Q1'2021

Solis Bond Company, DAC Unaudited Financial Statements

As at March 31, 2021

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1. COMPANY STATEMENT OF COMPREHENSIVE INCOME

€(000's)	Note	Quarter Ended 31 March 2021
Revenue	4	681
Cost of sales		(90)
Gross profit		**591**
General and administration		244
Depreciation	10	407
Amortisation	9	5
Operating profit/(loss)		**(65)**
Other Income (Expense)	5	196
Bargain purchase	5	205
Finance costs	6	(2,823)
Profit/(loss) on ordinary activities before taxation	**8**	**(2,487)**
Income tax		-
Profit/(loss) for the financial year		**(2,487)**
Other comprehensive income for the year:		
Foreign exchange differences on translation of operations of foreign subsidiaries and branches		-
Total comprehensive (loss) income for the year attributable to the owners of the Group		**(2,487)[1]**

[1] All results are in respect of continuing operations.

The notes on pages 6 to 32 are an integral part of these financial statements.

2. COMPANY STATEMENT OF FINANCIAL POSITION

(€000's)	Notes	As at 31 March 2021
ASSETS		
Non-current assets		
Intangible assets	9	3,777
Property, plant and equipment	10	46,648
		50,425
Current assets		
Trade and other receivables	11	1,687
Restricted Cash	12	76,235
Cash and cash equivalents	12	10,576
		88,498
Total Assets		**138,923**
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	13	2,068
Subordinated Affiliates Loan	16	58
Debt Discount – Short Term	16	(2,119)
Non-current liabilities		
Bonds Payable, Net of Debt Discount	16	103,903
Subordinated Affiliates Loan	16	37,500
Total liabilities		**141,410**
Capital and reserves		
Retained earnings	14	(2,487)
Total equity		**(2,487)**
TOTAL EQUITY AND LIABILITIES		**138,923** [2]

[2] *The notes on pages 6 to 32 are an integral part of these financial statements.*

3. COMPANY STATEMENT OF CHANGES IN EQUITY

	Ordinary Shares	Ordinary Shares A/C	Additional Paid in Capital	FX[3] Reserves Arising on Translation	Retained Earnings	Total
			(€000's)			
At 1 January, 2021	-	-	-	-	-	-
Loss for The Year	-	-	-	-	(2,487)	(2,487)
At 31 March, 2021	**-**	**-**	**-**	**-**	**(2,487)**	**(2,487)**[4]

3 FX = Foreign Exchange

4 All amounts are attributable to the equity holders of the Group.

The notes on pages 6 to 32 are an integral part of these financial statements.

4. COMPANY STATEMENT OF CASH FLOW

Cash Flows from Operating Activities

(€000's)	Quarter Ended 31 March 2021
Group profit/(loss) after tax	(2,487)
Adjusted for:	
Depreciation	408
Amortisation	5
Movement in trade and other receivables	103
Movement in trade and other payables	(3,243)
Movement in prepayments and other assets	3,556
Net cash flows generated from operating activities	(1,658)
Cash flows from investing activities	
Cash paid for acquisition of subsidiaries	(40,867)
Net cash used in investing activities	(40,867)
Cash flow from financing activities	
Proceeds from Alternus Energy Group, Plc	25,813
Proceeds from issuance of senior debt, net	103,511
Net cash generated from/ (used in) financing activities	129,323
Effect of exchange rate on cash	13
Net increase in cash and cash equivalents	86,811
Cash and cash equivalents at the beginning of the period	0
Cash and cash equivalents at the end of the period	**86,811**

5. NOTES TO THE UNAUDITED COMPANY FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2021

1. GENERAL INFORMATION

Solis Bond Company Designated Activity Company ("We", or the "Company" and together with its consolidated subsidiaries, the "Group") was incorporated in Dublin, Ireland on December 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of financial statements

Compliance with IFRS, new standards and interpretation

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

There are no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the financial statements.

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

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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

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

It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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

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

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

They:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Historical cost, presentation currency and going concern.
The consolidated financial statements have been prepared on the historical cost basis, except were described otherwise in the policies below. The consolidated financial statements of the Group and the financial statements of the Company are presented in Euro (‘€’) which is also the functional currency of the Group and Company.

Management has prepared projections and forecasts for the Group.
These include consideration of revenue growth, funding and finance facilities in place, and cash reserves held. On this basis, the Directors consider that it is appropriate to prepare the consolidated financial statements on the going concern assumption.

Exemption from preparing Company statement of comprehensive income.
In accordance with Section 304 of the Companies Act 2014 the Company is availing of the exemption from presenting its individual statement of comprehensive income to the Annual General Meeting and from filing it with the Registrar of Companies. The Company’s loss for the Quarter to 31 March 2021 was €2,487.

b. Basis of consolidation

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

Control is achieved when the Company:

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

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Intra-Group assets and liabilities, equity, income, expenses and cash flows relating to intra-Group transactions are eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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

c. Revenue recognition

The Company derives revenues through its subsidiaries from the sale of electricity and the sale of solar renewable energy credits. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity is generated by the solar energy facility and delivered to the grid at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth in long-term contracts.

d. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right of use asset for operating leases is based on the lease liability. The right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of

costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', and lease liabilities in trade and other payables in the statement of financial position. The movement of right-of-use of the assets of the Group is disclosed in Notes 11 and 12 to the Consolidated Financial Statements.

Short-term leases and leases of low-value assets

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

Lease modifications

The Group as lessee accounts for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group as lessee:

(a) allocates the consideration in the modified contract.
(b) determines the lease term of the modified lease; and
(c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined; or the Group's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group as lessee accounts for the remeasurement of the lease liability by:
(a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease; or
(b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

e. **Foreign currencies**

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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

f. Borrowing costs

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

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

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

g. Income tax

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

Current tax

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

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial

recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

h. Property, Plant and Equipment

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

Depreciation

Depreciation is calculated using the straight-line method to write off the cost of property, plant and equipment over their expected useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent additions

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

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset

where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Asset Retirement Obligations

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

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

i. Financial assets

Investments in subsidiary companies

Investments in subsidiary companies are reflected in the separate financial statements of the parent Company. Investments in subsidiaries are stated at cost less accumulated impairment losses.

j. Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

k. Financial instruments

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

Effective interest method

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

Financial assets

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

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds receivable.

Financial liabilities and equity

Classification of debt or equity

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

Equity instruments

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

Ordinary share capital

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

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

Borrowings

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

Derecognition of financial liabilities

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

l. Provisions and contingencies

Provisions

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

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingencies

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

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

m. Cash and cash equivalents

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

n. Related party transactions

Related party transactions are disclosed in accordance with IAS 24 Related Party Disclosures and the Companies Act 2014.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The resulting accounting estimates calculated using these judgements and assumptions are based on historical experience

and expectations of future events and may not equal the actual results. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised prospectively.

Critical judgements made in applying the Group's and Company's accounting policies.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements are set out below:

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

4. REVENUE

Net Revenue, by Offtake Type	March 31, 2021 (€000's)
Country Renewable Programs	596
Energy Offtake Agreements	85
Total	**681**

Revenue by Country	March 31, 2021 (€000's)
Italy	346
Netherlands	180
Romania	155
Total Revenue by Country	**681**

Segment information

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

Major customers

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

Top 3 customers	March 31, 2021 (€000's)
Client 1	279
Percentage of Total Revenue	40%
Client 2	156
Percentage of Total Revenue	22%
Client 3	135
Percentage of Total Revenue	19%

5. OTHER INCOME

Other Income	March 31, 2021 (€000's)
Bargain Purchase	205
Bank Charges and Interest	(2,823)
Other Income (Expense)	196
Total Other Income	**(2,422)**

6. FINANCE COST

Finance Costs	March 31, 2021 (€000's)
Bank Charges and Interest	(2,294)
Amortization of debt discount	(529)
Total of Finance Costs	**(2,823)**

7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):	March 31, 2021 (€000's)
Amortisation (Note 9)	5

Depreciation (Note 10)	407

8. ACQUISITIONS

In December of 2020, a new wholly owned subsidiary in Ireland, Solis Bond Company DAC, was incorporated to issue a series of bonds and hold the Group's European operating companies that are financed using those bonds. During the quarter ended March 31, 2021, Solis refinanced its Italian, Netherlands, and Romanian operating companies: PC-Italia-02 SpA, CTS Power 2 Srl, CIC Rooftop 2 Srl, SPV White One Srl, CIC RT Treviso Srl, Zonnepark Rilland B.V., FRAN Energy Investments Srl, and Power Clouds Srl.

Also, during the quarter ended March 31, 2021, Solis acquired 100% of the share capital of the following Romanian companies: Ecosfer Energy Srl, Lucas EST Srl. During the quarter ended March 31, 2021, Solis acquired 100% of the share capital of another Italian company, Serre Srl. Subsequently, in April of 2021, Solis acquired 100% of the share capital of another Romanian company, LJG Green Source Energy Beta Srl.

ROMANIAN ACQUISITIONS	ECOSFER	LUCAS
	March 31, 2021	March 31, 2021
Cost of Acquisition	(€000's)	(€000's)
Purchase Price per SPA	14,604	9,322
Net Working Capital Reference Date	2,905	1,841
Total Acquisition Cost	**17,510**	**11,164**
Fair Value of Assets Acquired		
NPV of DCF - Energy Asset	14,790	9,147
Net Working Capital Adjusted	1,459	977
Net Change in Working Capital	(304)	(92)
	15,945	**10,052**
Goodwill	**1,564**	**1,112**
Weighted Average Cost of Capital	**7.10%**	**7.10%**

In July of 2020, a new wholly owned subsidiary in Italia, PC-Italia-03 Srl, was incorporated. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2021, this company completed the acquisition of 100% of the share capital of an Italian SPV, Serre S.r.l.

ITALIAN ACQUISITIONS Cost of Acquisition	SERRE March 31, 2021 (€000's)
Purchase Price per SPA	2,214
Net Working Capital	485
Less Leakages / Adjustments	(400)
Total Acquisition Cost	**2,299**
Fair Value of Assets Acquired	
NPV of DCF - Energy Asset	2,132
Net Working Capital	485
Less: Cash Acquired at Closing	(113)
	2,504
Bargain Purchase	**(205)**
Weighted Average Cost of Capital	**7.10%**

9. INTANGIBLE ASSETS

Intangible Assets	March 31, 2021 (€000's)
Goodwill	3,777
Total Intangible Assets	**3,777**

10. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2021 (€000's)
Property, Plant and Equipment	49,249
Less Accumulated Depreciation and Amortization	(4,219)
Right of Use asset, Leases	1,619
Total Property, Plant and Equipment	**46,647**

11. TRADE AND OTHER RECEIVABLES

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

Trade and Other Receivables	March 31, 2021 (€000's)
Trade Receivables	525
Prepayments	330
Value added tax recoverable	832
Total Trade and Other Receivables	**1,687**

12. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	March 31, 2021 (€000's)
Cash and Cash Equivalent	10,576
Restricted Cash	76,235
Cash and Cash Equivalent	**86,811**

13. TRADE AND OTHER PAYABLES

Trade and other payables

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

Accruals

The terms of the accruals are based on underlying invoices.

Trade and Other Payables	March 31, 2021 (€000's)
Trade Payables	1,652
Accruals	416
Total Trade and Other Payables	**2,068**

14. CALLED UP SHARE CAPITAL

Called up Share Capital	March 31, 2021 (€000's)
Loss for the year	2,487

15. RESERVES

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

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

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

16. BANK LOANS

Debt Summary	March 31, 2021 (€000's)
Subordinated note from Alternus Energy Group, Plc	37,500
Senior secured debt	110,000
Gross debt	147,500
Debt discount	(8,158)
Total Long Term and Short-Term Debt	**139,342**

Line of Credit:
The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit. The term is twelve months which was renewed by agreement of both parties. Drawn funds accrue interest annually at a rate of the Romania Central Bank Rate (ROBOR) 3M + 3.5%, which was 5.5% as of March 31, 2021. The Company had used €30,443 of the facility as of March 31, 2021. The facility was paid off in April 2021.

Promissory Notes:
In 2020, the Company guaranteed a 5.5 million RON (equivalent to approximately €1.2 million) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of €1,051,112 as of March 31, 2021. This note was repaid in April 2021.

In 2020, the Company guaranteed a 3.5 million RON (equivalent to approximately €754,551) promissory note issued by one of its subsidiaries, FRAN Energy Investments S.R.L., a Romanian company ("FRAN") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of €668,889 as of March 31, 2021. This note was repaid in April 2021.

In January 2021, the Company approved the issuance by one of its subsidiaries, Solis Bond Company DAC, of a series of bonds in the maximum amount of €200 million a bond term agreement of 3 years at 6.5% interest rate. The bond was used for refinancing existing facilities and funding new acquisitions. As of March 31, 2021 there was €110 million outstanding on the bond.

17. COMMITMENTS AND CONTINGENCIES

a) Capital commitments.
At the year end the Group had no capital commitments.

b) Contingent liabilities
At the year end the Group had no contingent liabilities.

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

18. LEASE LIABILITIES

Right of Use Asset	March 31, 2021 (€)
Current Portion	57,058
Long Term Portion	1,561,504
2021	130,966
2022	174,621
2023	174,621
2024	174,621
2025	174,278
Thereafter	2,044,701
Total Future Lease Payments	2,917,464
Less: Imputed Interest	(1,298,902)
Present Value of Future operating Leases	1,618,562
Less Current Portion of Long-Term Leases	(57,058)
Operating Leases Net of Current Portion	1,561,504
Right of Use Assets, operating lease net	1,618,562

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

The Group's leases include right-of-use licences. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental repayments. The lease terms range from two to 25 years depending on the term set in the contract.

The right-of-use asset of licences is classified as 'intangible assets', while the right-of-use asset of office rentals is classified as 'property, plant and equipment'. The movement in the carrying amount of the right-of-use assets of the Group at the start and end of each reporting period is disclosed in Notes 10 and 11 to the Consolidated Financial Statements.

19. SUBSIDIARY UNDERTAKINGS

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

PC-Italia-02 S.p.A. (Formerly PC-Italia-02 S.R.L.)

In August of 2016, a new company in Italy, PC-Italia-02 SRL was incorporated as a wholly owned subsidiary of AE Europe B.V. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, this company completed the acquisition of the Sant'Angelo Energia S.r.l. in Italy which operates a 702kW PV solar park. Subsequently, in April of 2019, PC-Italia-02 acquired four additional SPVs in Italy, CIC Rooftop 2 S.r.l., CIC RT Treviso S.r.l., SPV White One S.r.l., CTS Power 2 S.r.l.

Solis Bond Company Designated Activity Company (DAC)

In December of 2020, a new wholly owned subsidiary in Ireland, Solis Bond Company DAC, was incorporated to issue a series of bonds and hold the Group's European operating companies that are financed through the use of those bonds. During the quarter ended March 31, 2021, Solis refinanced its Italian, Netherlands and Romanian operating companies: PC-Italia-02 SpA, CTS Power 2 Srl, CIC Rooftop 2 Srl, SPV White One Srl, CIC RT Treviso Srl, Zonnepark Rilland B.V., FRAN Energy Investments Srl, and Power Clouds Srl. Also, during the quarter ended March 31, 2021, Solis acquired 100% of the share capital of the following Romanian companies: Ecosfer Energy Srl, Lucas EST Srl. During the quarter ended March 31, 2021, Solis acquired 100% of the share capital of another Italian company, Serre Srl. Subsequently, in April of 2021, Solis acquired 100% of the share capital of another Romanian company, LJG Green Source Energy Beta Srl.

In summary, Solis Bond Co is a holding company that operates through the following Twelve operating subsidiaries as of March 31, 2021:

Subsidiary	Principal Activity	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	SPV	March 31, 2015	100% (via Solis)	Romania Solar Operating Park

F.R.A.N. Energy Investment SRL	SPV	March 31, 2015	100% (via Solis)	Romania Solar Operating Park
PC-Italia-02 S.p.A.	SPV	August 2016	100% (via Solis)	Italy Solar Operating Park
Sant'Angelo Energia S.r.l.	SPV	March 30, 2017	100% (via PC-Italia-02)	Italy Solar Operating Park
CIC Rooftop 2 S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
CIC RT Treviso S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
SPV White One S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
CTS Power 2 S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
Zonnepark Rilland B.V.	SPV	December 20, 2019	100% (via Solis)	Netherlands Solar Operating Park
Serre Srl	SPV	March 2021	100% (via Solis)	Italy Solar Operating Park
Lucas EST Srl	SPV	March 2021	100% (via Solis)	Romania Operating Park
Ecosfer Energy Srl.	SPV	March 2021	100% (via Solis)	Romania Operating Park

20.SUBSEQUENT EVENTS

We have evaluated subsequent events through the date of issuance of these financial statements.

In April of 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the share capital of another Romanian SPV, LJG GREEN SOURCE ENERGY BETA S.R.L., in consideration for EUR 19,921,537.