, Romania, the Netherlands, Italy, and Poland.

### Results for the Period

The results for the financial period are set out in page 9.

### Going Concern

The financial statements have been prepared on a going concern basis. The Directors are of the opinion that the Company has sufficient cash flows to continue to meet its obligations and there is no intention to wind up the Company.

As of 31 December 2022, Solis Bond Company DAC, was in breach of the three financial covenants under Solis' Bond terms: (i) the minimum Liquidity Covenant that requires the higher of EUR 5.5 million or 5% of the outstanding Nominal Amount, (ii) the minimum Equity Ratio covenant of 25%, and (iii) the Leverage Ratio of NIBD/EBITDA to not be higher than 6.5 times for the year ended 31 December 2021, 6.0 times for the year ended 31 December 2022 and 5.5 times for the period ending on the maturity date of the Bond, January 6, 2024. The Solis Bond carries a 3 months EURIBOR plus 6.5% per annum interest rate, and has quarterly interest payments, with a bullet payment to be paid on 6 January 2024. The Solis Bond is senior secured through a first priority pledge on the shares of Solis and its subsidiaries, a parent guarantee from Alternus Energy Group Plc, and a first priority assignment over any intercompany loans.

In April 2023 the bond holders approved a temporary waiver and an amendment to the bond terms to allow for a change of control in Solis (which allows for the transfer of Solis and its subsidiaries underneath Clean Earth Acquisitions Corp. on Closing). In addition, bondholders received a preference share in an Alternus Midco, which will hold certain development projects in Spain and Italy. The shares will have preference on any distribution from Midco to Alternus up to €10 million, and Midco will divest assets to



ensure repayment of the €10 million should the bonds not have been fully repaid at maturity (January 6, 2024). Finally, bondholders will receive a 1% amendment fee, which equates to €1.4 million.

On 5 June 2023, the bondholders approved an extension to the waiver to 30 September 2023 and the bond trustee was granted certain additional information rights and the right to appoint half of the members of the board of directors of Solis, in addition to the members of the board appointed by Alternus. Under the waiver agreement, as extended, Solis must fully repay the Bonds by 30 September 2023. If Solis is unable to fully repay the Bonds by 30 September 2023, Solis' bondholders have the right to immediately transfer ownership of Solis and all of its subsidiaries to the bondholders and proceed to sell Solis' assets to recoup the full amount owed to the bondholders, which as of 30 September 2023 is \$159.0 million (approximately €150.0). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of Alternus' operating assets and related revenues and EBITDA would be eliminated.

On 16 October 2023, bondholders approved to further extend the temporary waiver to 16 December 2023. As such, the Solis bond debt is currently recorded as short-term debt.

Solis has engaged Pareto Securities AS to explore a refinancing of the bond. The Company has also engaged a leading global firm to support a potential sale of some or all of the assets. The refinancing may be completed in conjunction with a potential sale of certain assets in Solis. We are in advanced discussions with numerous third parties around both the potential refinancing and/or sale of the Solis assets. There are no definitive refinancing or sale agreements executed as of the date of this report and there is no guarantee that these processes will be complete by the Solis Extension date or at all.

## Political Donations

The Electoral Act, 1997 requires companies to disclose all political donations over €200 in aggregate made during the financial year. The directors, on enquiry, have satisfied themselves that no such donation in excess of this amount has been made by the Company during the nine-month period ended 30 September 2023.

## Dividends

During the nine-month period ended 30 September 2023, the Company made no interim dividend payments to ordinary shareholders or preference shareholders. The Directors do not propose the payment of a final dividend for the year.

## Principal Risks and Uncertainties

In the opinion of the Directors, the main risks and uncertainties faced by the Group, along with the nature of their potential impact, are as follows:

a) Risks related to the Group and the industry in which it operates:

- The Company is a holding company that relies on distributions and other payments, advances, and transfers of funds from its subsidiaries to meet its obligations.
- The reduction, modification or elimination of government subsidies and economic incentives may reduce the economic benefits of existing solar parks and the opportunities to develop or acquire suitable new solar parks.
- Decreases in the spot market price of electricity could harm the Group's revenue and reduce the competitiveness of solar parks in grid-parity markets.
- Risks related to power purchase agreements.

b) Risks related to the Group and the industry in which it operates continued:



- The seasonality of the Group's operations may affect its liquidity and will affect our quarterly results.
- Risks related to acquisitions.
- Failure to manage the Group's growing and changing business could have a material adverse effect on the business, prospects, financial condition, and results of operations.
- The delay between making significant upfront investments in the Group's solar parks and receiving revenue could materially and adversely affect the Group's liquidity, business, and results of operations.
- Risks related to developing and maintaining renewable energy projects.
- Risks related to receiving proper planning permissions for the solar parks.
- Risks relating to PV plants quality or PV plants performance.
- The Group's limited operating history may not serve as an adequate basis to judge its prospects and results of operations.
- The holding companies in the Group have a significant number of foreign subsidiaries with whom they have entered many related party transactions. The relationship of such holding companies with these entities could adversely affect the Group in the event of their bankruptcy or similar insolvency proceeding.
- The Group's business as an independent power producer (IPP) requires significant financial resources and the growth prospects and future profitability of the Group depends on the availability of additional funding options with acceptable terms. If the Group does not successfully execute its financing plan it may have to sell certain of its solar parks.
- Risk related to competition.
- Risk related to personnel.
- If sufficient demand for solar parks does not develop or takes longer than anticipated to develop, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.
- The Group is subject to risks associated with fluctuations in the price of PV modules and balance-of-system components or in the costs of design, construction, and labour.
- The Group may be subject to unforeseen costs, liabilities or obligations when operating and maintaining solar parks.
- Refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output.

c) Risks related to the Group and the industry in which it operates continued:

- The Group's project operations may be adversely affected by weather and climate conditions, natural disasters, and adverse work environments.
- Business interruptions, whether due to catastrophic disasters or other events, could adversely affect the Group's operations, financial condition, and cash flows.
- The Group's business, results of operations, financial condition and cash flows has been and may continue to be materially and adversely affected by the outbreak of COVID-19.



**d) Legal and regulatory risk:**

- Litigation risk - the Group may, in the ordinary course of business, become involved in such proceedings which may be expensive, lengthy, disruptive to normal business operations and require significant attention from the Group's management bodies.
- Risk related to legal rights to real property.
- The Group is subject to counterparty risks under our Feed in Tariff (FIT) price support schemes and Green Certificates (GC) schemes.
- The Group has limited business insurance coverage internationally.
- The Group conducts its business operations globally and is subject to global and local risks related to economic, regulatory, tax, social and political uncertainties.
- The Group's international operations require significant management resources and presents legal, compliance and execution risk in multiple jurisdictions.

**e) Risks related to the Group's financial situation:**

- Fluctuations in foreign currency exchange rates may negatively affect the Group's revenue, cost of sales and gross margins and could result in exchange losses.
- The Group's substantial indebtedness could adversely affect its business, financial condition, and results of operations.

**f) Risks relating to the public bonds:**

- An active trading market for the Company's bonds may not develop and the price of the bonds may under any circumstance fluctuate significantly.
- The bonds may not be a suitable investment for all investors.
- Bondholders may face currency exchange risks or adverse tax consequences by investing in the shares denominated in currencies other than their reference currency.
- Legal investment considerations may restrict certain investments.
- Future sales or the possibility of future sales of substantial numbers of bonds may affect the bonds' market price.

**g) Risks relating to the shares:**

- The Company may be unwilling or unable to pay any dividends or make distributions.
- Irish law imposes certain restrictions on shares and shareholders.

### **Events Subsequent to the Period End**

In accordance with IAS 10, Events after the reporting period (Subsequent Events), we have evaluated subsequent events through the date of issuance of these financial statements.

On 16 October 2023, bondholders approved to further extend the temporary waiver to 16 December, 2023. As such, the Solis bond debt is currently recorded as short-term debt.

### **Parent Undertaking and Controlling Party**

Alternus Energy Group Plc (the Group) was incorporated in Dublin, Ireland on 31 January 2019, under the name Alternus Energy International Limited. On 20 October 2020, the Company re-registered as a



Plc and changed its name to Alternus Energy Group Plc. Alternus Energy Group Plc owns 100% of shares of Solis.

### Group Companies

Particulars of the companies within the Group, required to be disclosed under Section 314(1) of the Companies Act 2014, in respect of Group companies are detailed in Note 18 to the Consolidated Financial Statements.

### Related Party

Parties are considered to be related when one party can exercise control, shared control, or significant influence over the other in decision-making involving its finances and operating activities. The related parties of the parent company include major shareholders, subsidiaries, and key management personnel. Key management personnel include members of the Board of Directors and the Secretary. Refer to Footnote 18 for related party transaction details.

The Company is a member of the Alternus Energy Group of Companies and as a result, the majority of the Company's related party transactions emanate from this relationship. Alternus Energy Group has contributed Capital of \$29.7 million as disclosed below. The note for Subsidiary undertakings further lists out all the subsidiaries for the Group and the Company. Refer to Footnote 17 for capital contribution details.

### Director's Compliance Statement

The Directors have drawn up a compliance policy statement setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations the Directors understand that they are responsible for securing the Company's compliance with its relevant obligations. The Company has appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations; and the Company has conducted a review, during the financial year of the arrangements or structures that have been put in place.

### Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed a professionally qualified financial director who reports to the Board and ensures that the requirements of Sections 281 to 285 of the Companies Act 2014 are complied with. These books and accounting records are maintained at the Company's registered office at Dublin, Ireland.



Consolidated Statement of Comprehensive Income

		Notes	Period Ended 30 September 2023	Period Ended 30 September 2022
(\$000's)				
Revenue	2		25,981	28,043
Cost of sales	3		(5,903)	(9,261)
<b>Gross profit</b>			<b>20,078</b>	<b>18,782</b>
General and administration expenses	4		(1,937)	(1,610)
Depreciation	5		(5,296)	(6,913)
Amortisation	5		(106)	(86)
<b>Operating profit (loss)</b>			<b>12,739</b>	<b>10,173</b>
Finance costs	6		(15,774)	(10,852)
Development Costs	6		(438)	-
Disposal of assets	6		-	(79)
Other Income (Expense)	6		(11,261)	(21)
<b>Profit (Loss) on ordinary activities before taxation</b>			<b>(14,734)</b>	<b>(779)</b>
Income Tax			-	-
<b>Profit (Loss) for the financial period</b>			<b>(14,734)</b>	<b>(779)</b>
<b>Other comprehensive income for the period</b>				
Foreign exchange differences on translation of operations of foreign subsidiaries and branches			(4,729)	(4,388)
<b>Total comprehensive income for the year attributable to the owners of the Group</b>			<b>(19,463)</b>	<b>(5,167)</b>



Consolidated Statement of Financial Position

(\$000's)	Notes	Period Ended 30 September 2023	Period Ended 30 September 2022
<b>Assets</b>			
Goodwill	7	1,989	1,831
Property, plant and equipment, net	8	166,520	153,775
<b>Total non-current assets</b>		<b>168,509</b>	<b>155,606</b>
<b>Current assets</b>			
Trade and other receivables	9	25,159	26,090
Restricted cash	10	5,027	5,750
Cash and cash equivalents	10	2,720	9,887
<b>Total current assets</b>		<b>32,906</b>	<b>41,727</b>
<b>Total assets</b>		<b>201,415</b>	<b>197,333</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	15,617	14,334
Capital lease – short term	13	348	134
Borrowings – short term	14	157,465	(3,546)
<b>Non-current liabilities</b>			
Assets retirement obligation	15	1,283	1,072
Capital lease – long term	13	6,487	4,142
Borrowings – long Term	14	-	135,254
<b>Total Liabilities</b>		<b>181,200</b>	<b>151,390</b>
<b>Capital and reserves</b>			
Share Capital	16	1	1
Capital Contribution	16	29,689	29,689
Foreign exchange reserve	16	(3,155)	(5,608)
Retained earnings (deficit)	16	(6,320)	21,861
<b>Total equity</b>		<b>20,215</b>	<b>45,943</b>
<b>Total equity and liabilities</b>		<b>201,415</b>	<b>197,333</b>



Consolidated Statement of Changes in Equity

	Share Capital	FX <sup>1</sup> Reserves Arising on Translation (\$000's)	Capital Contribution (\$000's)	Retained Earnings (\$000's)	Total (\$000's)
<b>At 1 January 2023</b>	<b>1</b>	<b>1,574</b>	<b>29,689</b>	<b>8,418</b>	<b>39,682</b>
Capital contribution - Fx	-	-	-	-	-
Foreign Exchange reserve	-	4,217	-	-	4,217
<b>Profit/(Loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,644)</b>	<b>(3,644)</b>
<b>At 31 March 2023</b>	<b>1</b>	<b>5,791</b>	<b>29,689</b>	<b>4,774</b>	<b>40,255</b>
Capital contribution - Fx	-	-	-	-	-
Foreign Exchange reserve	-	(1,102)	-	-	(1,102)
<b>Profit/(Loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438</b>	<b>438</b>
<b>At 30 June 2023</b>	<b>1</b>	<b>4,689</b>	<b>29,689</b>	<b>5,212</b>	<b>39,591</b>
Capital contribution - Fx	-	-	-	-	-
Foreign Exchange reserve	-	(7,844)	-	-	(7,844)
<b>Profit/(Loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,532)</b>	<b>(11,532)</b>
<b>At 30 September 2023</b>	<b>1</b>	<b>(3,155)</b>	<b>29,689</b>	<b>(6,320)</b>	<b>20,215</b>

<sup>1</sup> FX = Foreign Exchange



**Consolidated Statement of Cash Flow**

Cash Flows from Operating Activities (\$000's)	Period Ended 30 September 2023	Period Ended 30 September 2022
<b>Group profit/(loss) after tax</b>	<b>(14,734)</b>	<b>(779)</b>
<b>Adjusted for:</b>		
Depreciation	5,296	6,913
Amortisation	106	86
Non-cash right of use asset amortization	141	122
Amortisation of debt discount	4,619	2,861
Interest Expense	10,779	7,991
Interest Paid	(9,896)	(10,107)
Movement in trade and other receivables	(797)	(6,501)
Movement in trade and other payables	5,972	(3,628)
Movement in prepayments and other assets	(624)	1,148
Payments on operating leases	(365)	(769)
<b>Net cash flows generated from operating activities</b>	<b>497</b>	<b>(2,663)</b>
<b>Cash flows from investing activities</b>		
Cash paid for acquisition of energy property	(190)	(10,980)
Cash paid for acquisitions	-	-
Cash paid for development of assets	58	-
<b>Net cash used in investing activities</b>	<b>(132)</b>	<b>(10,980)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of debt, net	-	11,680
Payments on debt		(1,947)
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>9,733</b>
<b>Effect of exchange rate on cash</b>	<b>(235)</b>	<b>(1,037)</b>
<b>Net increase in cash and cash equivalents</b>	<b>130</b>	<b>(4,947)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,617</b>	<b>20,584</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,747</b>	<b>15,637</b>



**Notes to the Consolidated Financial Statements for the Nine Months ended 30 September 2023**

**General Information**

Solis Bond Company Designated Activity Company ("We", "Solis" or the "Company") was incorporated in Dublin, Ireland on 16 October 2020. Solis Bond Company Designated Activity Company provides financing for acquisitions of solar PV parks.

Alternus Energy Group Plc was incorporated in Dublin, Ireland on 31 January 2019, under the name Alternus Energy International Limited. On 20 October 2020, the Company re-registered as a Plc and changed its name to Alternus Energy Group Plc. Alternus Energy Group Plc owns 100% of shares of Solis.

**Below are details for the Group's Offices and Operating Companies**

Subsidiary	Principal Activity	Date acquired/established	Principal place of business	Registered address
Power Clouds SRL	SPV	31 March 2015	Romania	3D Apiculorilor Boulevard 1st Floor, District 3D, Bucharest, Romania 12053
F.R.A.N. Energy Investment SRL	SPV	31 March 2015	Romania	3D Apiculorilor Boulevard 1st Floor, District 3D, Bucharest, Romania 12053
PC-Italia-02 S.p.A.	SPV	2 September 2016	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Sant'Angelo Energia S.r.l.	SPV	19 May 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
CIC Rooftop 2 S.r.l.	SPV	24 April 2019	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
CIC RT Treviso S.r.l.	SPV	24 April 2019	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
SPV White One S.r.l.	SPV	24 April 2019	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
CTS Power 2 S.r.l.	SPV	30 April 2019	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Zonnepark Rilland B.V.	SPV	20 December 2019	Netherlands	Evert Van de Beekstraat 1, 104 The Base B, Schipol, Netherlands 1118CL
Solis Bond Company DAC	Holding Company	16 October 2022	Ireland	Suite 9/10, Plaza 212 Blanchardstown Corporate Park 2, Dublin D15 R504 Ireland
KKSOL S.r.l	SPV	23 February 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Petriolo Fotovoltaica S.r.l	SPV	18 March 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Solarpark Serre 1 S.r.l	SPV	29 March 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Lucas EST S.r.l	SPV	30 July 2021	Romania	3D Apiculorilor Boulevard 1st Floor, District 3D, Bucharest, Romania 12053



Ecosfer Energy S.r.l.	SPV	30 July 2021	Romania	3D Apiculitorilor Boulevard 1st Floor, District 3D, Bucharest, Romania 12053
LJG Green Source Energy Beta S.r.l.	SPV	29 July 2021	Romania	3D Apiculitorilor Boulevard 1st Floor, District 3D, Bucharest, Romania 12053
BIMA SRL	SPV	3 June May 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
MABI SRL	SPV	1 June 2021	Italy	Via Battistessa, 10, Caserta, Campania, Italy 81100
Solarpark Samas Sp. Z.O.O.	SPV	31 August 2021	Poland	Garazowa 5a, 02-651 Warsaw Poland
Elektrownia PV Komorowo Sp. Z.O.O	SPV	22 December 2021	Poland	Garazowa 5a, 02-651 Warsaw Poland
PV Zachod Sp. Z.O.O	SPV	22 December 2021	Poland	Garazowa 5a, 02-651 Warsaw Poland
RA 01 Sp. Z.O.O	SPV	24 March 2022	Poland	Garazowa 5a, 02-651 Warsaw Poland
Gardno Sp . Z.O.O	SPV	24 March 2022	Poland	Garazowa 5a, 02-651 Warsaw Poland
Gardno2 Sp. Z.O.O	SPV	24 March 2022	Poland	Garazowa 5a, 02-651 Warsaw Poland

## 1) Summary of Significant Accounting Policies

### Basis of Financial Statements

#### Compliance with IFRS, New Standards and Interpretation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and the Companies Act 2014.

The Group adopted all accounting standards and interpretations at 30 September 2023. The new and revised accounting standards and interpretations that have been published by the IASB were adopted by the Group and were assessed as not applicable and have no impact on the Group's consolidated financial statements.

### New Accounting Standards Effective After the Reporting Period and Year Ended 30 September 2023

The Management assessed that the standard change for amendments below has no significant impact on the Group's financial statements:

#### Amendments to IFRS 1 – Subsidiary as a First-Time Adopter

The Group adopted all accounting standards and interpretations at 30 September 2023. The new and revised accounting standards and interpretations that have been published by the IASB were adopted by the Group and were assessed as not applicable and have no impact on the Group's consolidated financial statements. The amendment is effective for annual periods beginning on or after 1 January 2022 with early application permitted. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.



## Amendments to IFRS 3 – References to Conceptual Framework (Conceptual Framework and Business Combination)

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3). The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period (beginning on or after 1 January 2020) and to assess acquisitions that occur on or after the beginning of that period. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

In May 2020, the International Accounting Standards Board (IASB or Board) issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 (Framework), with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 (2018 Conceptual Framework) without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018), which was issued at the same time as the 2018 Conceptual Framework. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

## Amendments to IFRS 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022 with early application permitted. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.



## Amendments to IFRS 16 – Lease Incentives

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance. The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

## Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On 14 May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

## Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

On 14 May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

It amends the standard to prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

## Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform)

IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates. The Board identified two groups of accounting issues arising from IBOR reform that could affect financial reporting and divided its project, IBOR Reform and its Effects on Financial Reporting, into two phases:

- pre-IBOR reform: where uncertainty could arise in the run-up to transition (Phase 1 amendments); and
- post-IBOR reform: when that uncertainty goes away but companies update the rates in their contracts and the details of their hedging relationships (Phase 2 amendments).

The Phase 2 amendments principally address the following issues.



Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate.

A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

### **Amendments to IAS 1 and IAS 8 (Definition of Material)**

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments are effective for annual reporting periods beginning on or after 1 January 2020. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

### **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)**

On 23 January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items.

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least 12 months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability.
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group currently does not believe that the adoption of this accounting guidance will have a material impact on its consolidated financial statements and related disclosures.

### **New and Amended Standards and Interpretations (Continued) Standards Issued but Not Yet Effective**

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

The Company has not adopted any other new standards or interpretations that are not mandatory. Other than as indicated above, the directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.



## Historical Cost, Presentation Currency, and Going Concern

The consolidated financial statements have been prepared on the historical cost basis, except where described otherwise in the policies below.

- Certain financial instruments carried at amortized cost.
- Lease liabilities measured at present value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements of the Group are presented in USD (\$) and the functional currency of the Group remains to be Euro (€). The presentation currency translation is performed as per IFRS 21.

## Basis of Consolidation

The financial statements of the Group incorporate the financial statements of the Company (the parent) and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

- has the power over the subsidiary;
- is exposed, or has rights, to variable returns from its involvement with the subsidiary; and
- has the ability to use its power to affect those returns.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to their control. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers



all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- potential voting rights held by the Company, other vote holders or other parties.
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interest even if this results in the non-controlling interest having deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

## Revenue Recognition

The Company derives revenues through its subsidiaries from the sale of electricity and the sale of solar renewable energy credits (RECs) in Romania and guarantees of origin certificates (GoOs) in Poland. The Company receives Green Certificates based on the amount of energy produced in Romania. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity generated by the Company's solar energy facilities is delivered to the grid; at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth its customer contracts.



The Company's current portfolio of renewable energy facilities is generally contracted under long-term Country Renewable Programs (FIT programs) or Energy Offtake Agreements (PPAs/VPPAs) with creditworthy counterparties. Pricing of the electricity sold under these FITs and PPAs is generally fixed for the duration of the contract, although some of its PPAs have price escalators based on an index (such as the consumer price index) or other rates specified in the applicable PPA.

### Expense Recognition

Expenses in the statement of comprehensive income are presented using the nature or function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes components of cost of sales. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

### Business Combinations

IFRS 3 Business Combinations outlines the accounting when an acquirer obtains control of a business (e.g., an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair value at the acquisition date.

We account for business combinations by recognizing in the financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in the acquiree at fair value at the acquisition date. We also recognize and measure the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, acquisition costs related to business combinations are expensed as incurred. Business combinations is a critical accounting policy as there are significant judgments involved in the allocation of acquisition cost.

When we acquire renewable energy facilities we allocate the purchase price to (i) the acquired tangible assets and liabilities assumed, primarily consisting of land, plant, and long-term debt, (ii) the identified intangible assets and liabilities, primarily consisting of the value of favourable and unfavourable rate Government renewable energy incentive programs and Energy offtake agreements and the in-place value of market rate Government renewable energy incentive programs, (iii) non-controlling interests, and (iv) other working capital items based in each case on their fair values in accordance with IFRS.

We perform the analysis of the acquisition using the income approach, or an income approach or excess earnings approach. Factors considered by management in its analysis include considering current market conditions and costs to construct similar facilities. We also consider information obtained about each facility as a result of our pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets and liabilities acquired or assumed. In estimating the fair value, we also establish estimates of energy production, current in-place and market power purchase rates, tax credit arrangements and operating and maintenance costs. A change in any of the assumptions above, which are subjective, could have a significant impact on the results of operations.

The allocation of the purchase price directly affects the following items in our consolidated financial statements:



- The amount of purchase price allocated to the various tangible and intangible assets, liabilities, and non-controlling interests on our balance sheet;
- The amounts allocated to the value of favourable and unfavourable rate Government renewable energy incentive programs and Energy offtake agreements are amortized to revenue over the remaining non-cancellable terms of the respective arrangement. The amounts allocated to all other tangible assets and intangibles are amortized to depreciation or amortization expense, except for favourable and unfavourable rate land leases and unfavourable rate O&M contracts which are amortized to cost of operations; and
- The period over which tangible and intangible assets and liabilities are depreciated or amortized varies, and thus, changes in the amounts allocated to these assets and liabilities will have a direct impact on our results of operations.

## Bargain Purchase

A bargain purchase occurs when businesses are acquired for less than fair market value. In a bargain purchase business combination, a corporate entity is acquired by another for an amount that is less than the fair market value of its net assets. Current accounting rules for business combinations require the acquirer to record the difference between the fair value of the acquired net assets and the purchase price as a gain on its income statement due to negative goodwill.

## Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

## Leases

The Group as lessee at inception of a contract, assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right of use asset for operating leases is based on the lease liability. The right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.



Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', and lease liabilities in trade and other payables in the statement of financial position. The movement of right-of-use of the assets of the Group is disclosed in Notes 6 and 13 to the Consolidated Financial Statements.

### **Short-Term Leases and Leases of Low-Value Assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of offices and licences that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Foreign Currencies**

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains, and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

To present consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the statement of comprehensive income in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities),



and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

### Income Tax

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

#### Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill. Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which



they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. The measurement of deferred tax reflects the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

## Property, Plant and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs, and borrowing costs capitalised.

### Depreciation

Depreciation is calculated using the straight-line method to write off the cost of property, plant, and equipment over their expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### Subsequent Additions

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

### Asset Retirement Obligations

In connection with the acquisition or development of solar energy facilities, the Company may have the legal requirement to remove long-lived assets constructed on leased property and to restore the leased property to its condition prior to the construction of the long-lived assets. This legal requirement is referred to as an asset retirement obligation (ARO). If the Company determines that an ARO is required for a specific solar energy facility, the Company records the present value of the estimate future liability when the solar energy facility is placed in service. AROs recorded for owned facilities are recorded by increasing the carrying value of investment in energy property and depreciated over the solar energy facility's useful life. While an ARO, recorded for a leasing arrangement, is accounted for as a liability in the initial period recognized and amortized over the term of the solar energy facility's useful life. After initial recognition of the liability, the Company accretes the ARO to its future value over the solar energy facility's useful life.

Repairs, maintenance, and minor inspection costs are expensed as incurred.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal



or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

## Investments in Subsidiary

### Investments in Subsidiary Companies

A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by the Company. Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investment in subsidiaries is carried in the Group's separate financial statements at cost less any accumulated impairment losses. The Group's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in the subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. The investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

### Impairment of Tangible and Intangible Assets

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### Intangible Assets

Intangible assets consist of long-term operating contracts acquired through the acquisition of solar energy facilities. Intangible assets are initially recognized at their fair value and are amortized over the term of the related Government renewable energy incentive programs using the straight-line method. For solar energy facilities that are purchased and then put into construction, intangible assets are recorded at cost, and are amortized over the term of the related Government renewable energy incentive programs using the straight-line method.

### Impairment of Long-Lived Assets

The Company reviews its investment in energy property and Government renewable energy incentive programs for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When evaluating impairment, if the undiscounted cash flows estimated to be generated by the energy property are less than its carrying amount, the differential carrying amount is determined to be not recoverable. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their



present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in the statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the impairment loss is first treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Goodwill and Indefinite-Lived Intangible Assets

The Company has goodwill and certain indefinite-lived intangible assets that have been recorded in connection with the acquisition of a business. Goodwill and indefinite-lived assets are not amortized, but instead are tested for impairment at least annually. Goodwill represents the excess of the purchase price of an acquired business over the estimated fair value of the underlying net tangible and intangible assets acquired. For purposes of the goodwill impairment test, the Company has determined that it currently operates as a single reporting unit. If it is determined that an impairment has occurred, the Company adjusts the carrying value accordingly, and charges the impairment as an operating expense in the period the determination is made. Although the Company believes goodwill is appropriately stated in the consolidated financial statements, changes in strategy or market conditions could significantly impact these judgments and require an adjustment to the recorded balance.

### Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

### Financial Assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.



All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

### Loans and Receivables

The Group's loans and receivables comprise trade and other receivables, amounts due from contract customers, bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. When there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. This represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date; except for assets for which a simplified approach was used.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:



- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk.

### **Derecognition of Financial Assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds receivable.

## **Financial Liabilities and Equity**

### **Classification of Debt or Equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

### **Ordinary Share Capital**

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

### **Financial Liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

### **Retained Earnings**

Retained earnings represent accumulated profit attributable to equity holders of the Group after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.



## Trade and Other Payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

## Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

## Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## Provisions and Contingencies

### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its' carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

### Contingencies

Contingent liabilities, arising because of past events, are not recognised when (i) it is not probable that there will be an outflow of resources, or the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

### Onerous Contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable



costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### **Warranties**

Provisions for warranty costs are recognized at the date of sale of the relevant products at the management's best estimate of the expenditure required to settle the Group's obligation.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### **Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and key management personnel of the Group are also considered to be related parties. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

### **Directors' and Auditor's Remuneration**

#### **Directors' Remuneration**

<b>Director's Remuneration</b>	<b>30 September 2023 (\$000's)</b>
Remuneration in respect of services as Director	109

#### **Auditor's Remuneration - Group**

<b>Auditor's Remuneration</b>	<b>30 September 2023 (\$000's)</b>
Audit	20

### **Significant Accounting Judgements, Estimates and Assumptions**

In preparing these financial statements, the Group and Company make judgements, estimates and assumptions concerning the future that impact the application of policies and reported amounts of assets, liabilities, income, and expenses.

The resulting accounting estimates calculated using these judgements and assumptions are based on historical experience and expectations of future events and may not equal the actual results. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised prospectively.

**Critical judgements made in applying the Group's and Company's accounting policies that have the most significant effects on the amounts recognised in these financial statements are set out below:**

#### **Fair Value Assessment of Acquired Assets**

The fair value of the purchase consideration is valued based on a discounted cash flow over the life of the assets. The company uses estimates of future revenues and expenses to determine the fair value. The purchase price allocation was based, in part, on management's current knowledge of the project and the results of a fair value assessment that the Company performed.

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily



apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

### **Determining the Timing of Satisfaction of Performance Obligations**

In making their judgment, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and in particular whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

### **Significant Increase of Credit Risk**

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its' credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

### **Functional Currency**

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has determined to be the Euro. The Euro is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group in determining the costs and revenues. The reporting currency for the presentation of Management report is USD (\$).

### **Leases**

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

### **Classification of Lease as Finance Lease**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of the ownership to the lessee otherwise leases are classified as operating leases. Judgment is used in determining whether the significant risk and rewards of ownership are transferred to the lessee. In making such judgment the Group evaluates the terms and conditions of the lease arrangement. The lease is classified as a finance lease if the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised or the lease term is for the major part of the economic life of the asset or at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; or the leased assets are of such a specialized nature that only the lessee can use them without major



modifications) in which the management believes that the lessor has transferred substantially all the risk and rewards over the leased asset to the lessee.

Based on management evaluation, the lease arrangements entered into by Group as a lessor are accounted for as finance leases because the Group has determined that choose which item applies: (a) the lessor will transfer the ownership of the leased assets to the Group upon termination of the lease; and, (b) the Group has given the lessee an option to purchase the asset at a price that is sufficiently lower than the fair value at the date of the option.

### **Determination of Control**

Management exercises its judgment in determining whether the Group has control over another entity by evaluating the substance of relationship that indicates the control of Group over its subsidiaries. The recognition and measurement of the Group's investment over these entities will depend on the result of the judgment made.

### **Estimating Useful Lives of Assets**

The useful lives of the Group's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Group's property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recognized operating expenses and decrease non-current assets. The Group's property, plant and equipment are typically measured at 14 - 35 years but are also analysed on an asset-to-asset basis.

### **Impairment of Goodwill**

Determining whether goodwill is impaired requires estimation of the value of cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected a material impairment loss may arise.

### **Asset Impairment other than Goodwill**

The Group performs an impairment review when certain impairment indicators are present. Purchase accounting requires extensive use of accounting estimates and judgment to allocate the purchase price to the fair market values of the assets and liabilities purchased. Determining the recoverable amount of property, plant and equipment, intangible assets, and investment in associates, joint ventures, and subsidiaries, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that property, plant and equipment, intangible assets, and investment in associates, joint ventures, and subsidiaries are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.



## 2) Revenue

Revenue	30 September 2023 (\$'000's)	30 September 2022 (\$'000's)
<b>Revenue</b>	<b>25,981</b>	<b>28,043</b>
<b>Net Revenue, by Offtake Type</b>	<b>30 September 2023 (\$'000's)</b>	<b>30 September 2022 (\$'000's)</b>
Government renewable energy incentive programs	7,586	9,768
Green certificates	8,121	6,970
Energy offtake agreements	10,274	11,305
<b>Total</b>	<b>25,981</b>	<b>28,043</b>
<b>Revenue by Country</b>	<b>30 September 2023 (\$'000's)</b>	<b>30 September 2022 (\$'000's)</b>
Romania	13,209	14,061
Italy	2,924	2,847
Netherlands	2,727	1,477
Poland	7,121	9,658
<b>Total Revenue by Country</b>	<b>25,981</b>	<b>28,043</b>

### Segment Information

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments. The Board assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed based on a single segment.

### Major Customers

Four individual external customers each account for over 10% of the Group's revenue, as follows:

Top 4 customers	30 September 2023 (\$'000's)	30 September 2022 (\$'000's)
Client 1	8,531	9,230
Percentage of Total Revenue	33%	33%
Client 2	5,909	3,986
Percentage of Total Revenue	23%	14%
Client 3	3,936	3,827
Percentage of Total Revenue	15%	14%
Client 4	2,497	3,785
Percentage of Total Revenue	10%	13%



### 3) Cost of Sales

Cost of Sales - Group	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Energy consumption	(1,738)	(6,205)
Operations & maintenance	(2,033)	(1,367)
Consulting expense	(199)	(163)
Property and other misc. tax	(355)	(327)
Accounting fees	(310)	(231)
Insurance expense	(171)	(175)
Liquidated damage	-	(68)
Security	(203)	(165)
Transport & Tarriff	(229)	(137)
Payroll & Commissions	(318)	(218)
Misc. expense	(347)	(205)
<b>Total</b>	<b>(5,903)</b>	<b>(9,261)</b>

### 4) General and Administration Expenses

The total general and administration expenses for the Group provided by the bond sums to \$1.9 million and \$1.6 million for the nine-month period ending 30 September 2023 and 2022, respectively.

### 5) Depreciation and Amortisation

Depreciation and Amortisation	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Amortisation	(106)	(86)
Depreciation	(5,296)	(6,913)

### 6) Other Expense

Other Income/(Expense)	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Bank and other interest	(10,779)	(7,991)
Debt discount	(4,619)	(2,861)
ROU interest	(376)	-
Other income/(expense)	(11,261)	(21)
Disposal of assets	-	(79)
Development costs	(438)	-
<b>Total Other Income/(Expense)</b>	<b>(27,473)</b>	<b>(10,952)</b>



## 7) Intangible Assets

	<b>30 September 2023</b> (\$'000's)
Goodwill at 1 January 2023	2,009
Fx change to Goodwill	(20)
<b>Goodwill at 30 June 2023</b>	<b>1,989</b>

## 8) Property, Plant and Equipment

Movements in the carrying amounts of the Group's property, plant and equipment are as follows:

Property, Plant and Equipment (\$'000's)	Property, Plant and Equipment	Land	Right of use asset	Asset Retirement	Capitalized Project Costs	Construction in Process	Totals
Cost							
Opening Balance	180,238	497	7,355	1,118	-	-	189,208
Additions	35	-	-	-	91	23	149
FX	(856)	(7)	82	65	6	(18)	(728)
Closing balance of cost account	179,417	490	7,437	1,183	97	5	188,629
Accumulated Depreciation							
Opening Balance	16,075	-	552	80	-	-	16,707
Depreciation and Amortization charge for the year	5,058	-	238	106	-	-	5,402
Closing balance of the accumulated depreciation account	21,133	-	790	186	-	-	22,109
<b>Net book value as at 30 September 2023</b>	<b>158,284</b>	<b>490</b>	<b>6,647</b>	<b>997</b>	<b>97</b>	<b>5</b>	<b>166,520</b>

Management believes that there is no indication that an impairment loss has occurred.

## 9) Trade and Other Receivables

The carrying amounts of trade receivables and other receivables approximate their fair value largely due to the short-term maturities and nature of these instruments. All trade receivables are due within the Group's and Company's normal terms which is 30 days.

Trade and Other Receivables	<b>30 September 2023</b> (\$'000's)	<b>30 September 2022</b> (\$'000's)
Trade receivables	4,451	7,192
Unbilled energy incentives earned	5,883	5,022
Accrued revenue	1,510	1,272
Prepayments & other	1,143	1,403
Value added tax recoverable, net	1,922	1,222
Receivables from affiliate	10,250	9,979
<b>Total Trade and Other Receivables</b>	<b>25,159</b>	<b>26,090</b>



## 10) Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	30 September 2023 (\$000's)	30 September 2022 (\$000's)
<b>Cash and Cash Equivalent</b>		
Cash in bank	2,720	9,887
<b>Restricted cash</b>		
Debt service reserve	4,984	5,411
Escrow accounts	43	339
<b>Cash and Cash Equivalent</b>	<b>7,747</b>	<b>15,637</b>

Restricted cash and cash equivalent relate to balances that are in the bank accounts for specific defined purposes and cannot be used for any other undefined purposes. The balance has a debt service reserve account as per the requirements from the bond trustee that is serving the purpose of issuing the quarterly coupons to the bond trustee for the green bonds issued in 2021. The balance also has an account for an acquisition related account in Italy that holds an escrow balance.

## 11) Trade and Other Payables

### Trade and Other Payables

The carrying amounts of trade and other payables approximate their fair value largely due to the short-term maturities and nature of these instruments. The repayment terms of trade payables vary between on demand and 30 days. No interest is payable on trade payables.

The terms of the accruals are based on underlying invoices.

	30 September 2023 (\$000's)	30 September 2022 (\$000's)
<b>Trade and Other Payables</b>		
Trade payables and accruals	4,621	4,854
Accrued expenses	5,113	4,458
Deferred income	5,883	5,022
<b>Total Trade and Other Payables</b>	<b>15,617</b>	<b>14,334</b>

## 12) Due from Affiliate

Due from Affiliate represents the receivable from Alternus Energy Group, PLC as a current receivable that Solis Bond Co, DAC funded towards the advance payments of "permitted acquisition" of assets.

	30 September 2023 (\$000's)	30 September 2022 (\$000's)
<b>Due from Affiliate</b>		
Due from AEG, PLC	10,250	9,979



### 13) Commitments and Contingencies

#### a) Capital commitments

At the period end the Group does not have any capital commitments.

#### b) Lease commitments

The Group has total future minimum lease payments under non-cancellable lease commitments as follows:

#### Lease Liabilities

	<b>30 September 2023</b> (\$'000's)
Right of Use Liability	6,835
Current portion	348
Long Term Portion	6,487
2023	213
2024	845
2025	868
2026	893
2027	918
Thereafter	12,510
Total Future Lease Payments	16,247
Less: Imputed Interest	9,412
Present Value of Future operating Leases	6,835
Less Current Portion of Long-Term Leases	(348)
Operating Leases Net of Current Portion	6,487
Right of Use Assets, operating lease net	6,647

The lease liability for operating leases is based on the net present value of future minimum lease payments. The right of use asset for operating leases is based on the lease liability.

The Group's leases include rental of land for business use. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental repayments. The lease terms range from 2 - 35 years depending on the term set in the contract.

The right-of-use asset of licences is classified as 'intangible assets', while the right-of-use asset of office rentals is classified as 'property, plant, and equipment'. The movement in the carrying amount of the right-of-use assets of the Group at the start and end of each reporting period.



## 14) Bank Loans

<b>Debt Summary</b>	<b>30 September 2023 (\$000's)</b>	<b>30 September 2022 (\$000's)</b>
Debt – short term	-	-
Debt – long term	-	-
Bond debt – secured short term	159,291	-
Bond debt – secured long term	-	136,262
<b>Gross debt</b>	<b>152,491</b>	<b>136,262</b>
Debt discount – short term	(1,826)	(3,546)
Debt discount – long term	-	(1,008)
<b>Total Long Term and Short-Term Debt</b>	<b>157,465</b>	<b>131,708</b>

Capitalised fees in debt discount relates to the various financing fees, legal costs, technical and financial due diligence costs, bond trustee and other bond related charges for the Solis Bond and its related subsidiaries. The cost will be amortised on a straight-line basis over the life of the debt of 3 years starting January 2021 to January 2024. \$4.6 million has been amortised during the year and is included in finance costs.

### Summary of Borrowing Arrangement Terms:

In January 2021, the Solis Bond Company DAC, issued a series of bonds in the maximum amount of \$217.5 million in a bond term agreement of 3 years with an interest rate of EURIBOR 3 months +6.5%. The bond was used for refinancing existing facilities and funding new acquisitions. As of 31 December 2022 and 2021, there was \$149.5 and \$147.2 million outstanding on the bond. As of February 2022 the bond is listed on the Euronext Oslo Børs exchange. The bond is due for repayment in January 2024 and therefore it's classified as Current Liability.

As of 31 December 2022, Solis Bond Company DAC, was in breach of the three financial covenants under Solis' Bond terms: (i) the minimum Liquidity Covenant that requires the higher of EUR 5.5 million or 5% of the outstanding Nominal Amount, (ii) the minimum Equity Ratio covenant of 25%, and (iii) the Leverage Ratio of NIBD/EBITDA to not be higher than 6.5 times for the year ended December 2021, 6.0 times for the year ended December 31, 2022 and 5.5 times for the period ending on the maturity date of the Bond, 6 January 2024. The Solis Bond carries a 3 months EURIBOR plus 6.5% per annum interest rate, and has quarterly interest payments, with a bullet payment to be paid on 6 January 2024. The Solis Bond is senior secured through a first priority pledge on the shares of Solis and its subsidiaries, a parent guarantee from Alternus Energy Group Plc, and a first priority assignment over any intercompany loans.

In April 2023 the bond holders approved a temporary waiver and an amendment to the bond terms to allow for a change of control in Solis (which allows for the transfer of Solis and its subsidiaries underneath Clean Earth Acquisitions Corp. on Closing). In addition, bondholders received a preference share in an Alternus Midco, which will hold certain development projects in Spain and Italy. The shares will have preference on any distribution from Midco to Alternus up to €10 million, and Midco will divest assets to ensure repayment of the €10 million should the bonds not have been fully repaid at maturity (January 6, 2024). Finally, bondholders will receive a 1% amendment fee, which equates to €1.4 million.

On 5 June 2023, the bondholders approved an extension to the waiver to 30 September 2023 and the bond trustee was granted certain additional information rights and the right to appoint half of the



members of the board of directors of Solis, in addition to the members of the board appointed by Alternus. Under the waiver agreement, as extended, Solis must fully repay the Bonds by 30 September 2023. If Solis is unable to fully repay the Bonds by 30 September 2023, Solis' bondholders have the right to immediately transfer ownership of Solis and all of its subsidiaries to the bondholders and proceed to sell Solis' assets to recoup the full amount owed to the bondholders, which as of 30 September, 2023 is currently €150,000,000 (approximately \$159,000,000). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of Alternus' operating assets and related revenues and EBITDA would be eliminated.

On 16 October 2023, bondholders approved to further extend the temporary waiver to 16 December, 2023. As such, the Solis bond debt is currently recorded as short-term debt.

Solis has engaged Pareto Securities AS to explore a refinancing of the bond. The Company has also engaged a leading global firm to support a potential sale of some or all of the assets. The refinancing may be completed in conjunction with a potential sale of certain assets in Solis. We are in advanced discussions with numerous third parties around both the potential refinancing and/or sale of the Solis assets. There are no definitive refinancing or sale agreements executed as of the date of this report and there is no guarantee that these processes will be complete by the Solis extension date or at all.

## 15) Asset Retirement Obligation

	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Asset retirement obligation	1,283	1,072
<b>Total Asset retirement obligation</b>	<b>1,283</b>	<b>1,072</b>

Asset retirement obligation arises when an energy asset is placed on land or a surface that has to be improved to be brought back to its original condition once the asset is to be given back to the surface owner.

## 16) Share Capital

	30 September 2023	30 September 2022
Share Capital		
Ordinary share capital - authorized 1,000 ordinary shares of EUR 1 each	1,000	1,000
<b>Called up Share Capital</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
Allotted, called up and fully paid	1	1
	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Subordinate affiliate investment	29,689	29,689
Foreign exchange reserve	(3,155)	(5,608)
Retained earnings	(6,320)	21,861



## 17) Capital Contribution

The Company is a member of the Alternus Energy Group of Companies and as a result, the majority of the Company's related party transactions emanate from this relationship. Alternus Energy Group has contributed Capital of \$29.7 million as disclosed below. The note for Subsidiary undertakings further lists out all the subsidiaries for the Group and the Company.

Capital Contribution	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Intercompany from AEG	29,689	29,689
<b>Total Capital contribution</b>	<b>29,689</b>	<b>29,689</b>

## Reserves

### Share Premium

The share premium reserve represents the premium on issue of the ordinary shares.

### Share Capital

The share capital represents the capital on issue of the ordinary shares.

### Foreign Exchange Reserve

The foreign exchange reserve represents gains/losses arising on retranslating the net assets of overseas operations into USD.

### Retained Earnings

The retained earnings represent cumulative gains and losses recognised net of transfers to/from other reserves and dividends paid.

## 18) Related Party Transactions

The Company has intercompany receivables with AEG for cash paid for development projects paid by the Company on behalf of AEG. These balances are included in Trade and Other Receivables on the Consolidated Statement of Financial Position.

	30 September 2023 (\$000's)	30 September 2022 (\$000's)
Intercompany Receivable	10,250	9,979
<b>Total Intercompany Receivable</b>	<b>10,250</b>	<b>9,979</b>

## 19) Subsidiary Undertakings

The Company has the following subsidiary undertakings; all subsidiaries are wholly owned, and all shareholdings are in ordinary shares.

### Alternus Energy Group

Alternus Energy Group Plc (the Group) was incorporated in Dublin, Ireland on 31 January 2019, under the name Alternus Energy International Limited. On October 20, 2020, the Company re-registered as a Plc and changed its name to Alternus Energy Group Plc. Alternus Energy Group Plc owns 100% of shares of Solis.



## Solis Bond Company Designated Activity Company (DAC)

In October 2020, a new wholly owned subsidiary, Solis Bond Company DAC, was incorporated in Ireland to issue a series of bonds and hold the Group's European operating companies that are financed through those bonds. During the quarter ended 31 March 2021, Solis refinanced its Italian, Netherlands, and Romanian operating companies: PC-Italia-02 SpA, CTS Power 2 S.r.l, CIC Rooftop 2 S.r.l, SPV White One S.r.l, CIC RT Treviso S.r.l, Zonnepark Rilland B.V., FRAN Energy Investments S.r.l, and Power Clouds S.r.l. Also, during the quarter ended 31 March 2021, Solis acquired 100% of the share capital of the following Romanian companies: Ecosfer Energy S.r.l, Lucas EST S.r.l. During the quarter ended 31 March 2021, Solis acquired 100% of the share capital of another Italian company, Solarpark Serre S.r.l. Subsequently, in April 2021, Solis acquired 100% of the share capital of another Romanian company, LIG Green Source Energy Beta S.r.l. In August 2021, Solis acquired 100% of the share capital of another Polish company, Solarpark Samas Sp. Z.O.O. In December 2021, Solis acquired 100% of the share capital of another Polish companies Elektrownia PV Komorowo Sp. Z.O.O and PV Zachod Sp. Z.O.O. In March 2022, Solis acquired 100% of the share capital of another Polish companies RA 01 Sp. Z.O.O, Garndo Sp. Z.O.O and Gardno 2 Sp. Z.O.O.

## List of Subsidiary Undertakings

Subsidiary	Principal Activity	Date Acquired/Established	Alternus Energy Ownership	Country of Operation
Power Clouds SRL	SPV	31 March 2015	100% (via Solis)	Romania Solar Operating Park
F.R.A.N. Energy Investment SRL	SPV	31 March 2015	100% (via Solis)	Romania Solar Operating Park
PC-Italia-02 S.p.A.	SPV	2 September 2016	100% (via Solis)	Italy Solar Operating Park
Sant'Angelo Energia S.r.l.	SPV	19 May 2021	100% (via PC-Italia-02)	Italy Solar Operating Park
CIC Rooftop 2 S.r.l.	SPV	24 April 2019	100% (via Solis)	Italy Solar Operating Park
CIC RT Treviso S.r.l.	SPV	24 April 2019	100% (via Solis)	Italy Solar Operating Park
SPV White One S.r.l.	SPV	24 April 2019	100% (via Solis)	Italy Solar Operating Park
CTS Power 2 S.r.l.	SPV	30 April 2019	100% (via Solis)	Italy Solar Operating Park
Zonnepark Rilland B.V.	SPV	20 December 2019	100% (via Solis)	Netherlands Solar Operating Park
Solis Bond Company DAC	Holding Company	16 October 2020	100%	Ireland Holding Company
KKSOL S.r.l	SPV	23 February 2021	100% (via Solis)	Italy Solar Operating Park
Petriolo Fotovoltaica S.r.l	SPV	18 March 2021	100% (via Solis)	Italy Solar Operating Park
Solarpark Serre 1 S.r.l	SPV	29 March 2021	100% (via Solis)	Italy Solar Operating Park
Lucas EST S.r.l	SPV	30 July 2021	100% (via Solis)	Romania Solar Operating Park
Ecosfer Energy S.r.l.	SPV	30 July 2021	100% (via Solis)	Romania Solar Operating Park
LIG Green Source Energy Beta S.r.l	SPV	29 July 2021	100% (via Solis)	Romania Solar Operating Park
BIMA SRL	SPV	3 June 2021	100% (via Solis)	Italy Solar Operating Park



MABI SRL	SPV	1 June 2021	100% (via Solis)	Italy Solar Operating Park
Solarpark Samas Sp. Z.O.O	SPV	31 August 2021	100% (via Solis)	Poland Solar Operating park
Elektrownia PV Komorowo Sp. Z.O.O	SPV	22 December 2021	100% (via Solis)	Poland Solar Operating park
PV Zachod Sp. Z.O.O	SPV	22 December 2021	100% (via Solis)	Poland Solar Operating park
RA 01 Sp. Z.O.O	SPV	24 March 2022	100% (via Solis)	Operational Polish Solar Park
Gardno Sp . Z.O.O	SPV	24 March 2022	100% (via Solis)	Operational Polish Solar Park
Gardno2 Sp. Z.O.O	SPV	24 March 2022	100% (via Solis)	Operational Polish Solar Park

## 20) Subsequent Events

In accordance with IAS 10, Events after the reporting period (Subsequent Events), we have evaluated subsequent events through the date of issuance of these financial statements.

On 16 October 2023, bondholders approved to further extend the temporary waiver to 16 December, 2023. As such, the Solis bond debt is currently recorded as short-term debt.