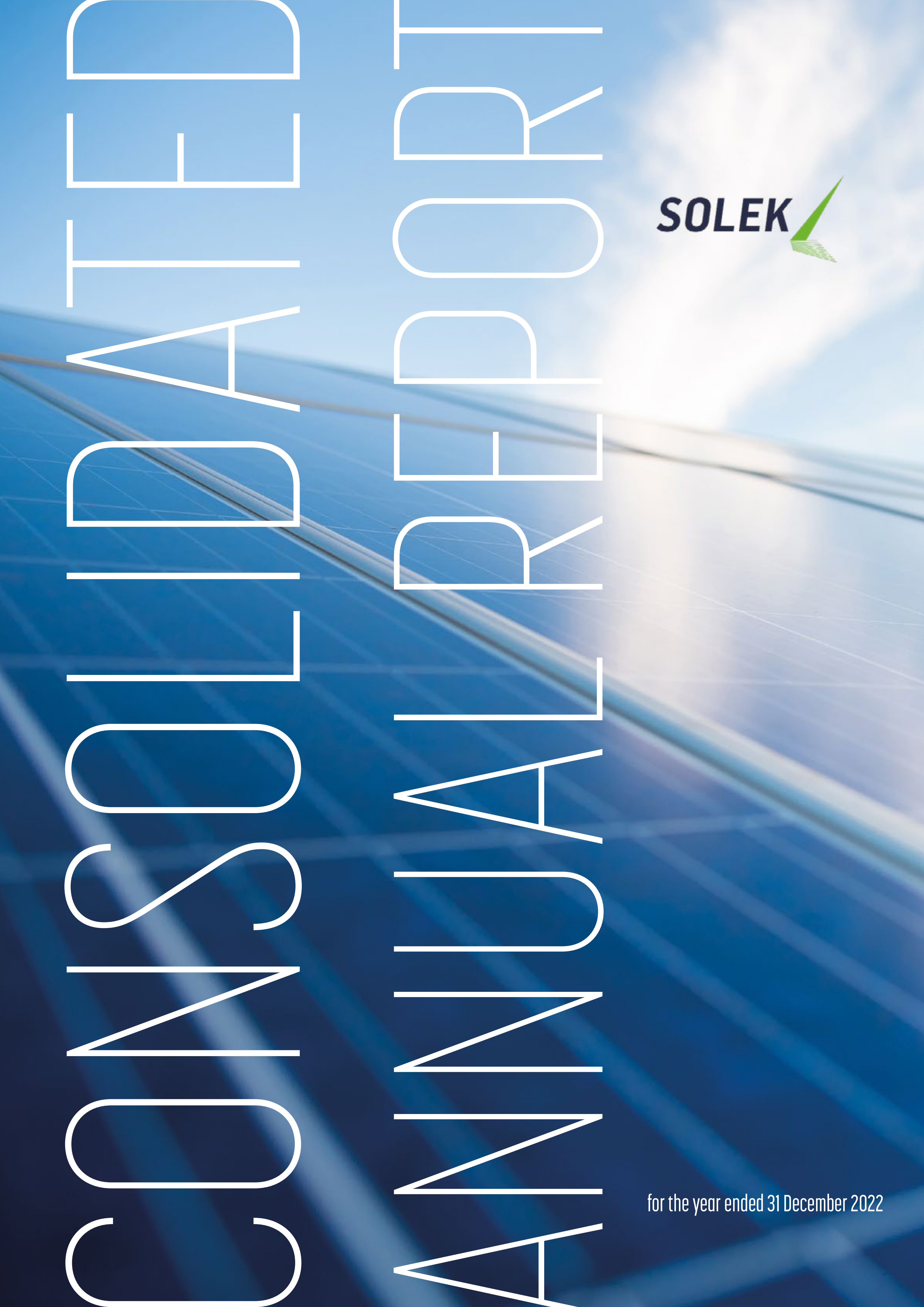

CONSOLIDATED ANNUAL REPORT

SOLEK

for the year ended 31 December 2022

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VISION

SOLEK Group changes the world for the better through building a photovoltaic power plants network.

BUSINESS PREMIUM CARE OF CLIENTS PASSION RESPONSIBILITY

MISSION

Our mission is to use cutting edge technology to make renewable energy accessible and cheaper, protect the environment and provide our customers and investors with cost-efficiency.

PREMIUM CARE OF BUSINESS RESPONSIBILITY PASSION CLIENTS PREMIUM CARE OF BUSINESS RESPONSIBILITY PASSION

GOAL

It is our goal to be one of the world's leading renewable energy producers and suppliers providing cutting-edge technologies for as many users as possible.

PASSION RESPONSIBILITY BUSINESS PREMIUM CARE OF CLIENTS PASSION RESPONSIBILITY BUSINESS PREMIUM CARE OF CLIENTS

ESSENTIAL VALUES

SOLEK's business and sustainable strategy are based on five essential values. Because it adheres to these values unreservedly, the company makes responsible decisions with natural respect and passion and with regard to clients in all areas of business and activities.

RESPECT PASSION RESPONSIBILITY BUSINESS PREMIUM CARE OF CLIENTS

SOLEK GROUP ALREADY BELONGS AMONG THE WORLD'S LEADING PRODUCERS AND SUPPLIERS OF PHOTOVOLTAIC ENERGY.

THE FIGURES ARE VALID AS OF JUNE 2023.

The SOLEK Group ("SOLEK", "the SOLEK Group" or „the Group") consists of SOLEK HOLDING SE ("the Company" or "Parent company") and its subsidiaries, was founded in 2010 and specializes in the development, construction, operation, and monitoring of solar power plants in Europe and Latin America.

Its clients include leading international investment companies, banks, funds, and energy companies.

The Group's main portfolio is located in Chile, where it manages more than thirty photovoltaic power plants with a total capacity of over 200 MW. The construction of the Chilean portfolio is now fully financed in partnership with multinational banks (BNP Paribas, Natixis), and pension and investment companies (BlackRock).

As part of the institutional subscription (USPP), SOLEK issued a 20-year $178 million investment bond in May 2023 in New York (led by BNP Paribas and Natixis) specifically to finance the next 284 MW Chilean portfolio. This issue was sold out on the first trading day.

At the same time, SOLEK is diversifying its activities to include renewable energy projects, such as floating photovoltaic power plants, agrovoltaics, wind farms, battery storage including CO_2 energy domes, green hydrogen production, and hybrid projects.

The company aim to complete 2 GW of installed capacity by 2027.

215 340t
(APPROX. 67,000 HOUSEHOLDS)
TOTAL CO_2 SAVED BY CONNECTED POWER PLANTS SINCE 2010

257MW CAPACITY OF CURRENTLY CONNECTED POWER PLANTS

13 YEARS ON THE MARKET

300 employees

WE MANAGED TO DOUBLE THE NUMBER OF CONNECTED PROJECTS AND EXCEED INSTALLED CAPACITY OF 200 MW.

INTRODUCTION BY THE CEO

Dear colleagues and business partners,

every annual report is a kind of retrospect.

So, if we briefly stop to look back, it must be clear to everyone that the year 2022 can hardly be regarded as usual, traditional or even a return to "normal," which many of us really long for.

It seems far more probable that we are now going through one of the turbulent periods in human history which will leave no stone unturned in any areas – both in the positive and negative sense – and that nothing will be the same as before although it seemed to be stable and unshakable.

WE ARE BASICALLY LIVING IN A CHANGE. ON THE OTHER HAND, WE ARE VERY LUCKY AND HAVE GREAT RESPONSIBILITY AT THE SAME TIME. WE ARE LIVING IN A SWIRL OF EVENTS THAT ARE UNEXPECTED AND WERE EVEN UNIMAGINABLE FOR MANY OF US QUITE RECENTLY. WE ARE LOOKING FOR NEW WAYS AND PROMOTING OUR GREAT VISIONS AS WELL AS MINOR IDEAS, WITH FAITH IN BETTER FUTURE FOR THE PLANET, FOR US AND FOR OUR CHILDREN.

In these turbulent times we are trying to form attachments to many other, largely positive things caused by changes. And we are the initiators or bearers of such things, such as the fact that the sun helps us to produce energy.

Photovoltaics has become very relevant for many reasons, such as geopolitics. SOLEK became, practically overnight, a leader in solar power upshifting – not only in the Czech Republic. And thanks to our approach, the perception of solar panels on rooftops in the eyes of consumers, companies and even politicians is beginning to change. Now they see it as mankind's clear path to energy independence.

INTEGRATED ESG STRATEGY FOR SUSTAINABLE DEVELOPMENT

SOLEK's vision is to achieve complete independence from fossil fuels, which is the basis of our short- and long-term business strategy, closely linked to our ESG strategy. As one of the world's leaders in photovoltaics, we feel responsible not only for the development of our industry, but also for taking care of our surroundings and contributing to the improvement of the world around us. I believe that we, like other companies, can change lives for the better whether with regard to the communities in which we operate or to our employees, business partners and investors. We want to show that a responsible approach to the environment and thriving business can go hand in hand. This has been our guiding principle since the very beginning and we are now planning to regularly evaluate and publish our progress on sustainability and responsibility through ESG reporting. In the second half of 2023, we are planning to issue our first ESG report and will also be seeking ESG certification from the renowned rating agency, S&P Global.

NEW SERVICES AND PRODUCTS

As regards our business objectives, at the very beginning of the year we focused on developing another of our pillars, which is the implementation of photovoltaic systems on the roofs of commercial and public buildings. We focused our efforts on industrial enterprises and in the first quarter of 2023 we launched a pilot project in the Czech Republic – the Svijany brewery. Thanks to our installation, Svijany is already able to brew beer using energy from the sun.

We were also able to further improve our product offer. In mid-2022, we acquired Energy Power Solutions and founded a new company, SOLEK Energy Power Solutions. Thanks to this move, we introduced a unique software system for battery storage to the market. In addition, we have plans for projects such as floating solar power plants, agrovoltaics, wind power plants and hybrid energy projects in our development portfolio. Regardless of whether these are traditional projects that are already known in the market or pilot projects, **SOLEK remains a standard-setting player in the field of solar energy internationally.**

NEW MARKETS IN EUROPE, EXPANSION INTO COLOMBIA

In Europe we expanded our activities by entering new markets in France, Spain and Serbia. As a result, we expanded our Group's geographic footprint to 8 European countries. In addition to the aforementioned Czech Republic, we are active in Cyprus, Romania, Greece and Slovakia. We are also monitoring other European locations, including the Balkan markets. We have prepared projects with a total capacity of over 1,400 MW and our goal is to exceed the milestone of 400 MW of total connected output by the end of 2023.

South America continues to be our key territory, thanks to its optimal climatic conditions and business environment conducive to the solar power business. In addition to Chile, we successfully expanded into Colombia in early 2022. We have our sights set on Peru and other countries in the north of the continent.

Although our primary market experienced a rather consolidating year, we became one of the largest solar project development companies in Chile. Our portfolio of solar projects grew from the capacity of 115 MW in 2021 to almost double that – to 232 MW by the end of 2022. I am pleased to follow this success with the news of the launch of our largest project, the Leyda Solar Park in Valparaiso, Chile. This park will cover an area of more than 156 hectares and reach the capacity of 93 MW. We plan to start its construction later this year.

SOLEK ENTERED THE US PRIVATE BONDS MARKET

In the first half of this year, we faced a major challenge with our entry to the US market through the popular US Private Placement (USPP) investment instrument in New York. During the first 24 hours, our first-ever US bond sold out immediately, with the demand exceeding the offer. Our private placement amounting to USD 178 million, arranged by Natixis and BNP Paribas investment banks, was part of a larger funding scheme amounting to USD 379 million (over CZK 8.4 billion), which SOLEK managed to raise from a consortium of investors to finance a robust 284MW solar power portfolio. The financial players that decided to support SOLEK again included the US-based BlackRock, which provided a mezzanine loan of USD 75 million. I see this as proof that our investor partners trust our know-how and are willing to continue to put not only money but, above all, trust in it. This historic success has also put us on the map of attractive investment assets.

INCREASING THE VALUE OF INVESTORS' TRUST

Compared to 2021, we increased our total revenue by almost 100% to more than two billion Czech crowns. Our EBITDA increased by approximately 37% year-on-year. In the language of numbers, we delivered on what we promised last year. Today, SOLEK is a billion-crown business. With the current turnover of more than two billion crowns, we have joined the ranks of the most successful technology companies in the Czech Republic.

And we are not slackening our efforts. A substantial part of the funds raised continues to be invested in new projects with the aim of creating a unique ecosystem that combines sustainability, ecology and attractive, high-value investment opportunities.

It was a very turbulent year for all of us and I am proud of the way we dealt with it. It opened up tremendous opportunities that we were able to use effectively and gave our company a completely new dimension – not just in terms of business but especially as regards the human side. This value is far more important to me than the growth in the output of our power plants as recorded in the numerical tables.

I would like to thank my colleagues and all of you for being with us. Your support is important to us. Let us keep our fingers crossed.

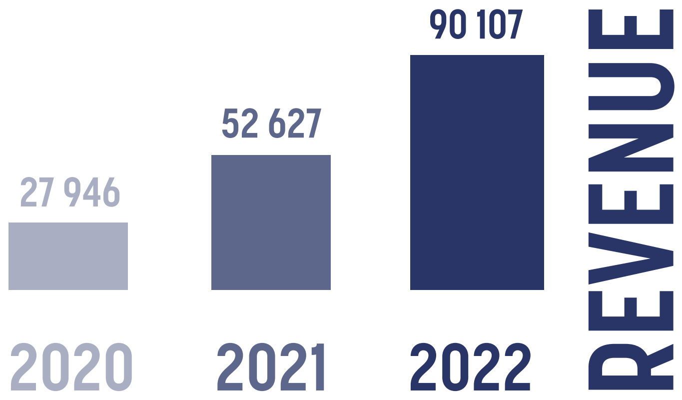
I hope you enjoy reading the rest of this report.

Zdeněk Sobotka,

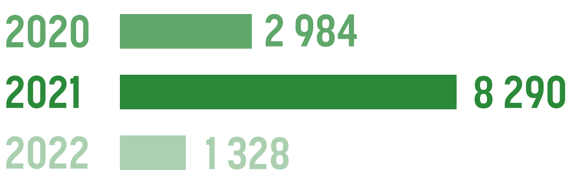
CEO and founder of SOLEK HOLDING SE

MAIN INDICATORS OF THE GROUP

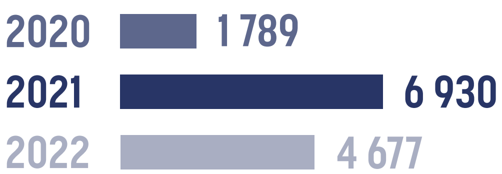
IN THOUSANDS USD



TOTAL COMPREHENSIVE INCOME



PROFIT FOR THE PERIOD



OPERATING PROFIT

BRIEF OVERVIEW OF THE GROUP

DATA VALID AS OF JUNE 2023.

300 **PROFESSIONALS**

27% OF WOMEN
IN MANAGERIAL POSTS

$ 360 M
APPROXIMATE VALUE OF CONNECTED POWER PLANTS

257 MW of connected solar power plants

31 NATIONALITIES

1ST QUARTER

- Installed capacity of power plants: 28.03 MW
- New markets entered: France and Colombia
- Loan of USD 7.9 million granted by Panama-based CIFI
- First power plant in Cyprus (Athienou) connected

2ND QUARTER

- Installed capacity of power plants: 27.75 MW
- New market entered: Spain
- SOLEK Czech Services signed a loan agreement for USD 24 million with Citibank for guarantee bonds
- SOLEK Beta SpA signed a term loan agreement for USD 25 million with Toesca and used USD 17 million
- A loan of USD 6.2 million granted by Naxitis
- Acquisition of SOLEK Energy Power Solutions
- SOLEK joined the UN Global Compact

3RD QUARTER

- Installed capacity of power plants: 16.59 MW
- New market entered: Serbia
- USD 1.8 million used for the Toesca project
- USD 1.7 million from the CIFI loan used
- Successful repayment of nearly CZK 300 million to investors from bond issues
- Return to the Czech Republic and commencement of development of commercial properties and public buildings

4TH QUARTER

- Installed capacity of power plants: 20.41 MW
- SOLEK represented in 8 European and 2 Latin American countries
- Planning to enter 3 new markets in Europe and Latin America
- USD 1.3 million from the CIFI loan used
- Establishment of our first ESG strategy, setting targets for all ESG segments

SOLAR PARKS

SOLEK designs, develops and builds solar parks with capacity starting at 1 MW. These are mostly investment projects with the sale of electricity to the grid, but parks built near industrial buildings with the aim of satisfying their energy needs are no exception.

LARGE ROOFTOP POWER PLANTS

The Group specialises in large projects with the capacity of 300 kW and more. The most common purpose is for the client to produce their own electric power or to become self-sufficient in the case of grid failures.

ENERGY STORAGE

SOLEK produces a new generation of battery storage systems. Using our own unique software, we connect the client‘s energy system with the PV and storage system, which makes it possible to control the entire energy cluster as a whole.

OPERATIONS AND MAINTENANCE (O&M)

The Group's goal is to maximize the performance of both its own and its clients‘ power plants. This is one of the key services for the operation of solar parks or large rooftop power plants.

As part of its services, SOLEK offers monitoring, reporting, consulting, servicing, preventive maintenance, etc.

COMPLETE LIFECYCLE OF SUSTAINABLE PROJECTS

FEASIBILITY STUDIES

Our comprehensive feasibility studies include investment assessment, technical analyses, return on investment assessment analyses, environmental impact assessment (EIA) and energy audits. In order to ensure objective and accurate assessment, SOLEK collaborates with external professionals in the industry.

CHOICE OF TECHNOLOGY

SOLEK offers a wide range of solutions maximising energy efficiency. The group's qualified experts assess project requirements and suggest suitable solutions, including hybrid systems, off-grid solutions, connection to the grid, and innovative technology. Thanks to innovations, SOLEK's projects bring new possibilities for sustainable power generation.

PROPOSAL AND PROJECT DOCUMENTS

Thorough project preparation is an important part of our comprehensive solutions. It includes wiring proposal and preparation as well as project documents in the area of mechanics and construction. Our team of experts carefully creates project plans and ensures optimal performance, efficiency and compliance with industry standards.

EPC

The company's teams manage a comprehensive engineering and project process. Experienced experts ensure trouble-free implementation and timely delivery, from material procurement to construction and commissioning. They make SOLEK's projects reality, using modern technology and rich experience in the industry.

O&M

Our O&M services include monitoring, regular reporting, professional consulting and comprehensive maintenance. Our 24/7 monitoring centre helps clients to solve any problems immediately in order to ensure optimal performance and long life of the power plants.

Turnkey solutions allow project implementation in the area of renewable sources thanks to our expertise, efficiency and comprehensive offer of services. Through its commitment to sustainability and continued promotion of innovation, SOLEK strives for the world to head towards a cleaner and greener future.

DRIVEN BY THE FUTURE

SOLEK's progress in energy solutions

SOLEK GROUP is driven by green energy solutions and by making life on our planet easier. That is why it is constantly looking for ways to diversify its portfolio, and it started several such projects in 2022.

In the planning and development phase, SOLEK now has projects such as floating photovoltaic power plants, wind farms, agrovoltaics and battery storage including CO_2 energy domes. New battery storage facilities are also an integral part of the project to optimize the performance of each power plant.

FLOATING SOLAR POWER PLANT

An efficient solution that is not demanding in terms of land, easier to install and decommission, and in some areas it protects water quality and even saves water as it reduces evaporation.

A wind power plant uses wind to generate electricity. It consists of several wind turbines strategically placed to capture the kinetic energy of the wind and convert it into usable electric power.

HYBRID PROJECTS

Hybrid projects combine multiple renewable energy sources, such as wind and sun, with storage to optimise power generation and increase overall system efficiency. By integrating different renewable technologies, hybrid projects increase grid stability and contribute to a greener power engineering environment.

Agrovoltaics

Agrovoltaics is based on the sustainable principle of using one area for both a photovoltaic power plant and for growing crops or raising livestock. This creates a symbiosis of crop or livestock farming and power generation on one site.

In development stage: 8 projects.

Our Largest Project: Leyda Power Plant

In 2023, SOLEK will begin to construct its largest project to date in Chile, the Leyda power plant of 96MW capacity, which will supply Enel with clean and renewable energy through a 15-year PPA. A loan of USD 37 million will be used for the construction.

Estimated annual production of the Leyda project is 200 GWh, which corresponds to the consumption of 25,000 households. Thanks to green solar power generation, Leyda will prevent 84,000 tonnes of CO_2 from being produced.

The new gigantic solar power plant will be situated in San Antonio, 90 kilometres from Santiago de Chile, in an area of 120 hectares. The project has been designed in compliance with the highest standards in the market and with regard to environmental aspects in order to minimise local impact. Other measures have been taken, such as a complete drainage system and land movement minimisation. It is expected that four hundred direct and indirect jobs will be created during the construction.

The power plant is to be commissioned in the 4th quarter of 2024. It will contribute to the long-term decarbonisation strategy promoted by the Chilean government.

BESIDES THIS PROJECT, SOLEK INTENDS TO INTERCONNECT 155 MW OF PMGD PROJECTS IN DIFFERENT AREAS DURING 2023.


SUSTAINABILITY

2022 UNDER THE SIGN OF SUSTAINABILITY

In May 2022, SOLEK became one of the first Czech companies to join the UN Global Compact.

In September 2022, SOLEK launched its first sustainable strategy, embedding ESG and sustainability into its core business. The strategy forms part of the company's sustainability and risk management approach, which supports a regenerative planet, thriving local communities, and fulfilled employees and stakeholders. SOLEK's material topics reflect the actual and potential impacts of its activities on the economy, environment, and society.

SOLEK aligned its sustainability strategy with the Sustainable Development Goals and committed to intensively support 10 of them.

The Group also accelerated the climate neutrality target and instead of 2050 it made a commitment to achieve net zero by 2040.

SOLEK responsibility for various policies including climate-related risk management at managerial levels.

We tracked our CO_2 footprint and we publish data on our direct emissions (Scope 1), indirect emissions (Scope 2) and other indirect emissions (Scope 3) for 2022.

Our employees attended internal training related to fighting corruption and bribery, raising awareness of our Code Business Conduct and Ethics and managing conflict of interest.

In December 2022 internal ESG policies were prepared, covering each of the Group's material topics, such as Code of Business Conduct and Ethics, Group Environmental Policy, Group Human Rights and Local Communities Policy, Group Diversity Policy, Group Innovation and Digitization Policy. They support the fulfilment of SOLEK's commitments in daily operations as well as in strategic and financial and long-term decision matters.

The company launched a new "Sustainabilty & Ethics" section on its website www.solek.com to improve its external communication. This section includes a library of the Group's ESG policies in force, including the Code of Business Conduct and Ethics, link to our Sustainability Strategy, and, information about the Speak-up Programme. SOLEK will keep informing the public about its further progress in the areas of sustainability and ethics in this section.

SOLEK invested in agrovoltaics projects (there are currently 8 agrovoltaics projects in the study development stage) and waste management of decommissioned PV parks.

In 2022, SOLEK collected information for the Group's first Sustainability Report, aligned with GRI Standards 2021 and with EU taxonomy and providing transparency regarding performance, progress and sustainability approach in terms of environmental, social, and governance (ESG) topics. The steps taken towards a more sustainable approach will now be measured and reported regularly, consistently and transparently.

SOLEK became a member of many industry associations and other organisations including:

SIGNIFICANT MILESTONES OF THE GROUP

2010

SOLEK Group was founded and the first solar power plant project with total installed capacity of 1.7 MW was completed in the Czech Republic.

2012

Entering the Romanian market and constructing projects with total installed capacity of 21.7 MW. Completion of a 1MW solar power plant in Slovakia.

2014

Divestment of European assets. Preparing the ground for SOLEK Group's entering the Latin American market. The first 9 MW solar power plant development.

2018

SOLEK Group acquired PV POWER and entered the Cyprus market. The first three 9 MW power plants in Chile were connected and ten others developed.

2020

SOLEK Group became one of the three largest PV developers within the PMGD scheme in Chile with projects reaching a total installed capacity of 40 MW. Success in Latin America led to the Group's return to the European market, with investments in Hungary, Greece and Cyprus.

2021

This year, the installed capacity reached 125 MW. The first project was built in Cyprus. SOLEK signed an agreement with the US investment company BlackRock and the Swiss company Nala Renewables. It also started to be financed by Natixis investment bank and CIFI.

2022

The SOLEK Group is entering new European markets in France, Spain and Serbia, where it plans further PV projects including agrovoltaics. With the acquisition of ENPOSOL, SOLEK is also expanding its services to include software solutions for the management of renewable energy sources and battery storage and is establishing a new company, SOLEK Energy Power Solutions.

2023

JANUARY

Solek GROUP returned to solar power engineering in the Czech Republic, focusing on constructing photovoltaic power plants in industrial zones. The first installation was for Svijany Brewery.

MAY

SOLEK refinanced its existing portfolio in Chile through USPP private bonds in the USA, increasing expected long-term stability. It focused on expanding its portfolio of services and products to include additional technologies.

JUNE

The world's largest financial assets manager, BlackRock, invested in SOLEK again. The Group received funds of USD 75 million for the construction of other solar power plants.

2027

Solek aims to become market leader both in Latin America and Europe and to own the first wind and floating power plants, agrovoltaics and hybrid projects with total capacity of up to 2 GW.

SOLEK HOLDING SE BOARD OF DIRECTORS

ZDENĚK SOBOTKA
CHAIRMAN OF THE BOARD OF DIRECTORS
FOUNDER, OWNER & CEO

The Group's founder, a visionary and Czech pioneer of the photovoltaic business is behind the building of SOLEK's large photovoltaic portfolio. Thirteen years ago, his journey to solar development led him to Latin America, in particular to Chile, where he gradually worked his way to becoming one of the top fifteen players in the market. He has now returned to the European and Czech markets with his unique know-how and sets international standards. In the Czech Republic, he is an active member of Industry and Trade Minister Josef Síkela's team of advisors. In his private life he is an avid astronomer.

JAN KOTOUS
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS
GROUP GENERAL COUNSEL

Jan Kotous has spent nearly two decades at top international law firms, where he has been a partner since 2013. He ended his career in law as a managing partner in the legal division of the international consulting firm Deloitte. Within the SOLEK Group, where he has been since 2021, he covers and manages the legal, risk management, compliance and ESG areas.

PETR SEDLÁČEK
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS
GROUP CHIEF OPERATING OFFICER

A renowned EPC (engineering, procurement and construction) professional with more than twenty-five years of top management experience in the heavy industry and renewables sector, in leading companies such as Lenzing Biocel Paskov and Mondi Štětí, he has joined SOLEK at the peak of his management career. As Group COO, he is responsible for the EPC section, integration of newly acquired companies and business development in the battery storage sector. He has been with the group since 2020 and has so far been responsible for the implementation of nearly 40 solar power plants in Chile and Europe.

FRANCISCO JOSÉ CARVALHO DE QUÉIROS
MEMBER OF THE BOARD OF DIRECTORS
DEPUTY OF GROUP CHIEF STRATEGY & BD OFFICER

One of the most experienced professionals with almost twenty-five years of practice in the area of renewable sources, FMCG and heavy industry became a member of Solek's flagship crew in 2022. At present, he is Deputy Chief Strategy and Business Development Officer with a numerous team of regional business development managers throughout Europe. In this post, he makes good use of his experience with managing Voltalia's international solar power portfolio. He also helped Martifer Solar to enter the Slovak, Ukrainian and Polish markets.

MANAGEMENT

ZDENĚK SOBOTKA
FOUNDER,
OWNER & CEO

PETR SEDLÁČEK
GROUP CHIEF
OPERATING OFFICER

CLEMENS WOHLMUTH*
GROUP CHIEF FINANCIAL
& INVESTMENT OFFICER

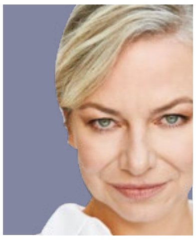
JAN KOTOUS
GROUP GENERAL
COUNSEL

DENISA PTÁČKOVÁ
GROUP CHIEF PEOPLE
& CULTURE OFFICER

FRANCISCO QUEIROS
DEPUTY OF GROUP CHIEF
STRATEGY & BD OFFICER

PETR PĚCHA*
GROUP CHIEF PRODUCT
DEVELOPMENT OFFICER

MARTIN BEK
EUROPE CHIEF
FINANCIAL OFFICER



PETRA KŮLOVÁ
GROUP MARKETING MANAGER

JAROSLAV KŘÍŽ
MANAGING DIRECTOR
OF ROOFTOP SYSTEMS

ANTONÍN ŠKAPA
CEO SOLEK ENERGY
POWER SOLUTIONS

* MANAGEMENT MEMBER SINCE 2023.

MANAGEMENT

PABLO CEPPI
CEO CHILE

DIEGO RAUSEI
LATAM CHIEF INVESTMENT OFFICER

STEPHANIE CRICHTON
LATAM CHIEF COMMERCIAL OFFICER

TATIANA GAJARDO
LATAM CHIEF ADMINISTRATIVE OFFICER

CAMILA ALVAREZ
LATAM GENERAL COUNSEL

RUBÉN ESCALONA
CHIEF OPERATING OFFICER CL

MANUEL JURADO*
CEO COLOMBIA

* MANAGEMENT MEMBER SINCE 2023.

SOLEK GROUP'S SOLAR POWER PLANTS

SOLEK GROUP'S PROJECTS THAT BRING US CLOSER TO THE WORLD OF SAFE AND CLEAN ENERGY.

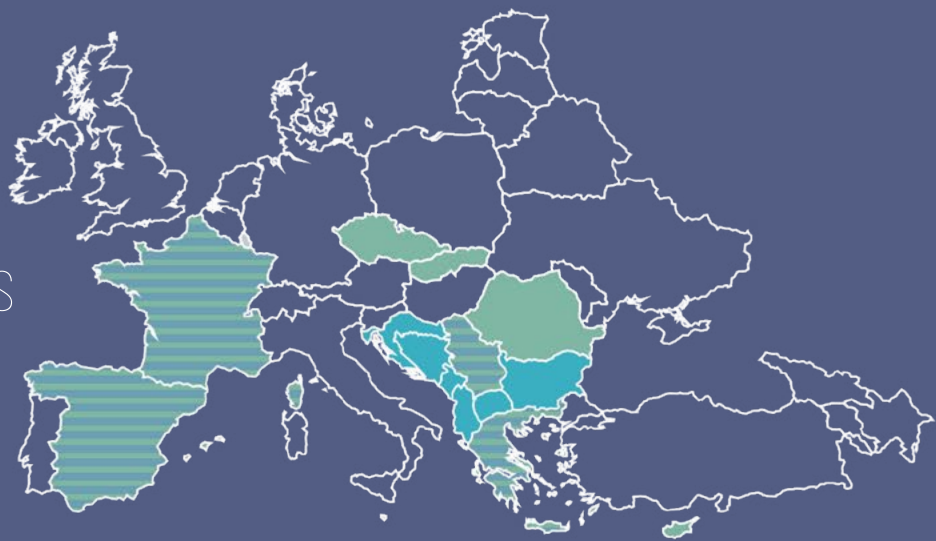
LATIN AMERICA

CONNECTED POWER PLANTS:
CHILE **231 MW**

MARKETS:
CHILE, COLOMBIA

OPPORTUNITIES:
ECUADOR, PERU

1 COUNTRY 35 PROJECTS



EUROPE

CONNECTED POWER PLANTS:

CZECH REPUBLIC	**1.6 MW**
SLOVAKIA	**1 MW**
ROMANIA	**21.7 MW**
CYPRUS	**0.81 MW**

MARKETS:
CZECH REPUBLIC, SLOVAKIA, ROMANIA, CYPRUS, GREECE, FRANCE, SPAIN, SERBIA

OPPORTUNITIES:
CROATIA, BULGARIA, KOSOVO, BOSNIA AND HERZEGOVINA, MACEDONIA, MONTENEGRO

4 COUNTRIES
18 PROJECTS

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES

REVIEW OF 2022 RESULTS

The year 2022 was a successful period for the SOLEK Group. The SOLEK Group managed to deal with the challenges in supply chains caused mainly by geopolitical events in Europe and the volatility of the electricity markets. For SOLEK Group, 2022 marked not only the continued development of new projects and the successful monetization of project portfolios to its major global customers, but also the entry into new markets, acquisition opportunities, and the development of new technologies.

In the past year, SOLEK Group successfully executed a strategic acquisition of a majority stake in SOLEK Energy Power Solutions, s.r.o., which expanded SOLEK Group‘s service offering to include comprehensive battery storage supplies, including renewable energy management software solutions. The acquisition of SOLEK Energy Power Solutions, s.r.o. enables SOLEK Group to respond to current trends in the energy sector toward efficient long-term management of energy resources. In 2022, SOLEK Energy Power Solutions, s.r.o. succeeded in concluding several significant contracts for the comprehensive supply of battery storage systems.

In addition to standard battery storage, the SOLEK Group has also focused on other forms of energy storage, or long-duration energy storage (LDES) such as liquefied CO_2, etc., which, given their capacities and technological innovations, offer interesting potential for the future. Therefore, in the coming periods, SOLEK will focus on the development of these technologies and their integration into existing and new projects.

Our interest is also focused on new and promising areas such as floating solar power plants, wind power plants, or hybrid projects. We believe that these areas will play a key role in the future energy sector and we want to become pioneers in their development.

In 2022, we are also focused on significantly expanding our presence in new markets in Europe, particularly in France, Spain, Serbia, and the Balkan countries. In Latin America, in addition to the strategic market of Chile, we have expanded our activities to Colombia, where we have already started developing solar power plants, with the first of these planned to be connected to the grid in 2024. Also crucial for the SOLEK Group was our return to the Czech market, where, among other things, we successfully developed our activities in the field of solar power installations on the roofs of large industrial halls, and have become an important potential supplier for large ground-mounted solar installations thanks to our global reputation. In addition to the above, we have commenced the development of our solar projects in the Czech Republic in 2022, and we expect to have our first own solar project fully operational in the Czech Republic in 2023.

The SOLEK Group emphasizes a responsible approach to its activities. A socially responsible and sustainable business that takes care of the environment is one of the cornerstones of SOLEK Group‘s success. In 2022, the SOLEK Group has significantly stepped up its efforts in this area, in particular through a new strategy for meeting ESG criteria. For 2022, the SOLEK Group has issued a Sustainability Strategy.

EXPECTED DEVELOPMENT OF ACTIVITY – OUTLOOK TO 2023

For 2023, the SOLEK Group aims, among other things, to develop new markets and business opportunities, implement new technologies and strengthen financial stability and profitability. The Group will continue to strive to optimize financing and the use of equity capital to invest in new projects and technologies.

2022 was a key year in our development and we are pleased with the achievements made. Our ambitions for 2023 are even higher and we believe that with the support of our customers, employees, and partners we will achieve further significant milestones and confirm our position as a leading player in the renewable energy sector. We recognize that in today‘s world, we cannot do without innovation, so in 2023 we will continue to pursue the development of breakthrough technologies, particularly in the areas of renewables and energy storage, which we will implement into projects to ensure that our business continues to deliver societal benefits.

RESEARCH AND DEVELOPMENT ACTIVITIES

The SOLEK Group‘s research and development activities are mainly related to its Sustainability Strategy, as described below in the section „Labour Relations and Environmental Protection Activities“.

The SOLEK Group is also actively engaged in research into alternative renewable energy solutions such as floating solar power plants or agrovoltaics, as well as electricity storage solutions such as battery storage or large energy domes.

LABOUR RELATIONS AND ENVIRONMENTAL PROTECTION ACTIVITIES

As of 31 December 2022, the Group had 224 employees. 3 employees were employed in Romania, 142 employees were employed in Chile, 2 employees were employed in Cyprus, 2 employees were employed in Greece, 1 employee was employed in France and the remaining 74 employees were employed in the Czech Republic. Management expects the number of employees in 2023 to be higher than in 2022.

Taking into account the world‘s dwindling resources as well as climate change and its impacts, SOLEK Group has decided to take an active role in transforming the environment. In September 2022, it, therefore, adopted its first Group-wide sustainability strategy („Sustainability Strategy“) as part of a sustainability and risk management approach that supports a regenerated planet, thriving local communities, and happy employees and other stakeholders.

In this Sustainability Strategy, the SOLEK Group has set targets in all ESG segments, confirming that responsibility and sustainability are an integral part of every day at SOLEK. For example, the SOLEK Group wants to achieve carbon neutrality by 2040, invest in research and development or support community projects. Furthermore, SOLEK plans to publish an ESG report on an annual basis to transparently report progress in this area.

At the Group level, internal ESG policies have been issued covering all relevant topics, such as the Group Environmental Policy, Group Human Rights Policy, Group Diversity Policy, or Group Innovations and Digitalization Policy. SOLEK also plans to adopt action plans for each ESG area.

Although the SOLEK Group is active in the field of renewable energy, decarbonization is also a strategically important area for the Group, which it intends to pursue in the future. SOLEK is therefore currently assessing its carbon footprint and adopting a decarbonization action plan.

FINANCIAL RISK MANAGEMENT

The Group‘s risk management policies and procedures are defined to identify and analyze the risks faced by the Group. Appropriate risk limits are set and control mechanisms are designed to enable the Group to monitor these risks and comply with the limits set. Risk management policies and procedures are reviewed on an ongoing basis to reflect changes in the Group‘s activities and changes in market conditions.

The Company‘s overall risk management strategy is set out in the notes to the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent events are disclosed in the notes to the financial statements.

ACQUISITION OF OWN SHARES OR TREASURY SHARES

The Company has not acquired any treasury shares in the past year.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31. 12. 2022

Attached is an appendix to the Annual Report.

SOLEK'S CORPORATE GOVERNANCE AND RISK MANAGEMENT APPROACH

GOVERNANCE STRUCTURE

SOLEK's governance structure consists of the Board of Directors, Supervisory Board and Senior Executive Team. SOLEK is headed by senior employees with experience in design and operation, funding and asset management and with a strong background in law in the area of mergers and acquisitions.

BOARD OF DIRECTORS:

Zdeněk Sobotka, Group CEO, Chairman of the Board of Directors, sole shareholder
Jan Kotous, General Counsel
Petr Sedláček, Group COO
Francisco Queirós, Group Chief of Strategy & Business Development

All members of the Board of Directors are senior employees in charge of everyday management of activities which are the bases of the company's objectives. The Board of Directors consists of members who have the skills necessary for supporting SOLEK's strategy. They supervise the company's performance and the fulfilment of strategic plans and provide reliable decision-making and objective consulting.

The members of the Board of Directors are selected according to their skills and knowledge, responsibility and trustworthiness. They must meet the following criteria of the shareholder: act in good faith without following their own personal interest; use independent judgement; proceed with adequate care, skills and thoroughness; avoid conflict of interests and refuse any benefits offered by any third parties. They are also expected to play an important role in creating and maintaining a strong focus on ESG within the company. Their standard term of office is 6 years.

SUPERVISORY BOARD:

Zdeněk Sobotka, Sr., Supervisory Board member
The Supervisory Board is a non-executive supervisory body. Its task is to supervise the activities of the Board of Directors continuously.

SENIOR EXECUTIVE TEAM

The Senior Executive Team consists of senior employees who ensure strategic management and provide expertise in all aspects of renewable energy in order to create SOLEK's long-term value. The team meets weekly and also monthly. The Senior Executive Team has established a Business and Development Committee, Investment Committee, Cash Flow Committee, ESG Committee and EPC (engineering, procurement and construction) Project Monitoring Committee in order to effectively fulfil its supervisory function and ensure focus on strategic matters. It is currently preparing a Risk and Audit Committee. All the committees regularly provide the Board of Directors with information about their activities.

RISK MANAGEMENT SYSTEM

Risk management processes are used for preventing, identifying, evaluating and determining risk priorities. It is important to prevent reputation, financial, social and environmental risks. The risk management process at SOLEK also includes proper insurance.
Risk management within the company is made easier by its upwards-downwards and downwards-upwards communication structure. The Legal and Compliance Department regularly informs the Board of Directors about all important regulatory risks and opportunities occurring and about constructive obligations adopted by the company to achieve its policy and business objectives. The Operations Department provides weekly reports on substantial operation risks occurring.
SOLEK also has an insurance policy covering its assets.

At present, the Group is establishing a Risk and Audit Committee in charge of:
- risk monitoring and management
- management of internal audits and regular internal inquiries
- comprehensive monitoring of different types of risks, including reviews of the macroeconomic context and its impact on the Group with regard to the Group's tolerance of risk
- providing independent and objective assurance of the reliability and application of the risk management framework
- determining the suitability and effectiveness of internal inspections and processes
- regular organisation evaluation from the point of view of risks and proposing areas for improvement

CONFLICT OF INTERESTS

Another key to risk management at SOLEK is dealing with any conflict of interest that might occur within the company. During the first two weeks of employment, new employees must fill in a conflict of interests statement. All existing employees and managers are asked to update their conflict of interests statement at the beginning of every year. In 2022, SOLEK provided its employees with mandatory training on conflict of interests. Any significant conflict of interests must be reported to all parties concerned. For proper conflict of interests management, SOLEK has also adopted a Group Conflict of Interests Policy.

COMPLIANCE

SOLEK complies with applicable laws and regulations so that its activities are in accordance with fair and competitive business practices. For competitor relationships, the company has clear principles in place, which are included in its Code of Business Conduct and Ethics. These principles also apply to its business partners. The Group Compliance Officer is responsible for developing and maintaining the compliance management system, which ensures that SOLEK and its subsidiaries comply with all legal regulations and ethical standards.

RISK MANAGEMENT SYSTEM

ESG COMMITTEE

SOLEK has established an ESG Committee, whose main objective is to independently review the management's measures focused on managing SOLEK Group as an environmentally and socially sustainable company capable of creating long-term value for stakeholders.

The Committee's principal tasks include:

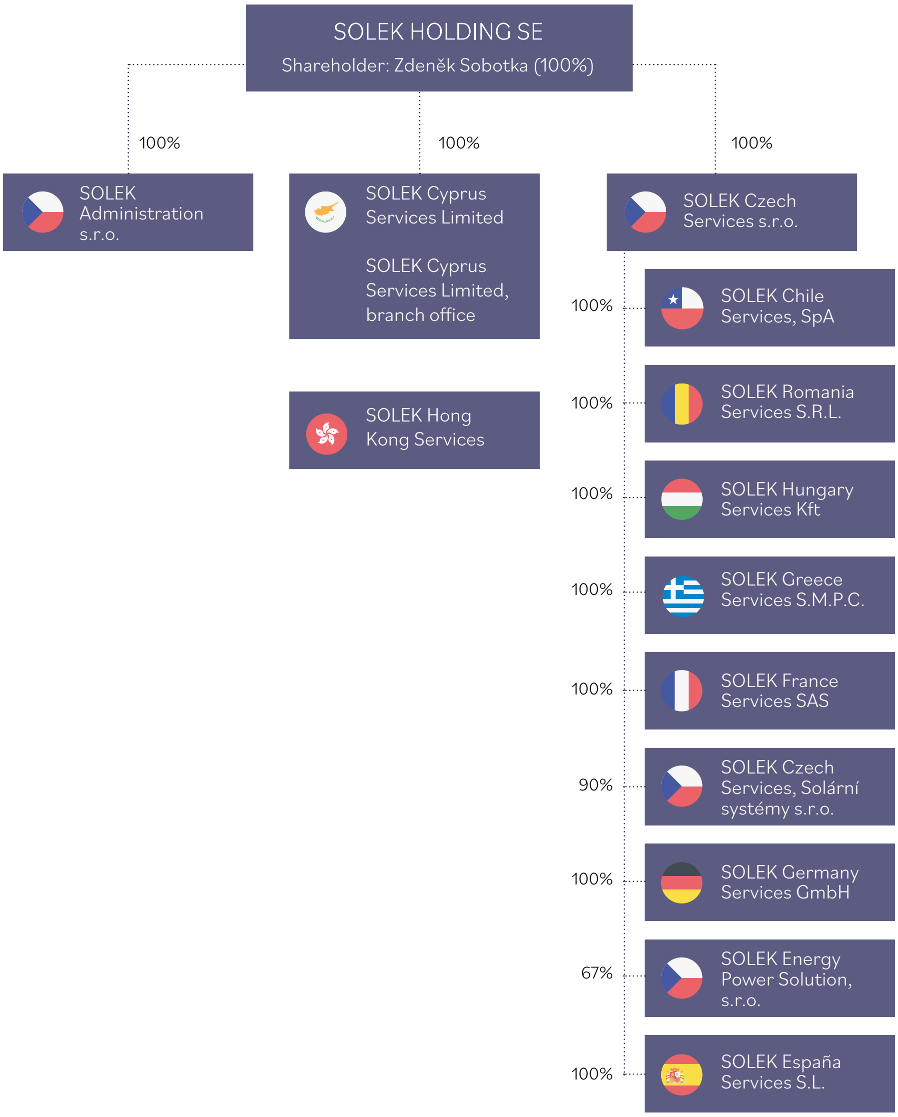
- discussing and providing consultancy regarding the company's ESG strategy, policy and performance
- reviewing and monitoring annual ESG goals and results
- reviewing and discussing essential strategic ESG decisions and directions
- discussing present and future ESG risks, regulations and trends concerning the company

The current ESG Committee members are:

- Jan Kotous, General Counsel
- Petr Sedláček, Group COO
- Francisco Queirós, Chief Strategy and Business Development Officer
- Ljuba Kovačević, Group Compliance Officer

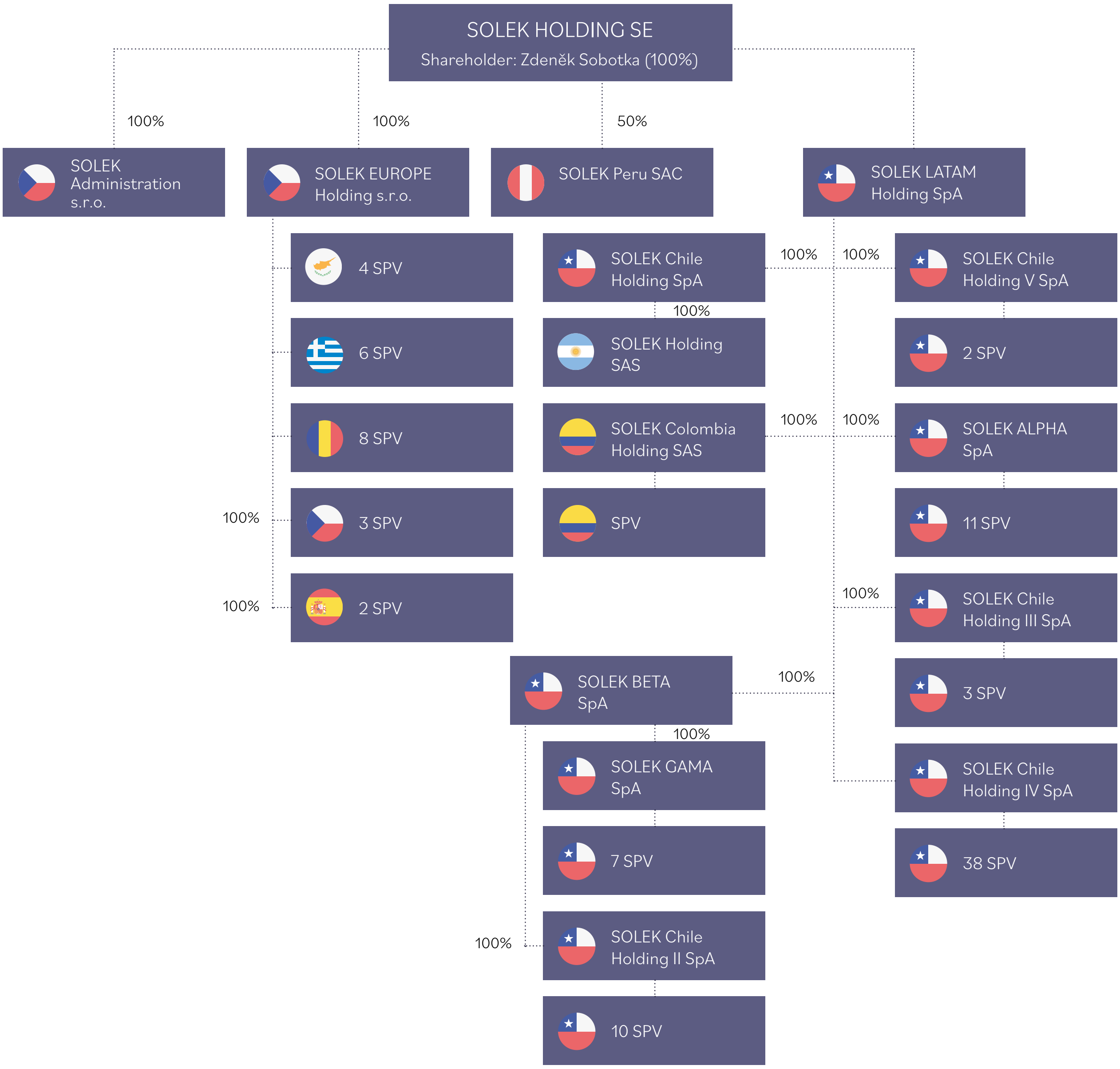
GROUP ORGANIZATION STRUCTURE (OPERATIONS)

AS OF 31 DECEMBER 2022



GROUP ORGANIZATION STRUCTURE (ASSET MANAGEMENT)

AS OF 31 DECEMBER 2022



SPV CHILE

SPVs owned by SOLEK Chile Holding II SpA

1. PARQUE SOLAR OVALLE NORTE SpA
2. PARQUE SOLAR LO CHACON SpA
3. PARQUE SOLAR MECO CHILLAN SpA
4. MEMBRILLO SOLAR SpA
5. PARQUE SOLAR EL SAUCE SpA
6. FOTOVOLTAICA AVELLANO SpA
7. PARQUE SOLAR CANTILLANA SpA
8. PARQUE SOLAR COLINA SpA
9. PARQUE SOLAR TABOLANGO SpA
10. LUCIANO SOLAR SpA

SPVs owned by SOLEK Chile Holding III SpA

1. PARQUE SOLAR DON FLAVIO SpA
2. PARQUE SOLAR ITIHUE SpA
3. PARQUE SOLAR SALAMANCA SpA

SPVs owned by SOLEK Chile Holding IV SpA

1. PARQUE SOLAR LINARES NORTE SpA
2. PARQUE SOLAR TRUPAN SpA
3. PARQUE SOLAR EL CAQUI SpA
4. PARQUE SOLAR CAMPANAS SpA
5. LIMACHE SOLAR SpA
6. HUMBERTO SOLAR SpA
7. PARQUE SOLAR PANGUILEMO SpA
8. PARQUE SOLAR LOS PEUMOS SpA
9. SOLAR EL GULTRO SpA
10. PARQUE SOLAR COLIMAVILLA SpA
11. PARQUE SAN LORENZO SpA
12. PARQUE SOLAR KARELIA SpA
13. PARQUE SOLAR SAN ISIDRO SpA
14. PARQUE SOLAR CONTY SpA
15. PARQUE SOLAR LAJA SpA
16. PARQUE SOLAR CONCON SpA
17. PARQUE SOLAR TARA SpA
18. PARQUE SOLAR CARRIZO SpA
19. PARQUE SOLAR ATACAMA SpA
20. PARQUE SOLAR ROMA SpA
21. PARQUE SOLAR SANTA MARTA SpA
22. PARQUE SOLAR ALAGUA SpA
23. PARQUE SOLAR LA ESPERANZA SpA

SPVs owned by SOLEK Chile Holding IV SpA

24. PARQUE SOLAR DOÑA BERTA SpA
25. PARQUE SOLAR LA CHALINGA SpA
26. PARQUE SOLAR ANDROMEDA SpA
27. PARQUE SOLAR NARCISO SpA
28. PARQUE SOLAR BADAJOZ SpA
29. PARQUE SOLAR POPETA SpA
30. PARQUE SOLAR NUMPAY SpA
31. PARQUE SOLAR EULALIA SpA
32. PARQUE SOLAR MIÑO SpA
33. PARQUE SOLAR LIRCAY SpA
34. PARQUE SOLAR LOS OLIVOS SpA
35. PARQUE SOLAR REQUEGUA SpA
36. PARQUE SOLAR PEUMO SpA
37. PARQUE SOLAR AGUAS BUENAS SpA
38. PILAR SOLAR SpA

SPVs owned by SOLEK Chile Holding V SpA

1. PARRAL SOLAR SpA
2. RENATO Solar SpA

SPVs owned by SOLEK Alpha SpA

1. CHAMPA SOLAR SpA
2. PARQUE SOLAR DON CHACHO SpA
3. PARQUE SOLAR KALI SpA
4. PARQUE SOLAR SANTA CRUZ SpA
5. FENIX SOLAR SpA
6. PATRICIA SOLAR SpA
7. ARMANDO SOLAR SpA
8. RENATO SOLAR SpA
9. PARQUE SOLAR SANTA REBECA SpA
10. PARQUE SOLAR DEL SOL SpA
11. PARQUE SOLAR BARRANCON SpA

SPVs owned by SOLEK Gamma SpA

1. PARQUE SOLAR LEYDA SpA
2. PARQUE SOLAR UNIHUE SpA
3. SANTA BARBARA SpA
4. PARQUE SOLAR DOÑA CARMEN SpA
5. JOEL SOLAR SpA
6. MARGARITA SOLAR SpA
7. PARQUE SOLAR MINA DORADA SpA

SPV ROMANIA

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

1. PVSR Bucharest I S.R.L.
2. PVSR Bucharest II S.R.L.
3. PVSR Bucharest III S.R.L.
4. PVSR Bucharest IV S.R.L.
5. PVSR Bucharest V S.R.L.
6. PVSR Bucharest VI S.R.L.
7. PVSR Bucharest VII S.R.L.
8. PVSR Bucharest VIII S.R.L.

SPV CYPRUS

SPVs owned by SOLEK EUROPE Holding s.r.o

1. SOLEK LARNAKA I LIMITED
2. SOLEK LEMESOS I LIMITED
3. SOLEK PROMITHIA LIMITED
4. SOLEK PAPHOS I LIMITED

SPV GREECE

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

1. GR ATHENS 1 SMPC
2. GR ATHENS 2 SMPC
3. GR ATHENS 3 SMPC
4. GR ATHENS 4 SMPC
5. GR ATHENS 5 SMPC
6. GR ATHENS 6 SMPC

SPV SPAIN

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

1. PVSS Madrid SLU
2. PVSS Catalonia SLU

SPV CZECH REPUBLICA

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

1. SOLEK FVE Popovice s.r.o.
2. SOLEK FVE Stránka s.r.o.
3. SOLEK Česká republika s.r.o.

SPV COLOMBIA

SPVs owned by SOLEK Colombia Holding SAS

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

GOVERNING BOARD'S DECLARATION

The Chairman of the Board of Directors of SOLEK HOLDING SE declares that to his best knowledge the Annual Report provides a true and accurate description of the company's financial situation, business activities and results for the previous period as well as the expectations of future development of its financial situation, business activities and results.

Prague, 26 July 2023

Zdeněk Sobotka
Chairman of the Board of Directors

INFORMATION ABOUT DEPENDENCE ON PATENTS AND LICENCES

The Group is not aware of any of its activities being dependent on the use of any patents owned by any specific persons. In using technologies, the Group always agrees with the contractor that if any industrial property or intellectual property rights are violated, the contractor is liable. The company uses Microsoft software in its activities.

Independent Auditor’s Report

To the shareholder of SOLEK HOLDING SE

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of SOLEK HOLDING SE, with its registered office at Voctářova 2497/18, Praha 8 (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2022, and of the Group’s consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2022,
- the consolidated statement of financial position as at 31 December 2022,
- the consolidated statement of changes in equity for the year ended 31 December 2022,
- the consolidated statement of cash flow for the year ended 31 December 2022, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the “Audit regulations”). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

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

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

Our opinion on the consolidated financial statements does not cover the other information.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

26 July 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Soňa Hoblová
Statutory Auditor, Licence No. 2470

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The consolidated financial statements were approved by the Board of Directors on 26 July 2023 and signed on behalf of the company by:

Zdeněk Sobotka
Chairman of the Board of Directors

1. GENERAL INFORMATION

The SOLEK Group ("SOLEK", "the SOLEK Group" or „the Group") consists of SOLEK HOLDING SE ("the Company" or "Parent company") and its subsidiaries. The Group operates in the field of renewable energy sources with a focus on solar energy. It focuses on the design, construction and operation of solar power plants in Europe and Latin America. It has been operating on the market since 2010.
The Parent company is a European company founded in 2010 with its registered office in the Czech Republic. The registered office of the Company is at Voctářova 2497/18, Prague 8, 180 00. The Company is registered in the Commercial Register of the Czech Republic held by Municipality Court in Prague under the identification number 292 02 701, file number H 218. The ultimate beneficial owner of the SOLEK Group as at 31 December 2022 and 2021 is Mr. Zdeněk Sobotka, an experienced Czech businessman in the field of renewable energy sources.
The share capital of the Company as at 31 December 2022 and as at 31 December 2021 in the amount of CZK 3,175,800 (EUR 120,000) was fully paid and consisted of 100,000 registered shares, in book-entry form with a nominal value of CZK 31.76.
All shares are mutually equivalent and carry one vote per share.
The sole shareholder of the Company is the Czech citizen Zdeněk Sobotka with permanent residence at Ke Hvězdárně 1032, Hlubočinka, Sulice, 251 68.
Composition of the Board of Directors and Supervisory Board of the Company

Board of Directors:	Zdeněk Sobotka – Chairman
	Ing. Michal Nebeský
	JUDr. Jan Kotous
	Ing. Petr Sedláček
Supervisory Board:	Zdeněk Sobotka, Sr.

Michal Nebeský has been dismissed from the position of Vice Chairman of the Board of Directors of the Company with effective date as of 30 April 2023.
Francisco Jósé Carvalho de Queirós became member of Board of Directors with effective date as of 13 June 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

in thousand CZK	Notes (item 7)	2022	2021
Revenue	a)	2 068 280	911 768
Proceeds from sale of solar power plants previously operated by the Group	b)	36 237	229 285
Total turnover		**2 104 517**	**1 141 053**
Cost of sales of solar power plant projects	c)	(1 514 123)	(652 293)
Net book value of sold solar power plants previously operated by the Group	b)	(20 669)	(138 291)
Cost of raw materials and services used	c)	(159 403)	(96 235)
Personnel expenses	c)	(187 367)	(87 982)
Depreciation of PPE and intangible assets	f)	(56 316)	(32 781)
Other operating income		25 832	24 842
Other operating expenses	c)	(79 251)	(35 780)
Operating profit		**113 220**	**122 533**
Finance income	d)	273 327	70 981
Finance costs	d)	(364 612)	(173 614)
Share of net profit of associates accounted for using the equity method		–	–
Profit before income tax		**21 935**	**19 900**
Income tax	e)	87 293	130 362
Profit for the period		**109 228**	**150 262**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(78 222)	36 724
Share of other comprehensive income of associates accounted for using the equity method		–	–
Cash flow hedge		–	(7 240)
Other comprehensive income for the period		**(78 222)**	**29 484**
Total comprehensive income for the period		**31 006**	**179 746**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

in thousand CZK	Notes (item 7)	31 Dec 2022	31 Dec 2021
Assets			
Property, plant and equipment	f)	2 429 202	1 619 301
Rights of use of assets	h)	164 352	466 343
Goodwill	g)	840 228	840 228
Intangible assets		9 788	5 049
Financial investments		565	549
Deferred tax assets	q)	464 027	304 121
Restricted cash	m)	357 049	177 729
Investment shares	l)	–	239 010
Other non-current assets	i)	252 047	30 439
Non-current assets total		**4 517 258**	**3 682 769**
Inventories	j)	490 084	787 835
Trade receivables	k)	380 116	42 383
Contract assets	k)	77 450	219 412
Restricted cash	m)	141 794	139 440
Investment shares	l)	403 960	247 000
Other current assets	n)	697 896	527 049
Cash and cash equivalents	m)	85 390	133 757
Current assets		**2 276 690**	**2 096 876**
Total assets		**6 793 948**	**5 779 645**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

in thousand CZK	(item 8)	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Share capital	s)	3 176	3 176
Additional paid-in capital		504 597	504 597
Accumulated losses		(81 462)	(190 690)
Exchange differences from the translation of foreign subsidiaries		(10 018)	68 204
Other reserves		–	(7 240)
Total equity		**416 293**	**378 047**
Non-current financial liabilities	p)	4 181 107	2 937 062
Lease liabilities	h), p)	180 857	435 094
Provisions		66 401	113
Deferred tax liabilities	q)	–	–
Other non-current liabilities		29 792	4 935
Total non-current liabilities		**4 458 157**	**3 377 204**
Trade payables	o)	402 418	640 815
Current financial liabilities	p)	1 198 459	1 200 153
Lease liabilities	h), p)	7 894	40 000
Current income tax liabilities	e)	31 460	62 165
Other current liabilities	o)	279 267	81 261
Total current liabilities		**1 919 498**	**2 024 394**
Total liabilities		**6 377 655**	**5 401 598**
Total equity and liabilities		**6 793 948**	**5 779 645**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

in thousand CZK	Share capital	Additional paid-in capital	Translation differences	Revaluation differences	Cash Flow hedge reserve	Accumulated losses	Total equity
Balance as at 1 January 2021	**3 176**	**504 597**	**31 480**	**(53)**	**-**	**(340 952)**	**198 248**
Profit after tax	-	-	-	-	-	150 262	150 262
Other comprehensive income for the period	-	-	36 724	-	(7 240)	-	29 484
Other movements	-	-	-	53	-	-	53
Balance as at 31 December 2021	3 176	504 597	68 204	-	(7 240)	(190 690)	378 047
Profit after tax	**-**	**-**	**-**	**-**	**-**	**109 228**	**109 228**
Other comprehensive income for the period	-	-	(78 222)	-	-	-	(78 222)
Other movements	-	-	-	-	7 240	-	7 240
Balance as at 31 December 2022	**3 176**	**504 597**	**(10 018)**	**-**	**-**	**(81 462)**	**416 293**

** see also s. Equity*

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

in thousand CZK	Notes (item 7)	2022	2021
Cash flows from operating activities			
Profit/loss before tax		21 935	19 900
Adjustments for:			
Depreciation and amortization of PPE, intangible assets and right-of-use assets	f)	56 316	32 781
Interest income	d)	(1 324)	(286)
Interest expense	d)	288 293	125 574
Gain from revaluation of financial assets at FVTPL	i), l)	(183 190)	(59 181)
Gain from the sale of power plants previously operated by the Group	b)	(15 568)	(90 994)
Change in provisions		-	(10 394)
Other non-cash transactions		35 178	7 600
		201 640	**25 000**
Changes in solar power plants projects under construction	j)	234 940	(351 234)
Changes in inventories	j)	(885)	1 326
Changes in restricted cash	m)	(181 674)	(300 170)
Changes in contract assets	k)	141 962	(216 636)
Changes in trade and other receivables	k)	(871 814)	(79 428)
Changes in trade and other payables	o)	338 302	659
		(137 529)	**(920 483)**
Interest received		1 324	286
Interest paid	p)	(299 254)	(128 831)
Income tax paid		(89 876)	(73 914)
Net cash flow from operating activities		**(525 335)**	**(1 122 942)**
Cash flows from investing activities			
Acquisition of PPE and intangible assets	f)	(753 191)	(689 214)
Proceeds from the sale of power plants previously operated by the Group	b)	-	31 884
Proceeds from the sale of investment shares	l)	171 000	221 438
Acquisition of investment shares	l)	-	(42 300)
Net cash flow from investing activities		**(582 191)**	**(478 192)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

in thousand CZK	Notes (item 7)	2022	2021
Cash flows from financing activities			
Proceeds from loans and borrowings	p)	1 203 681	1 459 597
Repayments of borrowings	p)	(486 768)	(417 163)
Repayments of lease liabilities	p)	(21 794)	(42 356)
Proceeds from bonds issued	p)	719 091	385 300
Repayments of bonds	p)	(361 452)	(35 830)
Net cash flow from financing activities		**1 052 758**	**1 349 548**
Net increase (decrease) in cash and cash equivalents		**(54 768)**	**(251 585)**
Cash and cash equivalents at the beginning of the reporting period		**133 757**	**387 245**
Exchange differences from the translation of cash and cash equivalents		6 401	(1 903)
"Cash and cash equivalents at the end of the reporting period"	**m)**	**85 390**	**133 757**

2. CONSOLIDATED GROUP

As at 31 December 2022 and 31 December 2021, the consolidation group consists of the consolidating entity SOLEK HOLDING SE established in the Czech Republic with the functional currency of the Czech koruna (hereinafter referred to as Kč or CZK) and the following subsidiaries:

Group's share	Subsidiaries	Country	Functional currency	2022	2021
100%	SOLEK Czech Services s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
100%	SOLEK Administration s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
100%	SOLEK I s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
100%	SOLEK EUROPE Holding s.r.o.	Czech Republic	CZK	full consolidation	full consolidation
90%	SOLEK Czech Services, Solárni systémy s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2022
67%	SOLEK Energy Power Solution, s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2022
100%	SOLEK FVE Popovice s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2022
100%	SOLEK FVE Stránka s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2022
100%	SOLEK Česká republika s.r.o.	Czech Republic	CZK	full consolidation	incorporated in 2022
100%	SOLEK LATAM Holding SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Holding SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Holding II SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Holding III SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Holding IV SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Holding V SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Chile Services SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK Desarrollos SpA	Chile	USD	merged to SOLEK Chile Services SpA in 2022	full consolidation
100%	Parque Solar Ovalle Norte SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar El Sauce SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Don Flavio SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar La Rosa SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Meco Chillan SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Tangua SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Lo Chacon SpA	Chile	USD	full consolidation	full consolidation
100%	Parral Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Alianza SPA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Altos Lao SpA	Chile	USD	sold in 2022	full consolidation
100%	Membrillo Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Champa Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Fotovoltaica Avellano SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Mina Dorada SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar El Conquistador SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Tabolango SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Panguilemo SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Los Peumos SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Viveros SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Santa Cruz SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Convento SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Colimavilla SpA	Chile	USD	full consolidation	full consolidation

100%	Parque Solar El Gultro SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Salamanca SpA	Chile	USD	full consolidation	full consolidation
100%	Humberto Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Colina SpA	Chile	USD	full consolidation	full consolidation
100%	Luciano Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Santa Ester Solar SpA	Chile	USD	sold in 2022	full consolidation
100%	Fenix Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Limache Solar SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Don Chacho SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Leyda SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Cantillana SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Itihue SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar La Rosa II SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Linares Norte SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Trupan SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar El Caqui SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Kali SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Campanas SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Quilmo SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Villa Longavi SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque San Lorenzo SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Pueblo Seco SpA	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Karelia SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar San Isidro SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Conty SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Unihue SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Laja SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Concon SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Tara SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Carrizo SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Atacama SpA	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Doña Carmen Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Roma Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Santa Marta Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Jotabeche Spa	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar El Trigal Spa	Chile	USD	sold in 2022	full consolidation
100%	Parque Solar Alagua Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar La Esperanza Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Doña Berta Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar La Chalinga Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Santa Rebeca Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Del Sol Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Barrancon Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Andromeda Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Narciso Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Badajoz Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Popeta Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Numpay Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Eulalia Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Miño Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Lircay Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Los Olivos Spa	Chile	USD	full consolidation	full consolidation

100%	Parque Solar Requegua Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Peumo Spa	Chile	USD	full consolidation	full consolidation
100%	Parque Solar Aguas Buenas Spa	Chile	USD	full consolidation	full consolidation
100%	PILAR SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	PATRICIA SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	ARMANDO SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	RENATO SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	SANTA BARBARA SpA	Chile	USD	full consolidation	incorporated in 2022
100%	JOEL SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	MARGARITA SOLAR SpA	Chile	USD	full consolidation	incorporated in 2022
100%	SOLEK ALPHA SpA	Chile	USD	full consolidation	full consolidation
100%	SOLEK BETA SpA	Chile	USD	full consolidation	incorporated in 2022
100%	SOLEK GAMA SpA	Chile	USD	full consolidation	incorporated in 2022
100%	SOLEK Romania Services S.R.L.	Romania	RON	full consolidation	full consolidation
100%	PVSR Bucharest I S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest II S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest III S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest IV S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest V S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest VI S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest VII S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	PVSR Bucharest VIII S.R.L.	Romania	RON	full consolidation	incorporated in 2022
100%	SOLEK Holding SAS	Argentina	ARS	in liquidation since 2021	in liquidation since 2021
100%	SOLEK Colombia Holding SAS	Colombia	COP	full consolidation	full consolidation
100%	Parque Solar Las Playas SAS	Colombia	COP	full consolidation	full consolidation
50%	SOLEK Peru SAC	Peru	PEN	equity method	equity method
100%	SOLEK Cyprus Services Limited	Cyprus	EUR	full consolidation	full consolidation
100%	SOLEK LARNAKA I LIMITED	Cyprus	EUR	full consolidation	full consolidation
100%	SOLEK LEMESOS I LIMITED	Cyprus	EUR	full consolidation	full consolidation
100%	SOLEK PROMITHIA LIMITED	Cyprus	EUR	full consolidation	full consolidation
100%	SOLEK PAPHOS I LIMITED	Cyprus	EUR	full consolidation	full consolidation
100%	NERATECH LIMITED	Cyprus	EUR	sold in 2022	full consolidation
100%	SOLEK Hong Kong Services	Hong Kong	HKD	full consolidation	full consolidation
100%	SOLEK Hungary Services Kft	Hungary	HUF	full consolidation	full consolidation
100%	PVSH ALPHA KFT	Hungary	HUF	sold in 2022	full consolidation
100%	PVSH BETA KFT	Hungary	HUF	sold in 2022	full consolidation
100%	PVSH GAMMA KFT	Hungary	HUF	sold in 2022	full consolidation
100%	PVSH DELTA KFT	Hungary	HUF	sold in 2022	full consolidation
100%	SOLEK Greece Services S.M.P.C.	Greece	EUR	full consolidation	full consolidation
100%	GR ATHENS 1 SMPC	Greece	EUR	full consolidation	full consolidation
100%	GR ATHENS 2 SMPC	Greece	EUR	full consolidation	full consolidation
100%	GR ATHENS 3 SMPC	Greece	EUR	full consolidation	full consolidation
100%	GR ATHENS 4 SMPC	Greece	EUR	full consolidation	incorporated in 2022
100%	GR ATHENS 5 SMPC	Greece	EUR	full consolidation	incorporated in 2022
100%	GR ATHENS 6 SMPC	Greece	EUR	full consolidation	incorporated in 2022
100%	SOLEK España Services S.L.	Spain	EUR	full consolidation	incorporated in 2022
100%	PVSS Madrid SLU	Spain	EUR	full consolidation	incorporated in 2022
100%	PVSS Catalonia SLU	Spain	EUR	full consolidation	incorporated in 2022
100%	SOLEK France Services SAS	France	EUR	full consolidation	incorporated in 2022
100%	SOLEK Germany Services GmbH	Germany	EUR	full consolidation	incorporated in 2022

SOLEK Holding SAS
SOLEK Holding SAS entered into the liquidation process in 2021, and as of 2022, the process has still been ongoing.

SOLEK PROMITHIA LIMITED
On 3 March 2022, SOLEK NICOSIA I LIMITED was renamed as SOLEK PROMITHIA LIMITED.

SOLEK Desarrollos SpA
In 2022, SOLEK Desarrollos SpA merged to SOLEK Chile Services SpA with effective date 31 October 2022.

3. ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The consolidated financial statements for the year ended on 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The Group therefore applies all IFRS published by the IASB and interpretations issued by the IFRS Interpretations Committee ("IFRIC"), which are effective as at 31 December 2022, adopted by the EU and applicable to the Group.
The Group's accounting period (financial year) comprises twelve months and ends on 31 December of each calendar year.
The consolidated financial statements are prepared in CZK and presented in thousands of CZK. The Group's consolidated financial statements comply with the uniform accounting principles and consolidation rules for all reporting periods.
The consolidated financial statements have been prepared in accordance with the historical cost basis, except for instances where IFRS requires a different method of measurement as described in the accounting policies below.

I. Principles of consolidation

All subsidiaries controlled by the Company in accordance with the provisions of IFRS 10 "Consolidated Financial Statements" are included in the consolidated financial statements and fully consolidated. The Group gains control when it can exercise power over an entity, is exposed to variable returns from investment and has the ability to use its power over the entity in which it has invested to influence its operations. The Company reviews control again if facts and circumstances indicate that one or more of the above control criteria have changed.
The results of subsidiaries acquired or sold during the year are recognized in the consolidated statement of comprehensive income with effect from the actual acquisition date or up to the actual disposal date. The gain or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to non-controlling interests, even if this results in non-controlling interests with a negative balance. If necessary, the financial statements of subsidiaries shall be adjusted so that the accounting policies applied by them are consistent with the Group's accounting policies. All assets and liabilities within the Group, equity, revenues, expenses and cash flows relating to transactions between members of the Group are fully eliminated in consolidation.
Loans between the Group's entities and related foreign exchange gains or losses are eliminated in consolidation. However, if the loan is between the Group's entities that have different functional currencies, the foreign exchange gain or loss cannot be completely eliminated and is recognized in consolidated profit or loss unless the loan is expected to be settled in the foreseeable future and forms part of net foreign investment. In this case, the foreign exchange gain or loss is recognized in other comprehensive income.
The Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months after the end of the reporting period. If assets and liabilities have both a current and a non-current component, they are divided into these different components and recognized as current and non-current assets or liabilities according to the structure of the statement of financial position. The consolidated statement of comprehensive income is prepared on the basis of the nature of expense method.

II. New standards and interpretations
Adoption of new or revised standards and interpretations
New and amended IFRS accounting rules adopted by the Group

In preparing these financial statements, the Group has considered the following amendments to IFRS, effective from 1 January 2022, which have had little or no effect on the results and information presented in these consolidated financial statements compared to the previous consolidated financial statements for 2021:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

These amendments were issued on 14 May 2020 and are effective for annual periods starting on or after 1 January 2022. The amendments specifically address implementation issues arising from reforms, which involve replacing one benchmark with an alternative one.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

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

The Group is required to adopt certain new standards and interpretations for annual periods starting on or after 1 January 2023, and which the Group has not early adopted.

Amendments to IAS 12 Income Taxes titled Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued in May 2021 with effect from 1 January 2023). The changes made to IAS 12 provide guidance on accounting for deferred tax related to transactions like leases and decommissioning obligations. Under specific circumstances, entities are not obligated to recognize deferred tax when initially recognizing assets or liabilities. There was previously some uncertainty regarding whether this exemption applied to transactions involving both assets and liabilities. The amendments clarify that the exemption does not apply and entities are now required to recognize deferred tax on such transactions. The amendments necessitate the recognition of deferred tax for transactions that generate equal amounts of taxable and deductible temporary differences upon initial recognition.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definitions of Accounting Estimates (issued in February 2021 with effect from 1 January 2023). The amendment to IAS 8 provides clarification on the distinction between changes in accounting policies and changes in accounting estimates for companies. The Group is currently evaluating the potential impact of these amendments on its consolidated financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (issued in January 2020 including the July 2020 amendments postponing the effective date to 1 January 2023). These amendments with a narrow scope provide clarification that the classification of liabilities as current or non-current is determined based on the rights existing at the end of the reporting period. The amendment to IAS 1 was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was postponed by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Group is currently evaluating the impact of these amendments on its consolidated financial statements and anticipates no significant effects.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued in February 2021 with effect from 1 January 2023). IAS 1 underwent an amendment that mandates companies to disclose their material accounting policy information instead of significant accounting policies. The amendment includes a defined explanation of what constitutes material accounting policy information. It also clarifies that accounting policy information is deemed material if its absence would hinder users from comprehending other significant information in the financial statements. The amendment offers illustrative examples of accounting policy information likely to be considered material for an entity's financial statements. Additionally, the amendment to IAS 1 specifies that immaterial accounting policy information is not required to be disclosed. However, if disclosed, it should not overshadow material accounting policy information. In support of this amendment, IFRS Practice Statement 2, titled 'Making Materiality Judgements,' was also revised to provide guidance on the application of materiality in accounting policy disclosures.

IFRS 17 Insurance Contracts (issued in May 2017, including consideration of the June 2020 amendments postponing the effective date to 1 January 2023). This standard replaces IFRS 4, which allowed companies to continue accounting for insurance contracts using existing practices. However, this approach made it challenging for investors to compare the financial performance of similar insurance companies. IFRS 17 introduces a single principle-based standard for accounting all types of insurance contracts, including reinsurance contracts held by insurers. The standard mandates the recognition and measurement of groups of insurance contracts based on: (i) The risk-adjusted present value of future cash flows, known as the fulfilment cash flows, incorporating all available information in a manner consistent with observable market information; and (ii) An amount representing the unearned profit in the group of contracts, referred to as the contractual service margin. Insurers will recognize the profit from a group of insurance contracts over the period they provide insurance coverage and as they are released from risk. If a group of contracts becomes loss-making, the entity will recognize the loss immediately. The amendments to IFRS 17 aim to facilitate implementation, simplify certain requirements, and aid the transition to the standard. They focus on eight areas of IFRS 17 and do not intend to alter the fundamental principles of the standard. The Group is presently assessing the potential impact of these amendments on its consolidated financial statements.

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

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023, effective immediately from 1 January 2023).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023, effective from 1 January 2024).

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognize any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

B. GOING CONCERN AND KEY SOURCES OF UNCERTAINTY IN ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

I. Going concern assumption of the SOLEK Group

The total comprehensive income of the SOLEK Group for the year ended 31 December 2022 is a profit of CZK 31,006 thousand (31 December 2021 profit of CZK 179,746 thousand). In addition, as at 31 December 2022 short-term assets exceeded short term liabilities by CZK 357,192 thousand (31 December 2021: by CZK 72,482 thousand).

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

intended for future sale; strategic negotiations are underway with an investment company on the purchase of individual companies during different periods;

intended for the retention and subsequent production of electricity; in this case, the financing is provided by a strategic banking partner.

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

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

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

II. Significant judgments and estimates

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

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

Judgment on classification of a solar power plant: Property, plant and equipment vs. Inventory

The Group starts to construct solar power plants only upon financing of the respective project is secured. In case the project is initially financed by external loan, all costs related to the construction of such solar power plant are capitalized and classified as Property, plant and equipment. Upon completion, the solar power plant remains in the ownership of the Group and generates revenue from electricity sale.

In case the project is initially planned to be sold to a specific customer according to a signed contract, all costs related to the construction of such solar power plant are capitalized and classified as Inventory. Upon completion of the project to the state agreed with the customer, control of the solar power plant is transferred to the customer. All costs incurred to date are then charged to cost of sales and revenue is recognized according to IFRS 15.

Estimated useful life of solar power plants
An important estimate in accounting for property, plant and equipment and intangible assets is the determination of the useful life of assets for the purposes of their depreciation and amortization.
To determine the useful life of the Group's solar power plant, it is necessary to make estimates in connection with technical obsolescence, location and expected physical wear and tear with respect to the production materials used for the asset.
The individual components of the power plant have a warranty for the useful life of 2 to 25 years, when photovoltaic panels have manufacturer's warranty 25 years. Based on that, for power plants that are not intended for sale, the useful life is internally considered as 25 years.
The warranties provided by the SOLEK Group for its customers are fully covered by the warranties of the manufacturers and suppliers of the individual components.

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

Right-of-use assets and lease liabilities
The valuation of right-of-use assets is based on significant management judgment, primarily to determine the interest rate estimate and lease term period.
The considered interest rate is based on the interest rate embedded in the lease contract. In case embedded interest rate could not be reliably defined the Group determines the borrowing rate based on the interest rates at which it would receive funds to finance its activities in the specific country. For calculation of lease liabilities, the borrowing rate was set at 7% for Chile (2021: 10%) and 6% for Czechia (2021: 6%). In the event of a change in the considered interest rate by 1%, the lease interest expense will change by CZK 736 thousand.
All of the lease contracts entered by the Group have a fixed lease period with no early termination option right by the lessor.

C. SUBSIDIARIES

Business combinations are accounted for using the acquisition method. The acquisition cost of a business combination corresponds to the fair value of the consideration paid, liabilities incurred to the former owners of the acquiree and equity shares issued by the Group. The acquisition cost includes the fair value of the assets and liabilities that arise from the contingent consideration arrangement. Subsequent changes in this fair value are recognized in profit or loss.
Acquisition related costs are recognized in profit or loss when incurred. For each business combination, the Group measures any non-controlling interest in the acquiree at either its fair value or its proportionate share of the acquiree's net identifiable assets. In the case of a step business combination, the Group, as the acquirer, remeasures through profit or loss the existing equity interests in the acquiree to fair value at the acquisition date.
A change in ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

D. COMMON CONTROL TRANSACTIONS

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

E. FOREIGN CURRENCIES

Each entity of the Group determines its own functional currency, which is the currency of the primary economic environment in which the subsidiary or parent company operates. Individual items of the financial statements of consolidated companies are valued and reported using these functional currencies. Transactions in foreign currencies are initially recognized by the entity at the relevant functional currency exchange rate at the date when the transaction initially meets the conditions for recognition.
Monetary assets and liabilities denominated in foreign currencies are converted using the exchange rates of the functional currency at the reporting date. The source used was information presented by the Czech National Bank, for state variables the exchange rate as of 31 December was used, for flow variables the average exchange rate for the given calendar year was used. Exchange rates not announced by the CNB are calculations of mutual currency pairs using the announced exchange rate of the Czech crown. Differences arising from the settlement or translation of monetary items are recognized in the statement of comprehensive income.
Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition of the transactions.
As of 31 December 2022, the following exchange rates were used in the preparation of the consolidated financial statements:

Exchange rate as at 31 Dec 2022

	USD	EUR	CLP	HUF	RON	COP	HKD	CZK
CZK	22.616	24.115	0.026	0.060	4.873	0.005	2.901	-
CLP	855.860	915.950	-	-	-	-	-	37.980
EUR	1.067	-	-	400.870	4.950	-	8.316	24.116

Average exchange rates in 2022

	USD	EUR	CLP	HUF	RON	COP	HKD	CZK
CZK	23.360	24.565	0.027	0.063	4.981	0.006	2.983	-
CLP	873.317	917.938	-	-	-	-	-	37.390
EUR	1.053	-	-	391.287	4.931	-	8.245	24.566

F. INVESTMENTS IN JOINT VENTURES

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

G. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") include solar power plants, machinery, equipment and other facilities and solar power plants under construction with expected useful life longer than 1 year. These assets are stated at cost less accumulated depreciation and accumulated impairment.
The cost of internally developed assets includes the cost of materials and direct labor, indirect costs directly attributable to construction, and any costs directly attributable to the commissioning of the asset. Furthermore, for qualifying assets, it includes duly attributable borrowing costs (see chapter L. Borrowing

costs) incurred during construction. These assets are completed and ready for use when the power plant is connected to the electricity grid and all technical parameters necessary for electricity generation are met.
Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component beginning from the time it is ready for use. Depreciation of a solar power plant begins when the power plant is ready for its intended use, usually on the day of connection to the grid and commissioning.
Depreciation is calculated considering zero residual value.
Maintenance costs that do not extend the useful life are recognized in the consolidated statement of comprehensive income when incurred. The costs of improvements that extend useful life are capitalized.
Replacement of damaged components is accounted for as derecognition of the components being replaced and subsequent capitalization of replacement costs as new PPE items.
Parts of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their continued use. Any gain or loss arising from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the asset is derecognized.

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

Property, plant and equipment	Method	Useful life
Buildings	Straight-line	8-32 years
Solar power plants	Straight-line	25 years
Alarms	Straight-line	8 years
Cars, curve meters, other machines	Straight-line	5 years
Notebooks below CZK 40 thousand	Straight-line	2 years
Notebooks above CZK 40 thousand	Straight-line	5 years

Land is expected to have an indefinite useful life and is therefore not depreciated.
At the end of each reporting period, management assesses whether there is any indication that an item of property, plant or equipment may be impaired. If such an indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior years may be reversed if there has been a change in the estimates used to determine the asset's value in use or its fair value less costs to sell.
Costs related to research activities (project opportunities) are recognized in the statement of comprehensive income at the time they are incurred. Costs related to development activities (projects in preparation) are included in the acquisition cost if the project is technically and commercially viable and the Group has sufficient resources to complete the development work.

H. INTANGIBLE ASSETS

The Group's intangible assets comprise computer software, goodwill, licenses, valuable rights and other intangible assets. Software mainly represents external costs associated with the acquisition of the Group's information systems intended for use within the Group. Development or repair costs for computer programs are recognized as expenses when incurred.
Costs directly related to identified and specific software products that are controlled by the Group and whose probable economic benefit will exceed the acquisition costs for a period longer than one year and the acquisition price higher than CZK 20 thousand are reported as intangible assets.

Estimated useful lives of intangible fixed assets:

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

Intangible assets no longer used or generating future benefits are derecognized from the statement of financial position together with the amortization related to these assets (if amortized). Net gains or losses from derecognition are recognized in profit or loss, i.e. the net gain or loss is determined as the difference between the net proceeds from disposal / sale and the carrying amount of the asset. Intangible assets, except for indefinite useful life assets, are amortized on a straight-line basis from the time they are ready for use. Depreciation ceases when the asset is derecognized or when assets are classified as indefinite useful life or held for sale, whichever occurs first.

I. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Leases where the Group acts as a lessee
As at the commencement date of the lease, the Group recognizes a right-of-use asset and a lease liability. The right-of-use of an underlying asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made on or before the commencement date, net of any lease incentives received. Subsequently, the asset is stated at cost less accumulated depreciation and accumulated impairment and adjusted for certain revaluations of the lease liability.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The lease term established by the Group generally includes the non-cancellable lease term, the period covered by the lease extension option if the Group is reasonably certain to exercise this option and the period covered by the lease termination option if the Group is reasonably certain that it will not be exercised.

Estimated useful lives of right-of-use assets:

Right-of-use assets	Method	Useful life
Land	Straight-line	Lease term 20-30 years
Office spaces	Straight-line	Lease term 6 years
Cars	Straight-line	Lease term 4 years

The lease liability is measured at the commencement date at the present value of the lease payments outstanding at that date, discounted using the lease borrowing rate.
The considered interest rate is based on the interest rate embedded in the lease contract. In case embedded interest rate could not be reliably defined the Group determines the borrowing rate based on the interest rates at which it would receive funds to finance its activities in the specific country.
The lease liability is measured by including fixed lease payments and variable lease payments dependent on an index or rate that were initially measured on the basis of an index or rate at the commencement date. The lease liability is subsequently increased by the lease interest expense on the lease and reduced by the lease payment made. The liability is reassessed when there is a change in future lease payments

resulting from a change in the index or rate used to determine those payments, or if there is a change in the lease term resulting from the Group's reassessment of whether it is reasonably certain that the Group will exercise the extension option or that it will not exercise the termination option.
The Group applied the standard's recognition exemptions for contracts with a lease term of less than 12 months and for leases with a low value of the underlying asset (in particular leases for Luxembourg and Romania offices). The SOLEK Group considers the rent of office space up to EUR 500 per month to be low in this sense.

J. GOODWILL

Goodwill represents the positive difference between the acquisition cost and the fair value of the group interest in the acquiree's identifiable assets at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill is not amortised but it is tested for impairment at least annually.
The reason for testing goodwill for impairment is to determine whether the amount recognized as an intangible asset in the consolidated financial statements, has lost its permanent value and must be impaired. In this context, the cash-generating units to which goodwill is allocated are identified and tested for permanent impairment. An impairment loss is the negative difference, between the carrying amount and the recoverable amount. This represents the higher of the fair value of the cash-generating unit and its value in use, i.e. the present value of the future expected cash flows generated by the unit.
The fair value of a cash-generating unit is determined based on common valuation techniques. Value in use is based on the present value of future cash flows from the Group's management-approved projected plans / forecasts covering five years, extrapolated with the expected growth rate. The total length of the cash flow period is set at 30 years based on the expected useful life of solar power plants already operated by the Group and expected to be put into operation in the foreseeable future. If past impairment losses on goodwill no longer exist, they cannot be reversed.

K. IMPAIRMENT OF NON-CURRENT NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use and are not subject to amortization are tested annually for impairment. Assets that are subject to depreciation and amortization are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed the asset's recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
The recoverable amount is the higher of an asset's net selling price and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which cash flows (cash-generating units) can be identified separately.
Any impairment of non-current non-financial assets would be recognized in the consolidated profit or loss and recognized in the line Impairment losses on non-current assets. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

L. BORROWING COSTS

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

M. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

Proceeds from sale of assets classified as held for sale and respective costs (net book value of assets classified as held for sale) are presented gross in the statement of comprehensive income.

N. INVENTORIES

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

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

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

O. FINANCIAL ASSETS

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

a) measurement of a financial asset at amortized cost

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

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

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

Receivables

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

The Group recognizes an impairment loss on trade receivables based on an expected credit loss, considering lifetime losses. Expected losses on trade receivables are based on an analysis of the aging of recei-

vables calculated from the inception of the receivable and reflecting the different risk portfolios of the debtors.
In assessing whether there has been a significant increase in credit risk, the Group considers, among other, the following indications:

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

The Group will fully write off a trade receivable if the information indicates major financial problems of the debtor and it is not realistic that the receivable will be settled. The written-off receivable may still be subject to bad debt collection process, and if the Group ultimately receives some compensation, it is recognized as a gain in consolidated profit or loss.
The Group derecognizes a receivable only when the contractual rights to the cash flows arising from the receivable are exhausted or the receivable is transferred or sold to another entity along with all risks and benefits related to the ownership of the receivable. If during a transfer or sale, there is a difference between the carrying amount of the derecognized receivable and the consideration received, the difference is recognized in consolidated profit or loss.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held on demand with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at amortized cost and are held for the purpose of collecting contractual obligations.
Cash and cash equivalents with limited availability represent a form of collateral for lending banks. These funds can only be used with their consent.
Debt service accounts and project reserves are excluded from cash and cash equivalents.

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

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

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

P. FINANCIAL LIABILITIES

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

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

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

Q. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The valuation techniques described below should be used to determine the fair value of financial assets and liabilities for which no current market price is available. For financial assets that are traded infrequently and with that show little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, valuation assumptions and other risks affecting specific amounts.
To determine the fair value hierarchy, the Group follows IFRS 13 and determines fair value using the following hierarchical system, which reflects the significance of the inputs used in the valuation:

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

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

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

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis and meets the following conditions:
• the items traded in the market are homogeneous;
• willing buyers and sellers can normally be found at any time; and
• prices are publicly available.

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

R. GUARANTEES

The Group provides warranties for the proper execution and completion of a construction of solar power plants. Upon completion of the construction, customers require a warranty for the subsequent warranty period.
The Group uses the following warranty instruments:

Performance bond
Performance bond is a guarantee “bond” issued by an insurance company that guarantees the satisfactory completion of a project by a subsidiary of the Group. If the project is not satisfactorily carried out at any agreed stage or an unforeseen event occurs, then the customer has the right to claim reimbursement from the insurance company.
For some of the solar power plants projects performance bonds are provided in a form of a cash deposit at a restricted bank account, from which funds are released upon the project reaches agreed stage of completion.

Warranty bond
Warranty bond serves to ensure the quality of delivery during the warranty period. Validity of the warranty bond is usually agreed for two years from the connection of the solar power plant to the grid.
For some of solar power plants projects warranty bonds are provided in the form of a cash deposit at a restricted bank account, from which funds are released after 2 years upon the project reaches completion stage.
Funds deposited to restricted accounts are classified as "Restricted cash" in case they are blocked for a period exceeding 3 months from the reporting date. Depending on the due date of the funds block, restricted cash balance is classified short term or long term. Restricted cash is a financial asset and the Group accounts for it according to IFRS 9.

S. TAXES

Income tax includes current tax and deferred tax.

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

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

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

T. EMPLOYEE BENEFITS

Wages and pension insurance
In accordance with all employment contracts, the Group pays regular monthly wages to all its employees. The Group pays regular contributions to the state budget to finance the state pension insurance using the rates applicable during the period on the basis of gross salaries. Contributions to the state budget to finance the state pension insurance correspond to the defined contribution plan. The Group has no additional costs with this insurance after payment. Payroll costs, including contributions to state pension insurance, are recognized in the consolidated statement of comprehensive income in the same period as the related wages and salaries.

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

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

U. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of such obligation can be estimated reliably. If the effect of the time value of money is significant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of comprehensive income.
A provision for a warranty is recognized when the underlying products or services are sold. The provision is based on historical information about warranties and a weighting of possible outcomes according to the likelihood of their occurrence.
A provision for asset disposal costs is recognized when the Group has a legal or contractual obligation to dismantle and remove a solar power plant and to restore the site, on which it is located, to its original condition and when a reliable estimate of this liability can be made.
The provisions are estimated for each power plant based on its specific characteristics.
If a liability for asset disposal costs is recognized, the value of the related property, plant and equipment is increased by the corresponding amount and then depreciated as part of their cost. Any change in the present value of the estimated costs is reflected as an adjustment to the provision and the corresponding property, plant and equipment. The Group's management considered all these aspects and no provisions were created at at 31 December 2022 and 2021.
Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation are not recognized but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.
Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control are not recognized but are disclosed when an inflow of economic benefits is probable.

V. REVENUES FROM CONTRACTS WITH CUSTOMERS AND REVENUE RECOGNITION

Revenues are income arising from the Group's ordinary activities. The Group reports revenues from the following activities:
- revenues from the sale of solar power plant projects (according to IFRS 15)
- revenues from the sale of electricity (according to IFRS 15)
- revenues from supporting activities (according to IFRS 15)

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

Revenues from the sale of solar power plant projects under construction (according to IFRS 15)
The Group sells solar power plant projects in a different stages depending on the specific customer requirements, where at the given moment of transfer of rights and control to the customer it reports revenues at that point of time with the actually incurred costs. The Group is also bound by the contract to complete the construction and connection of the solar power plant to the grid (revenues reported over time).

The next phase of revenues from the sale of solar power plants stems from the contractual model, where the SOLEK Group is responsible for the remaining scope of the turnkey solar power plant installation, which includes engineering, supply and construction contracts. The contract clearly defines invoicing milestones. These milestones correspond to the stages of completion of the power plant. Revenue is recognized and presented in accordance with the transfer of rights and control of the stage of completion to the customer. Each phase is technically audited by the customer and it is confirmed in writing that it has been completed and is transferred to the customer. In the individual completed phases, the costs / inputs actually incurred are reported together with the revenues.
The EPC (engineering, procurement and construction) provider undertakes to build and supply a power plant with a regular guarantee for the quality of the work handed over. No long-term extraordinary guarantees that could be considered a separate obligation per IFRS 15 are provided. EPC completion phases represent one contractual obligation because they cannot be separated. Fulfillment of the EPC contract is tailored for each particular customer. The sale of solar power plant projects under construction also includes sale of a subsidiary that owns the project to a customer. As the Group's primary activity is the sale of solar power plants, the Group recognizes the sale of the subsidiaries, including the solar power plants, which are the most significant part of the subsidiaries' assets, in accordance with IFRS 15 as revenue from contracts with customers.

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

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

W. FINANCIAL INCOME AND FINANCIAL EXPENSES

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

X. STATE SUBSIDIES

Support for electricity from renewable sources is based on a combination of two components. On the so--called system of green certificates and the system of mandatory purchase of electricity from renewable energy sources. Producers of electricity from renewable energy sources are entitled to receive the appropriate number of green certificates for electricity supplied to the grid after meeting the set conditions. They can then sell them on a special market for green certificates or directly to their electricity customer. The Group sells green certificates directly to the customer according to the long-term contract and their sale is presented under Revenues.
State subsidies were utilized by the Group at its Romanian solar power stations, which were sold to external party at the end of 2021. For more details refer to note b).

4. FINANCIAL RISK MANAGEMENT

The Group's policies and procedures for risk management are defined in order to identify and analyze the risks faced by the Group. Appropriate risk limits are set and controls are designed so that the Group can monitor these risks and comply with the set limits. Risk management policies and procedures are reviewed on an ongoing basis to reflect changes in the Group's activities and changes in market conditions.

In connection with its business activities, the SOLEK Group is exposed to the following financial risks:
- Currency risk
- Liquidity risk
- Credit risk
- Interest rate risk

CURRENCY RISK

The Group faces currency risk from sales, purchases and borrowings denominated in currencies other than the functional currencies of the companies in the Group. Transactions of companies in the Group are denominated mainly in CZK, USD, CLP, RON and EUR. The currency impact also affects the consolidated comprehensive income and the consolidated statement of financial position, when the results of companies in the Group are converted to CZK for reporting purposes. The group does not use currency derivatives but aims to achieve natural hedging where possible.
In the following table, the Group shows the exposure to currency risk and the sensitivity of profit after tax to currency risk. It was calculated based on the assumption of + 5 / -5% deviation of foreign currency exchange rates to which the Group was exposed; 5% change concerns the depreciation of the transaction currency against the functional currency at the balance sheet date and the -5% change concerns the appreciation of the transaction currency against the functional currency.

31 December 2022 in thousand CZK	CLP	EUR	RON	USD	HUF	GBP	CZK	Total
Cash and cash equivalents	17 388	10 787	132	11 641	1 854	–	43 587	85 388
Restricted cash	198 661	–	–	196 528	–	–	103 654	498 842
Trade receivables and contract assets	268 753	584	1 932	181 673	800	–	3 824	457 566
Trade payables and contract liabilities	(189 402)	(45 713)	(1 725)	(118 402)	(1 570)	–	(45 606)	(402 419)
Current financial payables	–	(157 109)	(204)	(398 333)	(1 514)	(3 677)	(637 622)	(1 198 459)
Non-current financial payables	–	(18 579)	(77 676)	(1 881 696)	–	–	(2 203 157)	(4 181 107)
Lease liabilities	(155 612)	–	–	–	–	–	(33 139)	(188 751)
Investments shares	–	–	–	–	–	–	403 960	403 960
Total	**139 787**	**(210 030)**	**(77 541)**	**(2 008 589)**	**(430)**	**(3 677)**	**(2 364 499)**	**(4 524 979)**
Exchange rate at the closing date	0.026	24.115	4.873	22.616	0.060	27.200	1	
Effect of exchange rate change of + 5%	6 989	(10 502)	(3 877)	(100 429)	(22)	(184)		
Effect of exchange rate change of – 5%	(6 989)	10 502	3 877	100 429	22	184		

31 December 2021 in thousand CZK	CLP	EUR	RON	USD	HKD	HUF	GBP	CZK	Total
Cash and cash equivalents	18 948	2 769	1 360	103 273	–	205	–	7 202	133 757
Restricted cash	169 809	–	–	147 360	–	–	–	–	317 169
Trade receivab- les and contract assets	253 519	780	1 558	285	–	–	–	5 654	261 796
Trade payables	(460 287)	(16 125)	(836)	(146 169)	(362)	–	(-2)	(17 033)	(640 812)
Current financial payables	–	(1 245)	(330)	(334 482)	–	–	(3 947)	(860 150)	(1 200 154)
Non-current finan- cial payables	–	(2 472)	(58 189)	(2 331 343)	–	–	–	(545 058)	(2 937 062)
Lease liabilities	(434 727)	(40 367)	–	–	–	–	–	–	(475 094)
Investments shares	–	–	–	–	–	–	–	486 010	486 010
Total	**(452 738)**	**(56 660)**	**(56 437)**	**(2 561 076)**	**(362)**	**205**	**(3 947)**	**(923 375)**	**(4 054 390)**
Exchange rate at the closing date	0.026	24.860	5.023	21.951	2.820	0.067	29.585	1	
Effect of exchange rate change of + 5%	(22 637)	(2 833)	(2 822)	(128 054)	(18)	10	(197)		
Effect of exchange rate change of – 5%	22 637	2 833	2 822	128 054	18	(10)	197		

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities, which are settled through cash or another financial asset. The Group's approach to liquidity management is to ensure, whenever possible, sufficient liquidity to meet its obligations under both normal and stressed conditions, without incurring unacceptable losses or damaging the Group's reputation.

Credit agreement with NATIXIS

On 12 March 2021, SOLEK Chile Holding II SpA entered into a loan facility credit agreement with NATIXIS, New York Branch ("NATIXIS Loan Agreement"). The NATIXIS Loan Agreement has a limit of USD 85 million (CZK 1,922 million) and a tenor of 7 years. The purpose of the loan is to finance the construction of portfolio of PV powerplants in Chile of approximately 110MWp Funds from the provided loan should finance up to 75% of the value of individual projects. The remaining 25% of the value of these projects should be financed by the Group's own resources and resources obtained through long-term investments provided by the independent fund MW Investiční fond SICAV, a.s. As at 31 December 2022 the total amount drawn and outstanding under the NATIXIS Loan Agreement was USD 55 million (CZK 1,244 million).
In connection with the Natixis Loan Agreement, SOLEK Holding II SpA entered into a USD 10 million (CZK 226 million) revolving facility agreement with Banco BICE to fund the VAT on the payments made to suppliers in relation to the construction of the photovoltaic powerplants (the "BICE VAT Facility Agreement"). The availability of the BICE VAT Facility Agreement expires on March 12, 2024, when the construction of all photovoltaic powerplants funded with the proceeds from the Natixis Loan Agreement is expected to be completed. As at 31 December 2022 there were no amounts outstanding under this agreement.
In connection with the series of financing transactions described in the note u), the outstanding amounts under the NATIXIS Loan Agreement were repaid in full and both the Natixis Loan Agreement and the BICE VAT Facility Agreement were terminated.

Credit greement with Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (“CIFI”)
On 5 November 2021, SOLEK Chile Holding III SpA entered into a USD 15 million (CZK 339 million) loan facility credit agreement with CIFI (the “CIFI Loan Agreement”) to finance the construction of a portfolio of photovoltaic power plants with total installed capacity of approximately 17 MWp. Under the terms of the CIFI Loan Agreement, CIFI provides a senior Loan of up to USD 13 million (CZK 294 million) and a subordinated loan of up to USD 2 million (CZK 45 million), both maturing in 2038. The proceeds from the loans may be used to finance up to 80% of the individual project costs. As at 31 December 2022 the total amount outstanding under the CIFI Loan Agreement was USD 14 million (CZK 317 million).
In connection with the CIFI Loan Agreement, SOLEK Holding III SpA entered into a USD 3 million revolving facility agreement with Scotiabank Chile to fund the VAT on the payments made to suppliers in relation to the construction of the photovoltaic powerplants (the “Scotiabank VAT Facility Agreement”). The availability of the Scotiabank VAT Facility Agreement expires on 31 December 2024, when the construction of all photovoltaic powerplants funded with the proceeds from the CIFI Loan Agreement is expected to be completed. As at 31 December 2022 the total amount drawn and outstanding under the Scotiabank Facility Agreement was CLP 875 million (CZK 23 million).
In connection with the series of financing transactions, refer to chapter u. events after the date of the consolidated financial statements, the CIFI Loan Agreement was terminated and the related outstanding amounts were repaid in full, and the limit under the Scotiabank Facility Agreement was reduced to a USD equivalent of 1 million (CZK 23 million).

Credit Agreement with Toesca Créditos Energía Renovable Fondo De Inversión (“Toesca”)
On 2 June 2022, SOLEK Beta SpA, a wholly owned subsidiary of SOLEK LATAM Holding SpA, entered into a loan facility credit agreement with Toesca Créditos Energía Renovable Fondo De Inversión (“Toesca”) with a total facility limit of USD 25 million (CZK 565 million) and a tenor of 3 years (the “Toesca Loan Agreement”). The purpose of the financing is to fund the construction of photovoltaic power plant projects and to refinance existing indebtedness. As at 31 December 2022 the total amount drawn and outstanding under the Toesca Loan Agreement was USD 19 million (CZK 430 million).

Trade financing arrangement
On 14 January 2021 and 5 October 2022, the Group entered into trade financing arrangements with an unrelated legal entity in the form of the tripartite sale of goods agreements with a maximum financing limit of USD 25 million (CZK 565 million) and USD 10 million (CZK 226 million), respectively. The arrangements constitute a series of revolving loans with 90 days payment period and a fixed interest rate of 9% p.a. and 15% p.a., respectively. As at 31 December 2022 the Group had drawn CZK 255 million under this financing arrangement.

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

31 December 2022 in thousand CZK	Book value	Undiscounted cash flows			
		Within 1 year	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	85 388	85 388	–	–	85 388
Restricted cash	498 842	141 794	357 049	–	498 842
Trade receivables	380 116	380 116	–	–	380 116
Investment shares	403 960	403 960	–	–	403 960
Interest rate SWAP	130 477	–	–	130 477	130 477
Other receivables	656 183	656 183	–	–	656 183
Total	**2 154 966**	**1 667 441**	**357 049**	**130 477**	**2 154 966**
Liabilities					
Bonds	1 174 966	445 711	878 973	–	1 324 684
Loans from individuals	229 126	138 428	212 947	–	351 375
Loans and credits	3 974 989	907 373	3 214 445	3 086 202	7 208 020
Lease liabilities	188 751	19 928	77 054	240 974	337 956
Trade payables	402 418	402 418	–	–	402 418
Total	**5 970 250**	**1 913 858**	**4 383 419**	**3 327 176**	**9 624 453**
Net assets	**(3 815 284)**	**(246 417)**	**(4 026 370)**	**(3 196 699)**	**(7 469 487)**

31 December 2021 in thousand CZK	Book value	Undiscounted cash flows			
		Within 1 year	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	133 757	133 757	–	–	133 757
Restricted cash	317 169	139 440	177 729	–	317 169
Trade receivables	42 383	42 383	–	–	42 383
Investment shares	486 010	247 000	239 010	–	486 010
Total	**979 319**	**562 580**	**416 739**	**–**	**979 319**
Liabilities					
Bonds	803 066	414 486	486 579	–	901 065
Loans from individuals	623 232	517 912	130 843	6 915	655 670
Loans and credits	2 710 917	484 936	946 279	3 614 822	5 046 037
Lease payables	475 094	40 000	196 071	869 494	1 105 565
Trade payables	640 815	640 815	–	–	640 815
Total	**5 253 124**	**2 098 149**	**1 759 772**	**4 491 231**	**8 349 152**
Net assets	**(4 273 805)**	**(1 535 569)**	**(1 343 033)**	**(4 491 231)**	**(7 369 833)**
Committed credit lines not yet drawn by the Group*	**1 582 750**	**1 582 750**	**–**	**–**	**1 582 750**

**Includes funds committed by creditors according to Natixis, CIFI and Toesca credit agreements, related VAT facility agreements and Trade financing agreement.*

Loans and credit positions include interest from loans and credits, which according to individual contracts should accrue for the duration without the assumption of earlier repayment. Revenues based on MW fully cover the difference with liabilities and selected assets. For more information regarding the Group's financial liabilities, refer to chapter p. financial liabilities.
Beside for above stated financial assets, the Group expects to receive significant proceeds from sale of solar power plants projects according to signed master agreements with Blackrock (up to 200 MW committed portfolio for sale) and Nala (up to 150 MW committed portfolio for sale) in next 2 years. The Group's proceeds per MW are expected in the range of USD 1 – 1.2 million (CZK 22.6 – 27.1 million). Moreover, in May 2023 the Group entered a series of financial transactions which secured a long-term funding of Group's activities.
For more details refer to note u) Events after the date of the consolidated financial statements.

CREDIT RISK

The credit risk to which the SOLEK Group is exposed relates to the non-fulfillment of contractual obligations by the counterparty. The risk arises from accounts receivable, cash and cash equivalents. Due to the nature of the Group's business accounts receivable balance is low. Moreover, as of 31 December 2022, vast majority of Group's trade receivables relate to 2 customers: BlackRock and Nala Renewables. Both counterparties are well-known international investment companies with high credit ratings. So, according to management assessment trade receivables don't raise material credit risk (refer also to note k. Trade accounts receivable). As for cash and cash equivalents, they are placed with financial institutions with assessed credit risk (see m. Cash and cash equivalents for more details).
Based on the internal methodology, the Group determines the maximum credit exposure and the expected potential loss. Based on the maximum credit exposure a credit limit and an expected potential loss is assessed.

INTEREST RATE RISK

The Group is exposed to interest rate risk arising from a floating interest rate on loans from Natixis, CIFI and Toesca.

Breakdown of loans to fixed and variable interest rate:

in thousand CZK	2022	2021
Fixed rate loans	2 130 675	1 662 267
Variable rate loans	1 844 314	1 048 650
Total	**3 974 989**	**2 710 917**

See also p). Financial liabilities for details of other borrowings

Interest rate swap is used to hedge against movement of interest rates in Natixis loan. Concluding the swap contract was one of the conditions required by Natixis defined in the Loan contract. The change in fair value of this swap is recognized in the balance sheet of the Group and the result is shown in profit and loss. Despite the swap doesn't meet conditions of cash flow hedge it does cover majority of interest rate risk related to Natixis loan.
The value of the CIFI loan as at 31 December 2022 is CZK 287 million (7.5% of the total debt). Other short--term and long-term financial liabilities are agreed at a fixed interest rate. Revenue and operating cash the Group's flows are largely independent of changes in market interest rates. As such, the Group perceives the risk of interest rate movements as low.
The Group's management regularly monitors and responds to the above risks so that the method of their management is appropriate to the nature of the risk. The aim is to minimize the potential impact of the risks on the Group's operations.
Due to the total amount of variable interest rate loans, with an increase in the borrowing rate by 1%, there is a risk of an increase in the Group's annual interest expenses by CZK 78,483 thousand.

5. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

31 December 2022 in thousand CZK	Financial assets at carrying value	Financial assets at fair value through profit and loss	Financial liabilities at carrying value	Total of carrying value	Fair value
Cash and cash equivalents	85 388	-	-	85 388	85 388
Restricted cash	498 842	-	-	498 842	498 842
Trade receivables	380 116	-	-	380 116	380 116
Investment shares	-	403 960	-	403 960	403 960
Interest rate SWAP	-	130 477	-	130 477	130 477
Other receivables	656 183	-	-	656 183	656 183
Total financial assets	**1 620 529**	**534 437**	**-**	**2 154 966**	**2 154 966**
Bonds	-	-	(1 174 965)	(1 174 965)	(1 174 965)
Loans and credits			(3 974 989)	(3 974 989)	(3 974 989)
Issued bill of exchange	-	-	(229 611)	(229 611)	(229 611)
Lease liabilities	-	-	(188 751)	(188 751)	(188 751)
Current tax liabilities	-	-	(31 460)	(31 460)	(31 460)
Trade payables	-	-	(402 418)	(402 418)	(402 418)
Other financial liabilities	-	-	(240 095)	(240 095)	(240 095)
Total financial liabilities	**-**	**-**	**(6 242 289)**	**(6 242 289)**	**(6 242 289)**

31 December 2021 in thousand CZK	Financial assets at carrying value	Financial assets at fair value through profit and loss	Financial liabilities at carrying value	Total of carrying value	Fair value
Cash and cash equivalents	133 757	–	–	133 757	133 757
Restricted cash	317 169	–	–	317 169	317 169
Trade receivables	42 383	–	–	42 383	42 383
Investment shares		486 010	–	426 668	486 010
Total financial assets	**493 309**	**486 010**	**–**	**919 977**	**979 319**
Bonds	–	–	(803 066)	(803 066)	(803 066)
Loans and credits	–	–	(2 710 917)	(2 710 917)	(2 710 917)
Issued bill of exchange	–	–	(623 232)	(623 232)	(623 232)
Lease liabilities	–	–	(475 094)	(475 094)	(475 094)
Current tax liabilities	–	–	(62 165)	(62 165)	(62 165)
Trade payables	–	–	(640 815)	(640 815)	(640 815)
Other financial liabilities	–	–	(54 916)	(54 916)	(54 916)
Total financial liabilities	**–**	**–**	**(5 370 205)**	**(5 370 205)**	**(5 370 205)**

6. CAPITAL MANAGEMENT

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

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

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A) REVENUE

The Group recognizes revenue over a period of time or at a point of time, depending on when the contractual obligations are met.

in thousand CZK	2022	2021
Revenues reported at a point of time	767 993	704 616
Revenues reported over time	1 300 297	207 152
Total revenues	**2 068 280**	**911 768**

Revenues reported at a point of time include sales of solar power plants that are already completed to the state agreed with the respective customer and control over which was transferred to external customers in 2022.
Revenues reported over time include revenues from services provided under EPC contracts subsequent to sale of solar power plants to the external customer (revenues are recognized based on the stage of completion of the specific contractual obligation), as well as revenues from services for the operation and maintenance of solar power plants provided to external customers and revenues from the sale of electricity for the accounting period.

Revenue by geographical origin:

in thousand CZK	2022	2021
Czech Republic	1 610	703
Chile	2 063 814	850 135
Romania	2 855	60 930
Total	**2 068 280**	**911 768**

Total revenue in Czech Republic consists of sale of services.
Revenues in Chile include sales of electricity in the amount of CZK 112,764 thousand in 2022 (2021: CZK 31,964 thousand) and sales of solar power plants and EPC performance in the amount of CZK 1,932,476 thousand (2021: CZK 818,171 thousand).
In December 2021 the Group sold four solar power plant project in Romania (SPV names: SOLEK Project Alpha SRL, SOLEK Project Beta SA, SOLEK Project Tau SA, SOLEK Project Txi SA), which were operated by the Group for few years by the time of sale.

Revenue overview by type:

in thousand CZK	2022	2021
Revenues from sold power plants projects and related EPC contracts	1 932 476	818 171
Revenues from electricity sales	113 593	92 894
Revenues from sales of services	22 211	703
Total	**2 068 280**	**911 768**

The Group sells electricity in Chile under the stabilized price scheme, which is available for power plants projects with capacity below 9 MW. In Chile, such projects are called PMGDs or PMGs ("Pequeño Medio de Generación Distribuida" and "Pequeño Medio de Generación"). According to respective regulations the stabilized price for electricity generated by such power plants is equal to the average value of the Power Purchase Agreements (mostly concluded by big market players) on the market, adjusted in a small percentage depending on the projections of the spot market prices for the next 4 years. The Group obtains regulator's approval that the power plant will be eligible for operation under the PMGD regime before the construction of the power plant.

B) SALE OF POWER PLANTS PREVIOUSLY OPERATED BY THE GROUP

The Group's core business is construction of solar power plants either for sale or own operation. Notwithstanding the initial purpose of the constructed power plant, the process of its construction is exactly the same with the single difference being whether the special purpose vehicle (SPV) that owns the project is transferred to the customer or is kept within the Group.

In case the Group gets suitable offer, it may decide to sell the SPV with the project which was already in operation under Group's management. In such a case a sale transaction is performed in a similar way as for projects initially intended for sale – SPV is transferred to the customer for the agreed consideration.

In 2022 the Group negotiated and executed sale of its Cypriot solar power plant (SPV name: NERATECH Limited) which was operated by the Group since March 2022. The below table summarizes proceeds and costs of the above transaction as at 31 December 2022:

in thousand CZK	**Total**
Proceeds from sale of power plants previously operated by the Group	36 237
Net book value of sold solar power plants previously operated by the Group:	
Solar power plant carrying amount*	(20 669)
Other assets and liabilities accounted at sold SPVs, net	–
Total cost	(20 669)
Gain from sale	**15 568**

*see f. Property, plant and equipment.

In 2021 the following two transactions took place:

In February 2021 the Group sold one solar power plant project in Chile (SPV name: Fotovoltaica Laurel Spa), which was operated by the Group since December 2020. As at 31 December 2020 respective assets and liabilities were classified as assets held for sale.

In December 2021 the Group sold four solar power plant project in Romania (SPV names: SOLEK Project Alpha SRL, SOLEK Project Beta SA, SOLEK Project Tau SA, SOLEK Project Txi SA), which were operated by the Group for few years by the time of sale. These projects were not classified as assets held of sale as at 31 December 2021 as the negotiation and closing of transaction took place within 4th quarter of 2021.

The below table summarizes proceeds and costs of the above transactions:

in thousand CZK	Romanian SPVs	Chilean SPV	Total
Proceeds from sale of power plants previously operated by the Group	168 940	60 345	229 285
Net book value of sold solar power plants previously operated by the Group:			
Solar power plant carrying amount	(79,459)*	(50 920)	(130 379)
Other assets and liabilities accounted at sold SPVs, net	(2 293)	(5 619)	(7 912)
Total cost	(81 752)	(56 539)	(138 291)
Gain from sale	**87 188**	**3 806**	**90 994**

**see f. Property, plant and equipment.*

C) OPERATING EXPENSES

Overview of operating expenses

in thousand CZK	2022	2021
Costs of selling solar power plant projects	(1 514 123)	(652 293)
Raw materials and services		
Raw materials	(4 127)	(8 424)
Services:		
External suppliers of specialized work	(41 024)	(43 999)
Commission	(31)	(5 955)
Tax and audit accounting services	(13 594)	(9 600)
Legal services	(14 467)	(10 370)
Consulting and recruitment services	(8 612)	(4 064)
Rental and related services	(34 225)	(4 937)
Travel	(12 429)	(5 059)
Audit	(6 937)	(2 212)
Other	(23 957)	(1 615)
Total services	(155 276)	(87 811)
Other operating expenses	(79 251)	(35 780)
Total expenses	**(1 752 777)**	**(784 308)**

Costs of selling solar power plant projects mainly consist of solar power plants components with addition of capitalized directly attributable operating expense (e.g. logistic costs, staff costs) and interest expense (see d. Financial income and expense).

Personnel expenses

in thousand CZK	2022	2021
Wages	(168 182)	(76 919)
Health and social insurance	(19 185)	(11 063)
Total	**(187 367)**	**(87 982)**

As at 31 December 2022, the Group had 224 employees. 3 were employed in Romania, 142 employees were employed in Chile, 2 employees in Cyprus, 2 employees in Greece, 1 employee in France and the remaining 74 employees were employed in the Czech Republic.
As at 31 December 2021, the Group had 226 employees. 4 were employed in Romania, 156 employees were employed in Chile, 1 employee in Hungary, 2 employees in Cyprus, 1 employee in Greece and the remaining 62 employees were employed in the Czech Republic.
Personnel costs of the members of the Board of Directors and management of the Group, including social security and health insurance and remuneration for the performance of the function of members of the Supervisory Board are disclosed in Note u. Related party transactions.
Other operating expenses in the amount of CZK 79,251 thousand (2021: CZK 35,780 thousand) include mainly allowance for issued advance payments in Chile and other administrative expense.

D) FINANCIAL INCOME AND EXPENSE

Financial income and expense for the years ended 31 December 2022 and 2021 include:

in thousand CZK	2022	2021
Interest income	1 324	286
Net foreign exchange gain	86 837	12 698
Interest rate SWAP gain	130 477	–
Other financial income	54 689	57 997
Total financial income	**273 327**	**70 981**

Other financial income includes mainly appreciation of investment shares (refer to Note 5 and i. Other non-current assets for more details).

in thousand CZK	2022	2021
Interest expense	(288 293)	(125 574)
Other financial expense	(76 319)	(48 040)
Total financial expense	**(364 612)**	**(173 614)**

Financial expenses include interest expenses from loans, bank account fees and net exchange rate losses. Interest expenses are recorded using the effective interest method. Interest expense incurred by the Group in connection with the construction of power plants are capitalized in the cost of the related asset until the date of its completion. Foreign currency gains and losses are recognized on a net basis and recognized in the Consolidated statement of comprehensive income.
Other financial expense mainly include fees payable to loan providers which can't be included to the effective interest rate calculation (e.g. annual fees).
As at 31 December 2022, the Group capitalized borrowing costs arising from financing of the construction of solar power plants in the total amount of CZK 184,123 thousand (2021: CZK 219,148 thousand). Borrowing costs in the amount of CZK 58,706 thousand (2021: CZK 82,619 thousand) were capitalized for solar projects intended for sale, i.e. to inventories. Borrowing costs in the amount of CZK 125,417 thousand (2021: CZK 137,529 thousand) were capitalized for solar projects with the future intention to own them (fixed assets). The Group capitalized borrowing costs from loans that were directly intended to finance the construction of individual solar power plants.

E) INCOME TAX

in thousand CZK	2022	2021
Total tax income (+) / expense (-) includes:		
Current tax	(66 646)	(67 737)
Deferred tax	153 939	198 099
Total income tax	**87 293**	**130 362**

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

Effective tax – calculation:

in thousand CZK	2022	2021
Net profit before tax	21 371	19 900
Theoretical tax calculated using the corporate income tax rate	19%	19%
Income tax calculated by the weighted average statutory rate	(4 060)	(3 781)
Impact on tax from:		
Impact of different tax rates	32 227	107 048
Correction of previously unrecognized deferred tax	45 034	28 031
Non-deductible expenses (representation, employee benefits and other expenses)	(20 563)	(4 503)
Non-deductible income	11 109	9 028
Income tax allowances	30 808	–
Other differences	(7 262)	(5 461)
Total income tax	**87 293**	**130 362**

Significant impact of different tax rates in 2022 and 2021 is caused mainly by large tax losses of Group's Chilean subsidiaries with income tax rate of 27%.
As at 31 December 2022, the total amount of the liability for current tax was CZK 31,460 thousand (2021: CZK 62,165 thousand), the deferred tax assets amounted to CZK 464,027 thousand. (2021: CZK 304,121 thousand).

Accumulated losses

in thousand CZK	without expiration
Chile	1 770 789

As at 31 December 2022, the Group has the above-mentioned taxable losses from previous periods. Which with regard to the expected development of the Group are expected to be fully utilized in future periods.
For more please refer to q) Deferred income tax.

F) PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2022

in thousand CZK	Solar power plants	Machines and other equipment	Solar power plants under construction	Total
Cost as at 1 January 2022	**428 197**	**41 391**	**1 171 941**	**1 641 529**
Reclassification from inventory	–	–	109 104	109 104
Additions	84 826	2 158	712 962	799 946
Put into operations	818 462	–	(818 462)	–
Disposals	(20 669)	(12 872)	(39 430)	(72 971)
Exchange rate differences	(2 985)	–	(162)	(3 147)
Cost as at 31 December 2022	**1 307 831**	**30 677**	**1 135 953**	**2 474 461**
Accumulated depreciation as at 1 January 2022	(7 949)	(14 279)	–	(22 228)
Depreciation for the year	(33 406)	(6 206)	–	(39 612)
Disposals	399	10 895	–	11 294
Exchange rate differences	1 375	–	–	1 375
Accumulated as at 31 December 2022	**(39 581)**	**(9 590)**	**–**	**(49 171)**
Carrying amount as at 31 December 2022	**1 268 250**	**21 087**	**1 135 953**	**2 425 290**

As at 31 December 2021

in thousand CZK	Solar power plants	Machines and other equipment	Solar power plants under construction	Total
Cost as at 1 January 2021	**249 596**	**28 467**	**529 239**	**807 302**
Additions	–	12 030	1 054 247	1 066 277
Put into operations	421 873	–	(421 873)	–
Disposals	(243 945)	–	–	(243 945)
Exchange rate differences	673	894	10 328	11 895
Cost as at 31 December 2021	**428 197**	**41 391**	**1 171 941**	**1 641 529**
Accumulated depreciation as at 1 January 2021	(137 892)	(7 198)	–	(145 090)
Depreciation for the year	(22 983)	(7 081)	–	(30 064)
Disposals	152 926	–	-	152 926
Exchange rate differences	–	–	–	–
Accumulated as at 31 December 2021	**(7 949)**	**(14 279)**	**–**	**(22 228)**
Carrying amount as at 31 December 2021	**420 248**	**27 112**	**1 171 941**	**1 619 301**

As at 31 December 2022, the Group recorded increase in solar power plants under construction in the amount of CZK 712,962 thousand (2021: CZK 1,054,247 thousand), which the Group plans to keep in its ownership and operate according to the approved plan. These are capitalized deliveries of materials, services and other directly or indirectly related costs associated with the construction of solar power

plants. Costs related to solar power plants under construction which are intended for sale are initially capitalized to inventory (refer to j) Inventories).
The amount of capitalized borrowing costs into the value of fixed assets is stated in note d) Financial income and costs.
In 2022 the Group completed construction of five solar power plants in Chile and one solar power plant in Cyprus with total generation capacity of 35.13 MW and put them into operation.
In 2022 the Group negotiated sale of its Cypriot operating solar power plant project and the transaction was closed in September 2022.
As at 31 December 2022 10 solar power plants projects with carrying value of CZK 1,641,592 thousand were pledged under Natixis loan agreement and 3 solar power plants projects with carrying value of CZK 363,660 thousand were pledged under CIFI loan agreement (see p) Financial liabilities).

G) GOODWILL

Acquisition of ENERGY HOLDING S.A
On 26 June 2019, the Company purchased a 100% interest in ENERGY HOLDING S.A., resulting in the disclosure of goodwill amounting to CZK 840,228 thousand.
As at 31 December 2022, the Group tested goodwill for impairment by calculating the present value of future cash flows based on the Group's plans. These calculations use cash-based cash flow projection budgets approved by management covering a two-year period with an approved 500MW projects portfolio of power construction plan and subsequent 20 years period of electricity sales by constructed power plants. A pre-tax discount rate of 8% was used in the calculations.
If the planned cash flows were reduced by 1%, the net present value of the company would decrease by approximately CZK 63 million. The goodwill would require an impairment with a reduction in the future expected cash flows of more than 30%.
With a 1% increase in the discount rate used to calculate the present value of future cash flows, the calculated current value will decrease by CZK 960 million. In practice, this means that with an unchanged production plan, an increase in discount rate of up to 2 percentage points is possible without affecting the amount of goodwill.

H) RIGHTS TO USE ASSETS AND LEASE LIABILITIES

The Group leases mainly land in Chile, on which it builds solar power plants and office space in administrative buildings.
Leases for land are usually concluded for a period of 20 to 30 years. Contracts may contain the option to extend the lease term and the lease payments are usually adjusted based on the development of the consumer price index.
Leasing contracts are negotiated individually and contain a wide range of different contractual conditions. Rented property may not be the subject of collateral for the purpose of drawing loans. For selected leases the SOLEK Group is limited in concluding sublease agreements.
The Group reviews leasing contracts once a year.
Rentals arising from lease contracts to which an exemption has been applied are recorded in the consolidated statement with the total result in the amount of CZK 34,225 thousand as at 31 December 2022 (CZK 4,329 thousand as at 31 December 2021).

Right-of-use assets

As at 31 December 2022

in thousand CZK	Land	Office premises	Total
Balance as at 1 January 2022	425 123	41 220	466 343
Additions	-	138	138
Amortization for the year	(5 120)	(10 759)	(15 879)
Impact of change in index	-	-	-
Impact of exchange rate changes	(15 894)	51	(15 843)
Change of estimates	(157 270)	4 523	(152 747)
Disposals	(117 659)	-	(117 659)
Net book value as at 31 December 2022	**129 180**	**35 173**	**164 353**

As at 31 December 2021

in thousand CZK	Land	Office premises	Total
Balance as at 1 January 2021	129 333	–	129 333
Additions	398 917	43 645	442 562
Amortization for the year	(11 760)	(2 425)	(14 185)
Impact of change in index	(48 801)	–	(48 801)
Impact of exchange rate changes	18 546	–	18 546
Disposals	(61 112)	–	(61 112)
Net book value as at 31 December 2021	**425 123**	**41 220**	**466 343**

Lease liabilities

As at 31 December 2022

in thousand CZK	Land	Office premises	Total
Balance as at 1 January 2022	434 727	40 367	475 094
Repayment of lease liabilities	(10 037)	(11 757)	(21 794)
Total cash flows	**(10 037)**	**(11 757)**	**(21 794)**
Additions	–	138	138
Impact of change in index	–	–	–
Interest expenses from lease liabilities	10 173	1 911	12 084
Impact of exchange rate changes	(11 160)	(1 098)	(12 258)
Change of estimates	(148 611)	4 173	(144 438)
Disposals	(120 075)	–	(120 075)
Total non-cash flows	**(269 673)**	**5 124**	**(264 549)**
As at 31 December 2022	**155 017**	**33 734**	**188 751**

As at 31 December 2021

in thousand CZK	Land	Office premises	Total
Balance as at 1 January 2021	144 560	–	144 560
Repayment of lease liabilities	(39 557)	(2 799)	(42 356)
Total cash flows	**(39 557)**	**(2 799)**	**(42 356)**
Additions	398 917	43 644	442 561
Impact of change in index	(48 801)	–	(48 801)
Interest expenses from lease liabilities	32 165	803	32 968
Impact of exchange rate changes	9 756	(1 281)	8 475
Disposals	(62 313)	–	(62 313)
Total non-cash flows	**329 724**	**43 166**	**372 890**
As at 31 December 2021	**434 727**	**40 367**	**475 094**

I) OTHER FINANCIAL ASSETS

Other financial assets include mainly derivative instruments and deferred expense, which will be released to PL in periods after 31 December 2022. These derivative instruments in the amount of CZK 130,477 thousand correspond to swap contract entered by the Group mainly to hedge the exposure interest rate risk related to loans received from Natixis. Although, these hedges have an economic substance, they do not qualify as accounting hedges because they do not strictly comply with the requirements established in IFRS 9 „Financial instruments“. As such, change in fair value of the swap is accounted in profit or loss.

J) INVENTORIES

Overview of Group's inventories

in thousand CZK	31 Dec 22	31 Dec 21
Solar power plants		
Solar power plant projects under construction	489 199	787 835
Other inventories		
Spare parts and material	593	–
Work-in-progress	292	–
Total	**490 084**	**787 835**

The Solar power plant projects under construction include solar power plants under construction which, according to the Group's strategy, are intended for sale to a future customer. The customer is already known before the construction of the power plant starts. During the construction of solar power plants, the Group does not store the purchased material, but after customs clearance it transports it directly to the construction site and builds from it.

The Group does not have excess and slow turnover inventories. As at 31 December 2022 and 31 December 2021, the Group did not create provisions for inventories. The amount of borrowing costs capitalized into the value of inventories is stated in note d) Financial income and costs. As at 31 December 2022 the inventories in the amount of CZK 489,199 thousand are measured at net realizable value (as at 31 December 2021: CZK 787,835 thousand).

K) TRADE RECEIVABLES AND CONTRACT ASSETS

in thousand CZK	31 Dec 22	31 Dec 21
Contract assets	77 450	219 412
Trade receivables	380 116	42 383
Provision for impairment of trade receivables	–	–
Total receivables	**457 566**	**261 795**

As at 31 December 2021 contract assets were recognized in respect of satisfied performance obligations according to contracts with customers. Outstanding amount mainly related to 4 solar power plants projects in Blackrock and Nala portfolios. Settlement for these projects took place in the beginning of 2022.
Invoiced (trade) receivables represent amounts owed by customers for sold solar power plants or services provided in the ordinary course of business. They are usually due within 30 days and are therefore all classified as current. Trade receivables are initially recorded in the amount of consideration that is unconditional. The Group holds trade receivables in order to collect contractual cash flows.
In connection with the activities conducted by the Group and the business relations resulting therefrom, the Group does not bear any significant credit risk related to its customers.
The Group applies the simplified approach of IFRS 9 to the measurement of expected credit losses, which uses the provision for expected losses for all trade receivables and contract assets during their lifetime. In order to measure expected credit losses, receivables were grouped based on a common credit risk and days past due characteristics.
The amount of the allowance is determined according to the age structure of receivables. The percentage of making allowance for each age category is derived based on historical data. Historical information is based primarily on the actual development of debt repayments in the past. The provision rate reflects the expected percentage of receivables that will not be paid in a given age category. The Company quantifies allowances for receivables in the amount corresponding to expected credit losses for the entire duration of the financial asset.
No allowance was created for contract assets as they were settled shortly after 2022 year end.
The following table shows the analysis of the allowance for impairment of trade receivables.

As at 31 December 2022

in thousand CZK	Expected loss	Nominal value of trade receivables
Current	0%	160 100
Up to 30 days past due	0%	97 836
31-90 days past due	0%	42 361
91-180 days past due	0%	64 943
181-360 days past due	75%	11 354
361 and more days past due	100%	3 522
Total		**380 116**

There were no allowances for doubtful receivables as of 31 December 2022

As at 31 December 2021

in thousand CZK	Expected loss	Nominal value of trade receivables	Provision Opening balance	Additions	Disposals	Closing balance	Corrected net book value
Current	0%	21 975	–	–	–	–	21 975
Up to 30 days past due	0%	17 178	–	–	–	–	17 178
31-90 days past due	0%	379	–	–	–	–	379
91-180 days past due	0%	2 605	–	–	–	–	2 605
181-360 days past due	75%	67	(157)	–	157	–	67
361 and more days past due	100%	180	(46)	–	46	–	180
Total		**42 384**	**(203)**	**–**	**203**	**–**	**42 384**

L) INVESTMENT SHARES

In 2021 and 2022 the Group has invested its free funds into investment shares of the investment fund MW Investiční fond SICAV, a.s., which it measures at fair value with an impact on its consolidated profit or loss. The Group classifies investment shares short term or long term based on their expected settlement date. The value of an investment share is determined by the administrator and manager of the MW Investiční fond SICAV, a.s. once a quarter, always for the quarter ahead based on the values as of the last working day of the previous quarter depending on the development of the fund's value. This price is announced publicly no later than on the 20th calendar day of the given quarter.
The table below summarizes movements in Investment shares balance during 2021 and 2022.

State	Numbers of shares	Fair value, CZK thousand	Purchase price in CZK thousand
as at 1 January 2021	**415 189**	**437 028**	**430 634**
Purchase	173 375	211 240	211 240
Valuation	–	59 342	–
Redemption	(189 671)	(221 600)	(196 727)
as at 31 December 2021	**398 893**	**486 010**	**445 147**
Purchase	27 597	38 608	38 608
Valuation	–	50 342	–
Redemption	(134 294)	(171 000)	(167 004)
as at 31 December 2022	**292 196**	**403 960**	**316 751**

M) CASH AND CASH EQUIVALENTS

in CZK thousand	2022	2021
Cash in hand and at banks	85 390	133 757
Restricted cash	498 843	317 169
Total cash and cash equivalents	**584 233**	**450 926**

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

the loans. As at 31 December 2022 restricted cash balances relate mostly to funds provided under Natixis and CIFI credit agreements, which will be released upon the related projects reach the agreed stage of completion. Classification of restricted cash balance to current and non-current is based on expected release date of these funds.
As at 31 December 2022 and 31 December 2021, the Group complied with the limited availability amounts resulting from the loan agreements.
The structure of deposits at individual banks in terms of their rating is as follows:

Moody's LT Depos	Standard & Poor LT Credit	31 Dec 22	31 Dec 21
Baa1	A+	-	204 078
Aa3	A+	358 381	-
A3	A	-	182 217
A2	N/A	109 697	-
N/A	A	80 364	47 748
N/A	BBB+	15 504	10 727
Baa2	N/A	-	4 044
Baa3	B	404	-
Other unrated financial institutions		19 883	2 112
Total		**584 233**	**450 926**

The structure of deposits at individual banks:

Bank	Cash	Restricted cash	Total
CITIBANK	41 210	317 066	358 276
Union Bank	809	101 358	102 167
SCOTIA Bank	220	80 144	80 364
Other banks	43 151	275	43 426
Total	**85 390**	**498 843**	**584 233**

Expected credit losses on cash and cash equivalents were negligible.
Restricted cash held at CITI Bank in amount CZK 103,654 thousand is pledged as collateral for potential liabilities arising from guarantees issued on behalf of SOLEK Czech Services s.r.o. For details of issued guaranties refer to note r).

N) OTHER CURRENT ASSETS

in thousand CZK	31 Dec 22	31 Dec 21
Tax receivables	339 582	170 038
Prepayments	41 713	304 736
Security deposits	258 131	–
Other current assets	58 470	52 275
Total	**697 896**	**527 049**

Tax receivables comprise mainly VAT receivable in Group's Chilean subsidiaries which were not settled at the end of the year.
Security deposits include mainly so-called "performance bonds" – amounts retained by customers according to EPC agreements for the period of construction of the solar power plant. When respective solar power plant project reaches "Substantial completion" phase, performance bond is returned to the Group.

O) TRADE AND OTHER LIABILITIES

in thousand CZK	31 Dec 22	31 Dec 21
Trade payables	402 418	640 815
Other current liabilities, consisting off:		
Tax liabilities	179 382	15 351
Liabilities to employees	60 713	39 565
Advances and deferred income	27 265	12 212
Other liabilities	11 905	14 132
Total other current liabilities	**279 265**	**81 260**
Total trade and other liabilities	**681 683**	**722 075**

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

P) FINANCIAL LIABILITIES

in thousand CZK	31 Dec 22	31 Dec 21
Non-current financial liabilities		
Bonds	803 131	426 250
Borrowings	108 952	129 850
Loans	3 269 024	2 380 962
Total	**4 181 107**	**2 937 062**
Current financial liabilities		
Bonds	371 835	376 816
Borrowings	120 659	493 382
Loans	705 965	329 955
Total	**1 198 459**	**1 200 153**

in thousand CZK	Bonds	Borrowings	Loans	Lease liabilities	Total
Balance as at 31 December 2021	**803 066**	**623 232**	**2 710 917**	**475 094**	**4 612 309**
Received loans and borrowings	-	94 002	1 109 679	-	1 203 681
Paid loans and borrowings	-	(485 771)	(997)	-	(486 768)
Interest paid	(43 306)	(73 480)	(182 468)	-	(299 254)
Paid lease liabilities	-	-	-	(21 794)	(21 794)
Funds from issued bonds	719 091	-	-	-	719 091
Repaid bonds	(361 452)	-	-	-	(361 452)
Net cash flows from financing activities	**314 333**	**(465 249)**	**926 214**	**(21 794)**	**753 504**
Additions to leasing obligations	-	-	-	138	138
Non-cash changes in financial liabilities	(261)	943	(25 004)	(264 513)	(288 835)
Interest expense	57 827	70 685	331 820	12 084	472 416
Exchange rate difference	-	-	31 043	(12 258)	18 785
Non - cash changes in financial liabilities	**57 566**	**71 628**	**337 859**	**(264 549)**	**202 504**
Closing balance as at 31 December 2022	**1 174 965**	**229 611**	**3 974 990**	**188 751**	**5 568 317**

in thousand CZK	Bonds	Borrowings	Loans	Lease liabilities	Total
Balance as at 31 December 2020	**439 555**	**893 753**	**1 283 879**	**144 560**	**2 761 747**
Received loans and borrowings	–	145 560	1 314 038	–	1 459 598
Paid loans and borrowings	–	(405 077)	(12 086)	–	(417 163)
Interest paid	(27 654)	(69 255)	(31 922)	–	(128 831)
Paid lease liabilities	–	–	–	(42 356)	(42 356)
Funds from issued bonds	385 300	–	–	–	385 300
Repaid bonds	(35 830)	–	–	–	(35 830)
Net cash flows from financing activities	**321 816**	**(328 772)**	**1 270 030**	**(42 356)**	**1 220 718**
Additions to leasing obligations	–	–	–	442 561	442 561
Non-cash changes in financial liabilities	261	1 678	(62 246)	(111 114)	(171 421)
Interest expense	41 434	56 573	197 141	32 968	328 116
Exchange rate difference	–	–	22 113	8 475	30 588
Non - cash changes in financial liabilities	**41 695**	**58 251**	**157 008**	**372 890**	**629 844**
Closing balance as at 31 December 2021	**803 066**	**623 232**	**2 710 917**	**475 094**	**4 612 309**

Loans and pledged assets

On 29 June 2020, a framework loan agreement was concluded between MW Investiční fond SICAV, a.s. and SOLEK LATAM Holding SpA. In order to secure receivables under this agreement, the Group provided the following pledges to MW Investiční fond SICAV, a.s.:

A. Pursuant to the pledge agreement on the shares of SOLEK HOLDING SE:
- 100% of shares with a total nominal value corresponding to the share capital of SOLEK HOLDING SE were pledged, i.e. CZK 3,176 thousand.

The pledged shares secure receivables up to a total maximum amount of CZK 1,000,000 thousand.

B. Pursuant to the pledge agreement on the shares of SOLEK LATAM Holding SpA:
- 100% of shares with a total nominal value corresponding to the registered capital of SOLEK LATAM Holding SpA were pledged, i.e. CLP 14,870,701 thousand (CZK 404,625 thousand).

The pledged shares secure receivables up to a total maximum amount of CZK 1,000,000 thousand.

On 31 March 2022, SOLEK LATAM Holding SpA exercised its option to pay in kind 80% of the accrued interest and the fees under its loan facility agreement with MW Investiční fond SICAV, a.s. (the MW SICAV Loan Agreement) relating to 2021. The total amount paid in kind and added to the outstanding principal under the MW SICAV Loan Agreement was CZK 123 million, net of withholding tax. The cash payment to the lender was CZK 25 million (net of withholding tax), and the withholding tax paid was CZK 17 million.

On 5 October 2022, SOLEK HOLDING SE, SOLEK Czech Services and SOLEK Cyprus Services Limited signed a framework agreement for the sale and purchase of goods (hereinafter referred to as the "Sale and Purchase Agreement") with an unrelated third party. Receivables of SOLEK HOLDING SE, SOLEK Czech Services and SOLEK Cyprus Services Limited from the Sale and Purchase Agreement are secured by a lien on the investment shares owned by SOLEK HOLDING SE in the investment fund MW Investiční fond SICAV, a.s. in the amount of USD 5 million (CZK 113 million) pursuant to the pledge agreement signed between SOLEK HOLDING SE and an unrelated third party on 5 October 2022.

On 21 December 2022 SOLEK HOLDING SE concluded a loan agreement with a maturity date of 22 June 2023 at the latest (short-term) with a third unrelated party in the amount of EUR 6.5 million (CZK 156.8 million). In order to secure the receivables under this loan agreement, the Group has pledged its investment shares of the investment fund MW Investiční fond SICAV, a.s. in the total amount of EUR 7.8 million (CZK 188 million) in favor of the lender.

On 30 November 2020 the Group entered into a loan agreement with an unrelated natural person for CZK 300,000 thousand. To date, a total of five amendments have been concluded to the agreement with the latest amendment signed in 18 August 2022. On the basis of amendments interest rates were changed and maturity was postponed. This contract is accompanied by a Debt Recognition agreement and Agreement with permission to enforce notarial registration. SOLEK Czech Services s.r.o. and SOLEK LATAM Holding SpA acted as guarantors here. As at 23 December 2022, all obligations from the loan, including accessories, were repaid.

In November 2021 the Group also entered into a credit agreement with an unrelated legal entity for CZK 100,000 thousand. To date, a total of two amendments have been concluded to the agreement with the latest amendment signed in 18 August 2022. On the basis of amendments interest rates were changed and maturity was postponed. This contract is accompanied by a Debt Recognition agreement and Agreement with permission to enforce notarial registration. SOLEK Czech Services s.r.o. and SOLEK LATAM Holding SpA acted as guarantors here. All obligations, including accessories, from this credit agreement were repaid on 23 December 2022.

The Natixis Loan Agreement is secured by a first-ranking pledge over all the assets of SOLEK Chile Holding II SpA and its subsidiaries, which includes 100% of the shares of SOLEK Chile Holding II SpA and its subsidiaries, bank accounts, project equipment, receivables in material project documents, mortgages over mining concessions, and intercompany loans. In addition, the obligations of SOLEK Chile Holding II SpA under the Natixis Loan Agreement are guaranteed by its subsidiaries on a joint and several basis. The BICE VAT Facility Agreement is secured by a second-ranking pledge over substantially the same collateral package as the Natixis Loan Agreement, along with a first priority lien over the VAT refund accounts of each subsidiary SOLEK Chile Holding II SpA.

The CIFI Loan Agreement is secured by a first-ranking pledge over all the assets of SOLEK Chile Holding III SpA and its subsidiaries, which includes 100% of the shares of SOLEK Chile Holding III SpA and its subsidiaries, bank accounts, project equipment, receivables in material project documents, mortgages over mining concessions, and intercompany loans. In addition, the obligations of SOLEK Chile Holding III SpA under the CIFI Loan Agreement are guaranteed by its subsidiaries on a joint and several basis. The Scotiabank VAT Facility Agreement is secured by a first priority pledge over the VAT refund accounts of each subsidiary of SOLEK Chile Holding III SpA. The Scotiabank VAT Facility Agreement is not secured with a second-priority lien over the collateral granted under the CIFI Loan Agreement.
Assets pledged as of 31 December 2022 according to Natixis and CIFI loan agreements and related VAT facilities agreements are summarized in the below table:

Loan	Cash	Restricted cash – current	Restricted cash – non-current	Total
Natixis loan +VAT facility	6 056	124 486	190 559	321 101
CIFI loan +VAT facility	341	17 308	62 836	80 484
Total	**6 396**	**141 794**	**253 395**	**401 585**

Besides that, pledged solar power plants assets are disclosed in f) Property, plant and equipment.

Bonds
The Group carried out the following bond issues.

SOLEK HOLDING SE – non-public bond issues

ISIN	Nominal value / security (CZK)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003505125	1	200,000,000	12.50	15 years (31.12.2027)

SOLEK Czech Services s.r.o. – public bond issues

ISIN	Nominal value / security (CZK thousand)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003543514	50	2,200	7.25	2 years (31.10.2024)

SOLEK HOLDING SE – public bond issues

ISIN	Nominal value / security (CZK thousand)	Number of securities	Revenue for the year (%)	Maturity period
CZ0003516353	1	608,290	6.2	5 yeas (19. 9. 2022)
CZ0003528440	50	1000	4.5	1 year (20.11.2021)
CZ0003528465	50	1000	5.2	2 years (20.11.2022)
CZ0003528457	50	1500	6	3 years (20.11.2023)
CZ0003534158	50	2000	6	3 years (30.9.2024)
CZ0003531915	50	2000	6	3 years (31.5.2024)
CZ0003529471	50	2000	6	3 years (1.2.2024)
CZ0003534117	50	1500	5.2	2 years (30.9.2023)
CZ0003531907	50	1500	5.2	2 years (31.5.2023)
CZ0003536328	50	1000	4.5	1 year (5.1.2023)
CZ0003536336	50	1000	5.2	2 years (5.1.2024)
CZ0003538456	50	900	5.8	1 year (7.3.2023)
CZ0003538464	50	1000	6.2	2 years (7.3.2024)
CZ0003538480	50	2700	6.5	3 years (7.3.2025)
CZ0003539884	1	100,000	6.7	2 years (19.6.2024)
CZ0003539918	1	188,000	7	3 years (19.6.2025)
CZ0003543670	10	30,000	PRIBOR + 3.2	4 years (10.9.2026)
CZ0003546186	10	30,000	9.2	1 year (10.12.2023)
CZ0003546194	10	20,000	PRIBOR + 3.2	4 years (10.12.2026)
CZ0003529489	50	1500	5.2	2 years (1.2.2023)
CZ0003534133	50	1000	4.5	1 years (30.9.2022)
CZ0003533291	50	1000	4.5	1 year (1.8.2022)
CZ0003531923	50	1000	4.5	1 year (31.5.2022)
CZ0003529463	50	1000	4.5	1 year (1.2.2022)

Issued bonds CZ0003528440 were repaid in 2021. Issued bonds CZ0003516353, CZ0003529463, CZ0003528465, CZ0003531923, CZ0003534133, CZ0003533291 were repaid in 2022.
As at 31 December 2022, the Group recorded non-current and current liabilities arising from the issue of bonds:

Bond issuer	Issue of bonds in CZK thousand	Non-current liabilities	Current liabilities
SOLEK HOLDING SE – non-public – CZ0003505125	200 000	53 000	-
SOLEK Czech Services s.r.o. – public – CZ0003543514	110 000	110 000	-
SOLEK HOLDING SE – public – CZ0003516353	608 290	-	-
SOLEK HOLDING SE – public – CZ0003528440	50 000	-	-
SOLEK HOLDING SE – public – CZ0003528465	50 000	-	-
SOLEK HOLDING SE – public – CZ0003528457	75 000	-	59 900
SOLEK HOLDING SE – public – CZ0003534158	100 000	90 800	-
SOLEK HOLDING SE – public – CZ0003536328	50 000	-	8 200
SOLEK HOLDING SE – public – CZ0003536336	50 000	16 550	-
SOLEK HOLDING SE – public – CZ0003538456	45 000	-	40 000
SOLEK HOLDING SE – public – CZ0003538464	50 000	28 150	-
SOLEK HOLDING SE – public – CZ0003538480	90 000	70 650	-
SOLEK HOLDING SE – public – CZ0003539884	100 000	60 894	-
SOLEK HOLDING SE – public – CZ0003539918	188 000	177 407	-
SOLEK HOLDING SE – public – CZ0003543670	300 000	9 440	-
SOLEK HOLDING SE – public – CZ0003546186	300 000	-	179 610
SOLEK HOLDING SE – public – CZ0003546194	200 000	14 340	-
SOLEK HOLDING SE – public – CZ0003531915	100 000	89 700	-
SOLEK HOLDING SE – public – CZ0003529471	100 000	82 200	-
SOLEK HOLDING SE – public – CZ0003534117	75 000	-	17 050
SOLEK HOLDING SE – public – CZ0003531907	75 000	-	22 600
SOLEK HOLDING SE – public – CZ0003529489	75 000	-	14 850
SOLEK HOLDING SE – public – CZ0003534133	50 000	-	-
SOLEK HOLDING SE – public – CZ0003533291	50 000	-	-
SOLEK HOLDING SE – public – CZ0003531923	50 000	-	-
SOLEK HOLDING SE – public – CZ0003529463	50 000	-	-
Bonds interest		-	29 625
Total		**803 131**	**371 835**

As at 31 December 2021, the Group recorded non-current and current liabilities arising from the issue of bonds:

Bond issuer	Issue of bonds in CZK thousand	Non-current liabilities	Current liabilities
SOLEK HOLDING SE – non-public – CZ0003505125	200 000	53 000	-
SOLEK HOLDING SE – non-public – CZ0003505133	150 000	-	-
SOLEK HOLDING SE – non-public – CZ0003505141	150 000	-	-
SOLEK HOLDING SE – non-public – CZ0003505158	150 000	-	-
SOLEK HOLDING SE – non-public – CZ0003523680	500 000	-	-
SOLEK HOLDING SE – public – CZ0003516353	608 290	-	287 052
SOLEK HOLDING SE – public – CZ0003528440	50 000	-	-
SOLEK HOLDING SE – public – CZ0003528465	50 000	-	12 350
SOLEK HOLDING SE – public – CZ0003528457	75 000	59 900	-
SOLEK HOLDING SE – public – CZ0003534158	100 000	86 950	-
SOLEK HOLDING SE – public – CZ0003531915	100 000	89 700	-
SOLEK HOLDING SE – public – CZ0003529471	100 000	82 200	-
SOLEK HOLDING SE – public – CZ0003534117	75 000	17 050	-
SOLEK HOLDING SE – public – CZ0003531907	75 000	22 600	-
SOLEK HOLDING SE – public – CZ0003529489	75 000	14 850	-
SOLEK HOLDING SE – public – CZ0003534133	50 000	-	9 200
SOLEK HOLDING SE – public – CZ0003533291	50 000	-	14 600
SOLEK HOLDING SE – public – CZ0003531923	50 000	-	24 700
SOLEK HOLDING SE – public – CZ0003529463	50 000	-	13 550
SOLEK Administration s.r.o. – non-public – CZ0003514465	50 000	-	-
Bonds interest		-	15 364
Total		**426 250**	**376 816**

The Group pays interest on bonds either quarterly, semi-annually or annually depending on the issue conditions. As at 31 December 2022, total interest on bonds was CZK 57,827 thousand (as at 31 December 2021: CZK 41,753 thousand).

Other borrowings

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

in thousand CZK	31 Dec 22	31 Dec 21
current	120 659	491 704
non-current	108 952	131 528
Total	**229 611**	**623 232**

Overview of borrowings maturity:

Loans maturity	31 Dec 22 (in thousand CZK)	31 Dec 21 (in thousand CZK)
2022	-	491 704
2023	120 659	69 075
2024	55 700	53 195
2025	45 502	-
2026	965	994
2027	6 787	6 585
Total	**229 611**	**623 232**

Q) DEFERRED INCOME TAX

The rate of 19% was used to calculate deferred tax for the Czech Republic as at 31 December 2022 (as at 31 December 2021: rate 19%) and the rate of 27% in case of Chile (as at 31 December 2021: rate 27%).
As at 31 December 2022, the Group reported a deferred tax asset of CZK 452,606 thousand (2021: CZK 304,121 thousand) mainly due to tax losses. The Group reports a deferred tax asset that, based on the Group's assumptions and business plans, is likely to be used against future taxable income in subsequent periods. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be generated in the future, which will allow the use of these temporary differences.
The Group has no other tax losses as at 31 December 2022 that could be used.

Deferred tax asset (+)/ liability (-) consists of the following items:

in thousand CZK	31 Dec 22	31 Dec 21
Deferred tax from temporary differences arising from:		
Tax losses	478 113	289 812
Land, buildings, equipment, intangibles, assets and rights of use	1 139	54 531
Borrowings	(45 070)	(6 640)
Contract assets	–	(59 241)
Other temporary differences	29 845	25 659
Total	**464 027**	**304 121**

in thousand CZK	Tax losses	Land, buildings, equipment, intangibles, assets and rights of use	Contract assets	Borrowings	Other temporary differences	Total
As at 31 Dec 2020	**37 500**	**58 556**	**210**	**–**	**6 477**	**106 880**
Tax income in the consolidated statement of comprehensive income	275 542	–	–	–	18 530	294 072
Tax expense the consolidated statement of comprehensive income	(23 230)	(4 025)	(59 451)	(6 640)	(3 485)	(96 831)
As at 31 Dec 2021	**289 812**	**54 531**	**(59 241)**	**(6 640)**	**21 522**	**304 121**
Tax income in the consolidated statement of comprehensive income	221 877	–	59 241	–	10 713	291 831
Tax expense the consolidated statement of comprehensive income	(33 576)	(53 392)	–	(38 430)	(6 527)	(131 925)
As at 31 Dec 2022	**478 113**	**1 139**	**–**	**(45 070)**	**25 708**	**464 027**

R) GUARANTEES

Guarantees	Issued for	Project	Guarantees in thousand CZK	Start date	End date
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar La Muralla SpA	5 911	21.10.2022	27.9.2023
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar Porvenir SpA	5 590	21.10.2022	11.11.2023
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar Alcaldesa SpA	14 283	21.10.2022	7.12.2023
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar Aurora SpA	19 232	21.10.2022	4.1.2024
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar Retiro SpA	12 200	21.10.2022	15.6.2024
Guarantee for warranty period	SOLEK Czech Services s.r.o.	Parque Solar La Rosa SpA	16 474	7.10.2022	3.8.2024
Total			**73 689**		

CITI bank issued guaranties on behalf SOLEK Czech Services s.r.o. in respect of the above projects. In all cases the customer in the event of deficiencies has the right to demand settlement from the insurance companies. The Group believes that the risk of settlement of these guarantees is low.

S) EQUITY

	31 December 2022	31 December 2021
The nominal value of registered shares (CZK)	31,758	31,758
number of registered shares – fully paid	100,000	100,000

As at 31 December the shareholder structure of the Company was:

	31 December 2022	31 December 2021
Zdeněk Sobotka	99%	99%
Pavel Kocián	1%	1%

Equity management
The Group is not subject to external equity requirements.
The Group's objectives in the area of equity management include:
ensuring the Group's ability to continue as a going concern, and thus return on shareholders' funds comply with all applicable legal requirements.
The management of the Group will continue to conduct and evaluate in-depth analysis of the current and expected results of the SOLEK Group, including planned and potential investments and cash flow generation, and will adjust the capital structure to implement these plans.

T) TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries that are related parties are eliminated on consolidation and are not disclosed below. Information about transactions with other related parties, which are shareholders of the Company with significant and / or higher influence, companies controlled by them or companies in which they have significant influence or joint control, and members of key management are disclosed below.
All transactions with related parties are carried out on the basis of ordinary business conditions and at market prices. The balances of receivables and payables are non-interest bearing (except for financial assets and liabilities intended for financing), are not secured and settlement is expected either in cash or by offsetting. Financial balances assets are reviewed for impairment at the consolidated financial statements date. The SOLEK Group is controlled by Mr. Zdeněk Sobotka as the sole owner and the ultimate controlling person of the Group.
Realized transactions with related parties:

Shareholders of the Company
As at 31 December 2022 and 2021, no dividend was paid to the sole owner, nor was a liability for the payment of dividends recognized. As at 31 December 2022, the sole shareholder owned bonds of issue 125_2027 issued by the Company in the total nominal value of CZK 53,000 thousand (as at 31 December 2021: CZK 53,000 thousand). The bonds of this issue bear interest at the rate of 12.5% p.a. and are due on 31 December 2027.

Statement of financial position	31 December 2022	31 December 2021
Issued bonds	53,000	53,000
Interest expenses	7,250	7,250

An entity that has joint control over another entity
As at 31 December 2022 and 2021, no transactions were recorded with the co-controlling company of the subsidiary SOLEK Peru SAC.

Remuneration of members of the Board of Directors, the Supervisory Board and senior management

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

In thousand CZK	31 December 2022	31 December 2021
Personal expenses	11,023	7,639

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

In 2022 and 2021, no loans were provided to members of the Board of Directors, the Supervisory Board and senior management.

U) EVENTS AFTER THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in the Group structure:

1. SOLEK Adria Services d.o.o. Beograd was established by SOLEK Czech Services s.r.o.
2. On 27 March 2023, the Group acquired 100% share of bio-wine s.r.o., which was at the same time renamed to SOLEK Colombia Holding s.r.o.
3. On 6 February 2023, SOLEK EUROPE Holding s.r.o. sold 50% of its shares in PVSS Catalonia SLU to an unrelated third party.
4. On 10 February 2023, SOLEK EUROPE Holding s.r.o. established together with its unrelated third party partner the TMS THE RISING SUN PROJECT, SL SOLEK EUROPE Holding s.r.o. owns 50% shares in the TMS THE RISING SUN PROJECT, SL .5. SOLEK EUROPE Holding s.r.o. established:

SPV name

PVSR Bucharest IX S.R.L.
PVSR Bucharest X S.R.L.
PVSR Bucharest XI S.R.L.
PVSR Bucharest XII S.R.L.
PVSR Bucharest XIII S.R.L.
PVS Adria Alpha I A d.o.o. Beograd
PVS Adria Beta II B d.o.o. Beograd
PVS Adria Delta IV D d.o.o. Beograd
PVS Adria Epsilon V E d.o.o. Beograd
PVS Adria Gamma III C d.o.o. Beograd
PVSS AL ANDALUS PROJECT, SL
PVSS CANTABRICO I, SL
PVSS CASTILLA PROJECT, SL
PVSS LEON I, SL
PVSS LEVANTE PROJECT, SL

New bond issues
1. SOLEK11 I 9.20/24, ISIN: CZ0003547994, in the nominal value of 10,000 CZK in the total number of 10,000 pieces, with a yield of 9.2% p.a. in the form of a book-entry registered security with a maturity of 1 year (7.3.2024),
2. SOLEK11 II 8.70/25, ISIN: CZ0003548018, in the nominal value of 10,000 CZK in the total number of 20,000 pieces, with a yield of 8.7% p.a. in the form of a book-entry registered security with a maturity of 2 years (7.3.2025),
3. SOLEK12 I 8.50/24, ISIN: CZ0003549230, in the nominal value of 10,000 CZK in the total number of 20,000 pieces, with a yield of 8.5% p.a. in the form of a book-entry registered security with a maturity of 1 year (19.4.2024),
4. SOLEK13 II 7.70/25, ISIN: CZ0003550428, in the nominal value of 1,000 EUR in the total number of 5,000 pieces, with a yield of 7.7% p.a. in the form of a book-entry registered security with a maturity of 2 years (21.6.2025),
5. SOLEK E.H. 8.00/25, ISIN: CZ0003548331, in the nominal value of 1 EUR in the total number of 8,000,000 pieces, with a yield of 8.0% p.a. in the form of a book-entry registered security with a maturity of 2 years (1.3.2025),
6. SOLEK E.H. 7.80/27, ISIN: CZ0003550998, in the nominal value of 1 EUR in the total number of 8,000,000 pieces, with a yield of 7.8% p.a. in the form of a book-entry registered security with a maturity of 4 years (13.6.2027).

Paid off bonds
1. SOLEK06 I 4,50/23, ISIN: CZ0003536328, with a yield of 9,2% p.a. and a maturity of 1 year (5.1.2023) have been fully repaid to bondholders in total amount of CZK 8,200 thousand.
2. SOLEK02 II 5,2/23, ISIN: CZ0003529489, with a yield of 5,2% p.a. and a maturity of 2 years (1.2.2023) have been fully repaid to bondholders in total amount of CZK 14,850 thousand.
3. SOLEK07 I 5,8/23, ISIN: CZ0003538456, with a yield of 5,8% p.a. and a maturity of 1 year (7.3.2023) have been fully repaid to bondholders in total amount of CZK 40,000 thousand.
4. SOLEK03 II 5,2/23, ISIN: CZ0003531907, with a yield of 5,2% p.a. and a maturity of 2 years (31.5.2023) have been fully repaid to bondholders in total amount of CZK 22,600 thousand.

Financing activities
1. On 13 January 2023, SOLEK Beta SpA executed a third drawdown under the Toesca Loan Agreement amounting to USD 6 million (CZK 136 million) to fund the construction of various photovoltaic power plant projects in Chile.
2. On 31 March 2023, SOLEK LATAM Holding SpA exercised its option to pay in kind 75% of the accrued interest and the fees under its loan facility agreement with MW Investiční fond SICAV, a.s. (the MW SICAV Loan Agreement) relating to 2022. The total amount paid in kind and added to the outstanding principal under the MW SICAV Loan Agreement was CZK 139 million, net of withholding tax. The cash payment to the lender was CZK 39 million (net of withholding tax), and the withholding tax paid was CZK 18 million.
3. On 24 May 2023 SOLEK Beta SpA (a wholly owned subsidiary of SOLEK LATAM Holding SpA) and its wholly owned subsidiaries SOLEK Holding II SpA, SOLEK Alpha SpA and Parque Solar Leyda SpA entered into a series of financing transactions, including a 20-year delayed draw US private placement bonds of USD 178 million (CZK 4 billion), a 6-year mezzanine facility of USD 75 million (CZK 1.7 billion) [provided by an infrastructure fund managed by BlackRock Investments, LLC], approximately USD 114 million (CZK 2.6 billion) of construction bridge loans and letter of credit facilities provided by Natixis, New York Branch and BNP Paribas, as well as VAT facilities totaling to USD 15 million (CZK 339 million) provided by Banco de Crédito e Inversiones. A portion of the proceeds were used to repay the outstanding USD 55.5 million (CZK 1.3 billion) of Natixis loan and the USD 14.0 million (CZK 317 million) of CIFI loan, the rest of the proceeds to be used to fund the construction of a 96MWp PMGD portfolio of PV power plants in Chile and a 95MWp utility scale PV power plant in Chile.

SPV sales in Chile

During January-May 2023 the following Chilean SPVs were sold. All SPVs were sold to Blackrock under the existing framework agreements on sale of solar power plants projects.

SPV name	Project name	Solar power plant capacity, MW
Parque Solar Doña Berta SpA	Doña Berta	2.99
Parque Solar Roma SpA	Roma	2.99
Total capacity		**5.98**

Changes in management

Michal Nebeský has been dismissed from the position of Vice Chairman of the Board of Directors of the Company with effective date as of 30 April 2023.
Francisco Jósé Carvalho de Queirós became member of Board of Directors with effective date as of 13 June 2023.