



SYSTEMS SUNLIGHT SA

Company Reg. No.: 31055/04/B/94/157 (2006)
General Commercial Registry (GEMI) No. 001579901000
22 Thivaidos St., Kifissia

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1 Directors' Representations

The following representations are made pursuant to Article 4 (2) of Law 3556/2007, as currently in force, by the following representatives of the Company's Board of Directors:

1. Rouben Bourlas, Chairman of the Board
2. Lambros Bisalas, CEO and Director

The following signatories ("we", "us"), each acting under the capacity mentioned above, were appointed by the Board of Directors of "SYSTEMS SUNLIGHT SA" for this particular purpose and hereby represent and warrant that, to the best of our knowledge:

- (a) the attached annual financial statements of "SYSTEMS SUNLIGHT SA" for the annual period 01.01-31.12.2020, were prepared in line with the applicable accounting standards and provide an accurate description of the Company's assets, liabilities, equity and of the results for the financial year of the Company and the other entities included in the consolidated statements, altogether being considered as a whole, and
- (b) the attached report of the Board of Directors provides an accurate description of the development, the performance, and the position of the Company and the other entities included in the consolidated statements, altogether being considered as a whole, including the description of the major risks and uncertainties they face.

Athens, 23 April 2021

The persons making the Representations

THE CHAIRMAN OF THE BOARD

THE CEO AND DIRECTOR

ROUBEN I. BOURLAS

Identity Card No. AE 552845

LAMBROS S. BISALAS

Identity Card No. X 019213

2 Management Report of the Board of Directors of "SYSTEMS SUNLIGHT SA" on the corporate and consolidated financial statements for financial year 2020

This Annual Report of the Board of Directors relates to financial year 2020 and was prepared in line with the relevant provisions of Law 4558/2018.

This Report provides brief financial information about the Group and the Company for 2020 and describes the major events that occurred during that period (before and after the reporting date) as well as the Company's and the Group's future prospects. It also describes the major risks and uncertainties which the Group and the Company may need to deal with, as well as the major transactions concluded between the Company and its associates.

1. MAJOR EVENTS IN 2020

2020 was a particularly difficult year during which Sunlight's business model was put to the test (as with all businesses around the world). After anaemic growth in Q1, the spread of COVID-19 to Greece and the key markets in which the Group operates, reduced demand for industrial batteries and created immense supply chain problems.

Management took timely initiatives to protect the health of staff and their families while ensuring business continuity and financial viability. Staff supported this effort, showing meticulous discipline in the policies followed, as did associates (customers, suppliers, banks, etc.) who believe in and trust the Company and its business model.

From July onwards, Sunlight's positioning in the secondary market for batteries for electric industrial vehicles (eIVS) allowed it to enjoy a V-shaped recovery, returning to high levels of employment at its plants and achieving record production and productivity. Moreover, the end customers of the company's products are food companies, supermarkets, logistics centres, factories (whose products did not undergo a major drop), which demonstrates the relative inelasticity of demand for industrial batteries.

In 2020, the Company accelerated the pace of two major projects:

- i) The creation of a large R&D department, with emphasis on lithium technology. Company Management considers that over the years to come this technology will rapidly develop (a) due to the expected immense demand for advanced energy storage systems and (b) due to the characteristics of this chemistry (faster loading and therefore higher uptime, longer useful life, lower maintenance costs, etc.). In 2019, the Company developed its own range of lithium products (Lion Force) and in the coming years it aims to become a leading producer of lithium batteries for traction and Energy Storage System (ESS) applications. Moreover, Sunlight's participation in the European Union's strategic programme to develop lithium batteries (IPCEI), worth EUR 103 Mio., is expected to give further impetus to this endeavour; and
- ii) Industry 4.0 and digitisation of the production process. In 2020, reengineering procedures and pilot applications were successfully completed to enable them to be fully rolled out during the current year. The

improvement in terms of productivity, cost reduction and speed of response to customer requirements has been significant.

In 2020, the Company also made a major effort to refinance its loans. Despite the unfavourable economic environment, the four Greek banks and the European Investment Bank confirmed their trust in Sunlight's business model and provided adequate credit lines to enable it to achieve its plans. In that context, a decision was taken to exercise the call option for the EUR 50 million bond loan in June 2020 and to delist Sunlight's bonds from the Athens Exchange.

The other two manufacturing plants (the recycling facility in Komotini and the battery assembly facility in Verona, Italy), which form integral parts of the Sunlight supply chain, have also managed to keep pace with the battery manufacturing plant in Xanthi. In the second half of 2020, the recycling plant managed to return to full operation in record time, ensuring uninterrupted supply of the Xanthi plant despite the difficult conditions. The Sunlight European Battery Assembly, in what is in effect two years of operation, has now reached productivity levels similar to those of Xanthi and is a key driver in the effort to offer swift service to forklift truck plants (OEMs) and other customers in Western and Northern Europe.

In October 2020, Sunlight's subsidiary in North Carolina, USA began operations in less than a year since it was incorporated. Despite the problems associated with COVID-19, the facilities covering a total area of 9,700 m² have been completed and are expected to be a springboard for rapidly expanding its share in the second largest industrial battery market worldwide.

In December 2020, the Company acquired 48% of Sunlight Italy Srl and 78% of Batt-Men Srl in Vicenza, Italy. The objective is to further bolster Sunlight's already significant presence in the large Italian market, to expand the product range and to exploit synergies with its neighbour SEBA Srl.

2. FINANCIAL DEVELOPMENTS AND PERFORMANCE FOR FINANCIAL YEAR 2020

2.1 Group performance and financial standing

The Group's financial performance in 2020, although clearly affected by COVID-19, proves the correctness of the business model which has been adopted, given that it showed resilience despite the general recession in the most important economies around the world.

More specifically, the Group's **Turnover** from ongoing operations in 2020 was EUR 176.9 Mio. compared to EUR 180.2 Mio. in the respective period in 2019. It is noted that sales in the comparator period had been negatively affected by the gradual restoration of production capacity in the industrial batteries segment starting at around 40% in early 2019, and gradually reaching 100% in July 2019.

Gross profit: The Group's gross profit margin stood at 21.0% compared to 20.2% last year, and the gross profit at Group and Company level stood at EUR 37.1 Mio. and EUR 34.5 Mio. respectively, which was significantly improved in the second half of the year compared to the first one, as a result of the increased volume of sales and the major improvement in the productivity of the two units in Xanthi and Komotini.

Earnings before interest, tax, depreciation, and amortisation (EBITDA):

At Group level, EBITDA was EUR 19.2 Mio. (EUR 19.5 Mio. at Company level), (EUR 22.2 Mio. and EUR 23.2 Mio., year-on-year respectively). However, it should be noted that the adjusted EBITDA for the Group last year was EUR 14.9 Mio. and EUR 16 Mio. for the Company. It is recalled that, in 2019, income of EUR 7.8 Mio. from insurance compensation in 2018 for the Xanthi plant had been recognised and the expenses related to this event were EUR 0.5 Mio. Administrative expenses stood at EUR 9.8 Mio. and R&D expenses were up 18% primarily as a result of corporate strategy to accelerate the development of product solutions based on lithium technology. On the contrary, the drop in selling expenses to EUR 14.9 Mio. compared to EUR 15.3 Mio. last year, despite the difficulties in the international transport sector due to the public health crisis, is a result of the major effort to optimise logistics operations.

Earnings / (Losses) before tax: As a result of the above, in conjunction with change in financial results, the Group’s profit was EUR 18.3 Mio. (EUR 11.7 Mio. in 2019), whereas the Company’s profit was EUR 18.2 Mio. (EUR 12.5 Mio. in 2019). It should be noted that in addition to the financial expenses which stood at EUR 5.1 Mio. (3% lower than 2019), the Group recognised profits from its holding in Advent Technologies Inc. (EUR 11 Mio.) as a result of its listing on the US NASDAQ Exchange.

The Group’s **net borrowings** stand at EUR 81.4 Mio. (EUR 82.7 Mio. as at 31.12.2019). It should also be noted that, as a result of the application of IFRS 16 (“Leases”), the Group’s borrowings as reported in its financial statements further increased by EUR 11 Mio. as at 31.12.2020 and by EUR 3.8 Mio. as at 31.12.2019.

Equity: The Group’s Equity as at 31.12.2020 was more than EUR 72.5 Mio. (EUR 58 Mio. as at 31.12.2019).

2.2 Selected Alternative Performance Measures (APMs)

The Group uses Alternative Performance Measures (“APMs”) in the context of its decision-making process in relation to its financial, operational and strategic planning as well as for performance evaluation purposes. These measures offer a better understanding of the Group’s financial and operating results, financial standing and liquidity.

There follows a description of how major financial indicators have evolved at Group level:

Financial Indicators	31.12.2020	31.12.2019
General Liquidity	146%	116%
Equity / Total Liabilities	42%	40%
Net Borrowings / EBITDA	4.8	3.9
EBITDA / Sales	10.8%	12.3%

General Liquidity: Current Assets to Short-Term Liabilities Totals result as such from the Statement of Financial Position.

Net Borrowings: Net Debt is calculated as total borrowings (including “short-term and long-term loans”) as indicated in the Statement of Financial Position minus “Cash and Cash Equivalents”. The relevant calculation is cited in section “Capital Risk Management” of this report.

EBITDA: Operating results plus total depreciation of tangible and intangible assets less depreciation of subsidies. This indicator is used by Management as an internal rate of return for the management of the Group’s operating activities. The higher the indicator the more cost-effective the undertaking’s operation is. Calculation of the indicator for the Group and the Company is provided below:

Amounts in EUR	GROUP		COMPANY	
Calculation of EBITDA	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Financial year profits before taxes from ongoing operations	18,319,229	11,736,481	18,169,371	12,462,535
(Profits)/Losses from companies consolidated using the equity method	-133,734	-38,044	0	0
Financial result	-6,378,668	4,709,621	-5,141,298	5,581,334
Depreciation	7,802,065	6,195,634	6,893,981	5,589,458
Subsidy Depreciation	-395,237	-397,517	-395,237	-397,517
EBITDA	19,213,654	22,206,176	19,526,817	23,235,810

3. PROSPECTS

As in the previous two years, 2020 was a particularly difficult period with massive changes affecting society, the economy and businesses. However, there was also an opportunity for some businesses to redesign their operations, adjust their costing base, expand digitisation in their operations, and develop new products to mitigate losses from the public health crisis while positioning themselves to play a leading role in the post-crisis era.

We want Sunlight to be one such company. The industrial batteries market appears to be rebounding rapidly to rates similar to the pre-COVID-19 age, as a result of the global trend towards the electrification of logistics. Having taken a series of steps over the past period, Sunlight is now in a stronger position in terms of cost and product range to respond to changing market conditions and to further expand its market shares around the world. Production units in Greece and Italy are enjoying high levels of activity, which is expected to continue for a significant part of the current year.

However, at the same time the Company is investing in the future. After a 2-year period of high investments in mechanical equipment and infrastructure, Sunlight is now placing significant resources in intangible investments, namely research and digitisation. Promoting brain gain, it seeks to bring together scientists who have worked abroad to staff the two R&D centres, to prepare the company for an emerging new world which will include electrification, renewable energy sources and big data, but at the same time will be volatile and less predictable. Major emphasis will be placed on Sunlight’s growth in the lithium batteries market. Participation in the European IPCEI Programme lays the foundations for developing a platform of product solutions for different logistics and ESS applications.

Despite the difficulties of recent years, the Company’s business model which is based on extroversion and geographical dispersion has proven to be resilient and to this end, the Company will continue to pursue its further worldwide expansion. It is our aim that the Greensboro plant in North Carolina, USA, in its first year in operation, provide a basis for expansion into the immense American industrial battery market. Moreover, the acquisition of Sunlight Italy is expected to further bolster market shares in the local market while also using cross-selling practices to expand into other product categories.

In addition, emphasis is placed on training staff and upskilling so that Sunlight employees acquire skills for whatever new things are coming. Of course, the goal is to expand the circular economy model so that the

forthcoming growth in Company business can be achieved in a sustainable, environmentally-friendly manner and in a way that supports the local communities we operate in.

4. RISK AND UNCERTAINTY FACTORS

Risks policies and management

Risk Sources

In the context of its activities the Group is required to deal with various types of financial risk, including foreign exchange and interest rate, credit and liquidity risks. The Group’s general risk management plan focuses on market fluctuations and is intended to minimise the potentially adverse effects of such fluctuations on the Group's financial performance.

Risk management is conducted by the Company's Financial Management Division, on the basis of policies approved by the Board of Directors. The relevant process is outlined below:

- Evaluation of risks associated with the Group’s activities and operations;
- Methodology planning and selection of appropriate financial products to reduce risks;
- Execution/implementation of the risk management procedure, through procedures approved by Management.

The Financial Management Division does not engage in speculative activities or transactions that are irrelevant to the Group’s commercial, investment or borrowing activities.

The financial products used for these purposes mainly consist in bank deposits, foreign exchange transactions, foreign exchange and lead forward contracts, overdraft accounts, accounts receivable and payable, loans, investments in debt securities and liabilities arising from leasing agreements.

Foreign Exchange Risk

As the Group operates globally, it is inevitably exposed to foreign exchange risk, arising primarily from the USD and, to a far lesser extent, from the RON, while the biggest volume of transactions is conducted in the Group’s operating currency, which is the Euro (€). Risk arises primarily from future trade transactions, receivables and liabilities in foreign currency and net investments in foreign undertakings (subsidiaries in the USA and Romania).

The Company strives to hedge future foreign currency cash outflows with foreign exchange forward contracts in order to limit exchange risk.

Had the foreign currencies been appreciated/depreciated by 5% against the Euro, all other variables remaining unchanged, and had the Group not taken steps to counterbalance the foreign exchange risk, the effects on its operating results, equity and net profits in the current and the previous financial years would have been as follows:

€/\$ exchange rate (amounts in € '000)	01.01 - 31.12.2020		01.01 - 31.12.2019	
	-5.00%	5.00%	-5.00%	5.00%
Net results before tax	-281	281	-1.187	1.187
Net results after tax	-213	213	-902	902
Equity	-213	213	-902	902

Commodities Price Risk

The prices of the commodities which the Group procures are determined in international markets by global supply and demand, so the Group is naturally exposed to their fluctuations. Lead, the main raw material, is one of the base metals and its trading takes place on regulated markets, principally the London Metal Exchange. The Group is directly exposed to the fluctuations of lead prices, given that this is the most essential element of the production costs of accumulators/lead-acid batteries. With regard to the fluctuations of lead prices, the Group resorts, as much as possible, to natural hedging by matching the purchase price list with the lead base price used in the battery sale price list. For those situations where the natural hedging of lead is not possible, the Group uses hedging tools (OTCs), which so far appear to meet its needs and are compatible with the way the Group operates.

Environmental Risks

Environmental protection and compliance are two objectives that are fully compatible with the Group's economic and business development in all respects. The Group monitors closely all regulatory developments on environmental protection-related matters and takes all prudential measures necessary to prevent potential risks relating to regulatory compliance and minimise its environmental footprint.

Interest Rate Risk

The Group's assets exposed to this type of risk are mainly its cash and cash equivalents. However, in view of the very low interest rates which are currently prevailing and of the Group's need to maintain its liquidity, this risk is considered rather limited. At present, only loans with the EIB have fixed interest rates (around EUR 6.92 Mio. as at 31.12.2020). In any case, Group Management is making efforts to minimise interest rate risks.

As at December 31st, 2020 the Group is exposed to the market's interest rate fluctuations as regards its bank borrowings, cash and cash equivalents that are subject to a floating rate.

The table below provides a sensitivity analysis of results and equity in case of a reasonable interest rate fluctuation of +/- 1%.

GROUP				
	01.01 - 31.12.2020		01.01 - 31.12.2019	
Amounts in EUR	1%	-1%	1%	-1%
Impact on results	715.323	-715.323	534.375	-534.375
Impact on equity	543.382	-543.382	406.035	-406.035

COMPANY				
	01.01 - 31.12.2020		01.01 - 31.12.2019	
Amounts in EUR	1%	-1%	1%	-1%
Impact on results	708.555	-708.555	532.069	-532.069
Impact on equity	538.502	-538.502	404.372	-404.372

Credit Risk

The Group's exposure to credit risk is limited to the financial assets which are reported under items "Other Long-Term Receivables", "Trade Receivables", "Other Receivables" and "Cash & Cash Equivalents" in the Statement of Financial Position.

The Credit Control Department monitors closely the creditworthiness and other financial characteristics of the Group's customers and adjusts the Group's credit policy accordingly. Due to the substantial dispersion of its customer base, the Group is not exposed to significant credit risk. Moreover, the Group makes systematic use of credit insurance and factoring solutions and, where necessary, advances, and letters of credit.

The Group also applies authorised credit control procedures in relation to credit facilitations, credit limits for its customers and the collection of receivables. Receivables are systematically evaluated in terms of collectability and bad debts are accounted for, where necessary.

Management considers that there is no substantial credit risk which is not already hedged by some insurance coverage guaranteeing the credit or by any provisions made for doubtful debts.

Assets exposed to credit risk on the reporting date of the Statement of Financial Position are detailed as follows:

Amounts in EUR	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Cash and Cash Equivalents	15.538.827	7.877.272	12.160.120	6.026.472
Trade and other receivables	36.128.414	31.383.710	42.632.267	35.349.621
Total	51.667.240	39.260.982	54.792.387	41.376.093

Amounts included in "Trade and other receivables" in the above table do not correspond to the amounts in the Statement of Financial Position, because they only include financial receivables.

Liquidity Risk

Managing liquidity risk effectively requires adequate cash and financial sources. The Group's Financial Management Division manages the Group's liquidity needs on the basis of a detailed financial plan of anticipated inflows/outflows, which is implemented on a daily basis, with a view to ensuring the Group's ongoing operations and effective financing of its business activities.

Effective liquidity management is achieved by optimising the working capital and securing a balanced combination of cash and authorised credit limits.

Maturity of the Group's financial liabilities as at 31.12.2020 and 31.12.2019 can be detailed as follows:

Amounts in EUR	GROUP			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2020				
Bank loans	12.842.032	87.666.034	7.465.148	107.973.214
Suppliers and other trade creditors	47.326.593			47.326.593

Total	60.168.625	87.666.034	7.465.148	155.299.807
Amounts FY 2019				
Bank loans	25.376.305	66.342.430	2.691.270	94.410.006
Suppliers and other trade creditors	37.944.173			37.944.173
Total	63.320.479	66.342.430	2.691.270	132.354.179

Maturity of the Company's financial liabilities as at 31.12.2020 and 31.12.2019 can be detailed as follows:

Amounts in EUR	COMPANY			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2020				
Bank loans	12.244.904	85.594.766	3.143.335	100.983.004
Suppliers and other trade creditors	44.299.982			44.299.982
Total	56.544.886	85.594.766	3.143.335	145.282.987
Amounts FY 2019				
Bank loans	25.123.072	65.595.179	2.660.647	93.378.898
Suppliers and other trade creditors	35.736.342			35.736.342
Total	60.859.414	65.595.179	2.660.647	129.115.240

Amounts included in "Suppliers and other trade creditors" in the above tables do not correspond to the amounts in the Statement of Financial Position, because they only include financial liabilities.

As at 31.12.2020, the Group and the Company had positive working capital, current assets exceeding short-term liabilities by EUR 28.239 k and EUR 28.026 k, respectively. In the previous financial year, both the Group and the Company had positive working capital of EUR 10.989k and EUR 12.512 k, respectively.

Furthermore, there are unused credit lines available to the Company, which may be used as and when required.

Capital Risk Management

The Group's and Company's capital management policy is primarily intended to ensure their high credit rating, the unhindered conduction of their business activities and the effective implementation of their development plans, with a view to effectively supporting and promoting their business activities and maximising the value of their shares.

For capital management purposes, the Group monitors closely the "Net Borrowings to Total Equity" ratio. The Group defines "net borrowings" as the total of interest-bearing loan liabilities less the total amount of cash at hand. The Group manages indicators in a manner allowing it to ensure creditworthiness that is compatible with its growth strategy.

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Financial indicators				
Long-term loan liabilities	95.131.182	69.033.700	88.738.101	68.255.826
Short-term loan liabilities	8.420.690	19.900.870	8.405.042	19.900.870

Long-term liabilities payable in the following year	4.421.342	5.475.435	3.839.861	5.222.202
Cash and Cash Equivalents	-15.538.827	-7.877.272	-12.160.120	-6.026.472
Net borrowings	92.434.387	86.532.734	88.822.884	87.352.426
Equity	72.453.318	58.031.842	71.678.158	58.015.769
Net Borrowings to Total Equity	1,28	1,49	1,24	1,51

Suppliers Risk

The Group's two production units have a considerable number of raw material suppliers, both in Greece and abroad. The Group aims at maintaining close and long-term relations with suppliers based on high quality standards, reliability, extremely competitive costs, transparency, and moral behaviour in transactions. The Group applies policies to maintain alternative supply sources so as to ensure the smooth running of its operations. However, the fact that a number of suppliers are located abroad may create difficulties in the supply chain, especially at times like these. To this end, the Group evaluates the performance of suppliers on an annual basis and makes adjustments, whereas as part of the supply chain security (in addition to reducing its environmental footprint) it has invested in the recycling plant in Komotini.

Information and Personal Data Security Risk

In modern times, when humanity is witnessing a new industrial revolution and rapid IoT developments, undertakings are exposed to risk relating to the security of their information systems and infrastructures - a risk capable of affecting substantially the integrity and security of the information they are processing, e.g. on confidential corporate information and personal data. Data security is a high-ranking priority for SUNLIGHT. The Company collects, stores and uses data in the ordinary course of its business and affords them the level of protection required under the applicable data protection laws. Although proper data protection safeguards are applied as per the applicable laws, there is always a risk of human error or technological failure. The General Data Protection Regulation lays down thoroughly the regulatory requirements applicable to undertakings in relation to personal data processing procedures and mechanisms and the rights of data subjects, enabling the supervisory authorities to impose strict fines in case of identified infringements. In order to limit the relevant risks, the Group works with special consultants to develop and update all necessary policies and procedures; monitor their implementation; develop new security systems and infrastructures and evaluate their efficiency through regular system security controls ("penetration tests").

Risk from COVID-19

As predicted in the Board of Directors report last year, the spread of COVID-19 in Europe and the rest of the world had major impacts on economic activity and the supply chain. After what is in effect a 14-month public health crisis, the potential risk factors which could affect the Company and Group's operations and results are as follows:

i) Demand for company products: Although Sunlight is mainly active in the secondary market for motive battery solutions internationally and therefore demand is relatively inelastic, the long-term continuation of the pandemic could interrupt the recovery seen in recent months. Aside from looking at what is happening in Greece, Sunlight's Management is carefully assessing the situation in other European countries as they

represent a significant percentage of the Company's exports. We maintain long-term relationships with our customers in these markets and for the time being the recovery appears to be sustainable. However, the delay in the vaccination programme and the occurrence of mutations not manageable by using existing vaccines may increase uncertainty about the development of demand.

ii) Supply chain: A significant part of raw materials comes from abroad. The Company maintains stocks in order to deal with unforeseen supply chain disruptions, and in several cases it has alternative supply sources. However, the presence of COVID-19 for a long period of time is likely to cause problems in the uninterrupted supply of Sunlight's production units.

iii) transports: There may be disruptions in the ability of transport companies cooperating with Sunlight, which may affect the delivery of products or the receipt of raw materials. The problems in road transport which had arisen in Europe at the start of the public health crisis appear to have been overcome. However, maritime transport has clearly been affected, with no negligible impact on freight and delivery times.

iv) Workplace attendance and carrying out of work: In implementation of its business continuity plans, Group Management has introduced a series of measures (remote working, limiting travel and visits to absolutely necessary ones, disinfecting workplaces, more buses to transport employees are some of them) in order to mitigate any impacts on employees on the one hand, and on the other to ensure the problem-free carrying on of individual activities to the extent possible. However, it should be stressed that one cannot rule out that COVID-19 persisting for a long time or the imposition of stricter travel restrictions will not affect the smooth running of Sunlight's manufacturing, commercial and administrative activities.

Group Management is monitoring developments regarding COVID-19, reviewing business continuity plans and assessing potential risk factors that could affect the Group's financial position, activities and results.

5. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are thoroughly described in note 35 of the financial statements attached.

6. EVENTS AFTER THE REPORTING DATE

In February 2021, Advent Inc, a company active in the hydrogen energy sector in which Sunlight held shares, decided to merge with the US company AMCI Inc. The new company is called Advent Technologies Inc. and is traded on the NASDAQ stock market. In light of that, Sunlight's holding in the company at the start of the previous decade is expected to generate added value, a corollary of the immense technological and economic interest shown by the innovative method of producing hydrogen energy. The Company's holding in the new organisation amounts to approximately 3% of its share capital.

7. NON-FINANCIAL INFORMATION

Business Model

The business model is the foundation for SYSTEMS SUNLIGHT SA's business strategy and operation, i.e. the manner in which the Company uses resources, creates, and offers value. SUNLIGHT's activity in manufacturing and marketing lead, and now lithium, batteries for various applications consists in all actions necessary to create value, satisfy the markets, maintain and create relations with customers, and satisfy

other stakeholders. Accomplishment of the above requires various types of financial, natural, industrial, and human resources.

Company Management applies a grid of rules, such as Corporate Governance, corporate social responsibility, risk management systems, and performance measurement and analysis. Through these measures it seeks to increase the Group's value, produce competitive products and services, develop human resources, safeguard the environment, and contribute to the community.

The figure below depicts SUNLIGHT's business model:

-



Financial Capital

- Equity **€72,4 million**
- Borrowing **€107,9 million**



Industrial Capital

- Manufacturing plant in Neo Olvio, Xanthi
- Recycling plant in Komotini
- Used- to be recycled batteries from the domestic market and import of waste batteries from third countries (as inputs for the manufacturing plant)
- Recycled lead-acid batteries (as inputs for the manufacturing plant)



Human and Intellectual Capital

- More than **926** employees
- More than **200** scientific staff
- More than **90** specialized engineers
- Ethics Code and Internal Operations Rules
- Staff Health and Safety training (Manufacturing plant: **23**, Recycling plant: **15**)
- **20** product R&D programs



Natural Capital

- Total area occupied by manufacturing plant (**200.000 sq.m.**)
- Total area occupied by recycling plant (**42.000 sq.m.**)
- Imported lead and other raw materials used to manufacturing products
- Electricity consumption (GWh) (Manufacturing plant: **42,48** Recycling plant: **5,74**)
- Fuel consumption Oil: **33.987 lt** at the recycling plant. Natural Gas: **1.597.067 Nm³** at the recycling plant Propane: **431,59 (t)** at the manufacturing plant
- Water consumption: **3.552 m³** at the recycling plant



Social Capital

- Strategic partnerships such as EUROBAT, TRACE, SEV and SEPAN
- Associates accredited by the Navy of 15 countries
- Anti-Corruption and Bribery Policy, ISO 37001 & 19600
- Actions and donations in the Trace region



Financial Capital

- **€176,9 million** in revenues
- **€26,3 million** in salaries and taxes



Industrial Capital

- **3.2 million** industrial batteries
- **40.000 tons** of high-quality recycled lead (capacity)
- Development and production of batteries using alternative technologies (i.e. Li.On Force and Xtreme Force)



Human and Intellectual Capital

- No. of training courses **53**, to **926** employees
- No. of accidents **7**
- No. of employees who undergo medical tests **1.080**



Natural Capital

- Production of high quality recycled lead **22.800t**
- Gas emissions
- Wastes



Social Capital

- Support to the local community with:
- Medical equipment of the latest technology, **€412.000** to Kavala, Xanthi & Komotini hospitals
 - **770** laptops to **364** primary and secondary schools at Kavala, Xanthi, Mikis, Topeirou, Avthiron & Komotini
 - Technological equipment in the fire stations of Xanthi & Komotini, and the police stations of Xanthi & Rhodopi.

For SUNLIGHT

- Maintaining the successful company operations
- Significant market share in the motive power market
- Participation in the energy storage projects worldwide
- Sale of high added-value products
- Reduction in quantity of imported lead
- Application of circular economy principles between Xanthi & Komotini plant
- Employment of specialized staff
- Use of cutting-edge recycling technology
- Maintaining the company's social license to operate

For our Stakeholders

- Direct, indirect and induced economic impact on the supply chain and the wider and local economy (GDP, tax, revenues, job, etc.)
- Improved satisfaction and trust levels among customers and capital providers
- Improved human resource knowledge and skills
- Employees satisfaction
- Natural resources consumption
- Contributing to achievement of national targets for the lead recycling rate set by the EU
- Contributing to achievement of national targets for the lead recycling rate set by the EU
- Protection of biodiversity
- Improved levels of trust among customers and associates
- Sharing of practices and values between the company and its stakeholders
- Supporting the needs of the defence industry in Greece and abroad
- Supporting the needs of local communities

* The forms of capital are interrelated, and it is likely that there will be overlaps, i.e. inputs in training human resources can be considered to be the money given by the organization from the financial capital category, or the outputs of industrial capital (products, recycled lead) are inputs of the natural capital.
** Only the most materially relevant information of 2020 is presented in the table above.

Research & Development

Innovation is one of the main pillars of corporate strategy. Being active in a multitude of markets abroad, the Company has developed products aiming at improving the quality and other technical features of the proposed solutions so as to minimise the total cost of ownership for the final customer. Resources for research and development are directed, on the one hand, to developing products using alternative battery technologies and, on the other hand, to designing and manufacturing batteries for alternative applications or for penetrating new geographical markets with particular technical and quality specifications. Recent examples are the development and launch of the Li.On Force series, i.e. motive batteries, based on lithium technology for continuous use. Our team of engineers in Xanthi was successful in utilising the accumulated knowledge from many years of experience in the defence applications sector and developed a series of solutions, incorporating IoT elements, for electromobility in industrial applications. To this end, the Company is further investing by setting up a new R&D Centre in Athens and extending the R&D to the Xanthi plant. The new Research Centre is staffed by 50 top scientists. Furthermore, the Company collaborates with institutes specialising in energy matters and education institutions and participates in European research programmes, thus leveraging the effectiveness and efficiency of available financial and human resources towards research and development. Lastly, part of the Company R&D team's efforts focus on optimising the production process and the use of raw materials aiming at cost leadership.

Environmental Issues

SUNLIGHT is inspired by a sense of responsibility towards the environment, given that it is an integral part of its activities.

We aim at achieving growth that will satisfy current needs without jeopardising the needs of future generations. In this context, we implement an Environmental Management System in line with the requirements of the ISO 14001:2015 standard for the manufacturing plant and the recycling plant and Regulation (EC) 1221/2009 on the participation by organisations in a Community eco-management and audit scheme (EMAS) for the recycling plant, aimed at safeguarding the environment as part of our activities.

The starting point for the design and implementation of the Environmental Management System is to identify all environment aspects that are part of the Company's activities. For each environmental aspect identified by activity, the possible impact on the environment is also identified.

Environmental aspects have been identified and examined in the environmental terms study for both plants, taking into account all operating conditions, normal or otherwise, emergencies as well as situations arising from other activities, and are reflected in the approval of the environmental terms issued by the Ministry of Environment and Energy, at the same time as the annual re-inspection carried out in the context of environmental certification, in accordance with the requirements of the ISO 14001:2015 standard.

The following subsections include a brief description of the main management methods and procedures used by the Company for managing its environmental impact:

Energy and recycling indicators

The Company follows the indicators below to measure their environmental footprint, taking care to adopt best practices as much as possible. As an example, the logistics centre of the Xanthi plant uses to, a large extent, electricity generated from photovoltaic systems. In addition, apart from the electricity procured, the Komotini recycling plant uses natural gas in its production processes. Indeed, the plant has been designed taking into account issues such as energy savings, mainly by reducing energy losses in auxiliary activities.

Taking 2015 as the base year (with an index of 100), the table below shows the use of various energy resources (electricity, propane, and natural gas) with regard to the quantity produced, at the Company’s two plants over the course of the past 6 years:

	2015	2016	2017	2018	2019	2020	Plant
Consumption of electricity (GWh/industrial component)	100	99	92	112	98	107	Xanthi
Consumption of electricity (GWh/ton of lead)	100	46	41	53	44	43	Komotini
Consumption of propane (ton/element)	100	95	77	118	69	70	Xanthi
Consumption of natural gas (Nm3/ton of lead)	100	53	50	61	55	49	Komotini

Taking 2017 as the base year (with an index of 100) the table below shows CO₂ emissions at the Company’s two plants compared to the quantity produced. Its results are in line with the above conclusions about energy consumption at the two plants.

CO ₂ emissions	Emissions/Production (2017: 100)			
	2017	2018	2019	2020
CO ₂ (source of literature factor: UNFCC)/industrial component	100	153	89	91
CO ₂ (source of literature factor: UNFCC)/ton produced	100	121	110	98

Protection of water resources

Water consumption

To cover its operational needs, the production unit is supplied with water from the water supply network as well as from a borehole located within the plot where the plant is situated.

The recycling plant only uses water from the Industrial Area water supply network. The following measures have been taken to reduce water consumption:

- Total water recirculation systems are used in the production process.
- All piping is above ground for easy leak detection.

Regular leak checks are carried out as part of the maintenance and control program of the plant.

Liquid waste management

Liquid waste from the operation of the manufacturing plant is divided into the following three categories:

1. Waste from the production process
2. Waste from staff sanitary facilities and ancillary activities
3. Rainwater

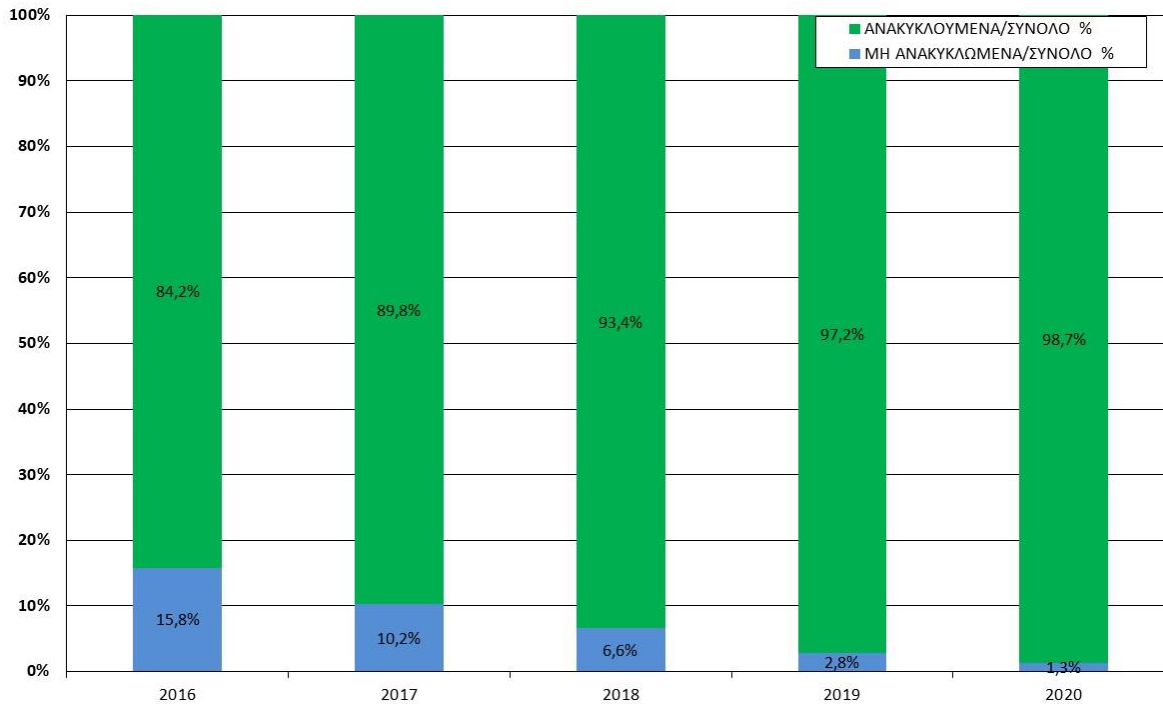
At the recycling plant, zero wastewater is released into the environment, through the total recirculation and reuse of water within the plant.

	2017	2018	2019	2020
Volume of wastewater processed (m ³) at the manufacturing plant (Xanthi)	13.111,14	12.552,33	13.504,4	18.155,0

Solid waste management

The Company implements responsible management of the final volume of waste that arises from its production processes. In this context, it has taken care to increase every year the waste recycling percentage, as may be seen from the table below, demonstrating in practice its interest in sustainable development. In addition, SUNLIGHT only collaborates with duly licensed companies for transport, treatment, and disposal of its waste, which it constantly reviews as to the lawfulness and the validity of their licenses as provided under the then applicable legislation. The diagram below relates to the production plant in Xanthi.

**ΠΟΣΟΣΤΟ ΑΝΑΚΥΚΛΩΜΕΝΩΝ ΚΑΙ ΜΗ ΑΠΟΒΛΗΤΩΝ ΑΝΑ ΕΤΟΣ
ΤΕΛΕΥΤΑΙΑΣ 5ΕΤΙΑΣ**



Quantity of plant solid waste recycled (t) (Xanthi)				
	2017	2018	2019	2020
Plastic	37.2	37.3	58.6	59.0
Wood	489	384.2	689.8	468.4
Paper	152.3	66.8**	81.6	96.5
Gyp mud	1,911	1,557.3	995.7	898.2
Copper	9.5	59.7***	0.0	7.0
Iron	301.3	1,436.4****	338.1	114.5

** the amount of paper decreased due to reduced production as a result of the fire.

*** the increase in copper waste is due to the fact that the amount of copper intended for production was altered by the fire and ended up becoming waste.

**** the increase in iron waste is due to damaged infrastructure and machinery as a result of the fire.

GREEN MISSION Environmental Initiative

In 2016, SUNLIGHT launched the Green Mission environmental initiative, which aims at raising awareness among the public and businesses with regard to the proper recycling of lead-acid batteries. The programme's actions aim at raising awareness and informing 14,000 Greek businesses producing and/or managing

considerable quantities of industrial waste. Green Mission has been implemented for three years and has achieved the following results:

- Quantity of recycling: 3,800,000 kg of recycled batteries
- Reduction of CO₂ emissions: 6,137 tns (the equivalent of the annual CO₂ uptake of 281,200 trees)
- Energy Savings: 10,400 MWh (equivalent to the annual energy consumption of 630 households)
- Participants: 67 Companies
- Green Spots: 65 in 15 Cities

Protection of biodiversity

SUNLIGHT operates in an eco-development area of the National Park of Eastern Macedonia and Thrace, which includes the wetlands of the Nestos Delta, lakes Vistonida and Ismarida and their wider area, and strictly adheres to environmental operating limits, as defined by Greek law, in accordance with the provisions of the Ramsar Convention on Wetlands of International Importance and the Natura 2000 Network. In this context, we faithfully follow and comply with such decisions across the whole range of our activities.

Despite the fact that we operate in the wider eco-development zone of the National Park of Eastern Macedonia and Thrace, there are no special types of flora and fauna where the manufacturing plant is situated, since the area is characterised as "permanently irrigated land". These areas are located around the facility and at a far distance. The Company has made sure that all necessary precautionary measures have been taken and has installed modern equipment to ensure the avoidance of any environmental impact in the wider area. In this context, the degradation of the existing natural environment has been avoided and is expected to continue to be avoided as a result of the operation and modernisation of the Company's manufacturing plants.

Furthermore, the recycling plant carries out frequent checks and implements procedures for monitoring soil pollution caused by its activities. Moreover, soil samples are taken at the recycling plant's facilities and analysed in a certified laboratory for the levels of lead, sulfur and pH. The levels of lead found are lower than the levels of lead provided by law for agricultural land use.

Therefore, the company's activity has no effect on biodiversity. It is noted that this plant is not located within a protected area. Specifically, the plant is located inside an organised industrial activity hub of the Komotini Industrial Area.

Labour Issues

A. Equal opportunities, respect for diversity and human rights

SUNLIGHT's Code of Ethics and Conduct (hereinafter referred to as "the Code") defines integrity as the basic value for our day-to-day behaviour, while stressing the Management's commitment in this regard. The Code's pillars include respect for laws and regulations, our customer-centric approach, careful selection of partners based on our principles, protection of our corporate property, respect for the individual and practical care for the environment and society.

The Company has adopted and implements adequate procedures, so that we can identify training needs and provide incentives to our staff so that they can achieve maximum performance as part of an inclusive professional environment. We are all expected to demonstrate honesty in our interactions with other employees and external actors, report concerns about equal opportunities, and not tolerate abusive discrimination of any kind.

Should any employee become aware of any discriminatory activity at the Company or should any employee feel that they are the victim of racial, religious, sexual, or any other form of harassment, they should report this to the Human Resources Department, to the Compliance Officer or to compliance@sunlight.gr making a named or anonymous complaint. All issues are dealt with in a completely confidential manner, objectively and with increased sensitivity towards the affected person and other parties involved. The Company warrants that it will take all necessary measures to ensure that the identity of each person and the information which he/she has submitted is kept confidential and will disclose information only when that is absolutely necessary and disclosure cannot be avoided.

Breakdown of SYSTEMS SUNLIGHT’s human resources, by gender and age

As of 31.12.2020, the total headcount for SYSTEMS SUNLIGHT SA, including the recycling plant, was 926.

During 2017-2018, and in spite of the fire of 01.05.2018, the company managed to maintain all jobs and also create 75 new jobs.

	31.12.17	31.12.18	31.12.19	31.12.20
Total	755	830	1,011	926

2020		
	Management bodies	Other employees
Gender		
Men	84%	88.0%
Women	16%	12.0%
Age		
<30	0%	11%
30-50	88%	67%
>50	12%	22%
Other diversity indicators		
Variety of religions	-	17%

Development of the participation of women in SYSTEMS SUNLIGHT’s Management

Participation of women in SYSTEMS SUNLIGHT’s Management			
Year	Men	Women	% of women in managerial positions
2014	9	1	10%
2015	8	2	20%
2016	8	4	33%
2017	8	4	33%
2018	9	2	18%
2019	10	2	16%
2020	10	2	16%

Year	2017	2018	2019	2020
Employees that belong to religious minorities - foremen	2	2	3	0
Employees that belong to religious minorities hired	2 8	3	5 7	1 1

B. Health and safety at the work place, training systems

SUNLIGHT took immediate urgent measures during 2020 to deal with the pandemic (COVID-19) ensuring a working environment that provides health and safety. More specifically, during the year it carried out more than 800 virus detection tests and also implemented the following measures:

1. Masks are used at all company locations at both production plants and offices
2. Only a maximum of 50% of employees are physically present at our offices
3. Collaboration involving physical presence has been restricted and virtual tools are used
4. Daily temperature readings are taken
5. COVID-19 case management report & continuous training
6. Weekly decontamination at all offices and communal areas
7. Installation of special dividers at open-plan offices
8. COVID tests taken by all travellers (employees and visitors to the company)
9. Additional coaches laid on for transporting workers to ensure social distancing
10. Risk management policy relating to COVID-19

Back in 2004, the Company was one of the pioneering companies in Greece to apply an integrated Health & Safety Management System based on the OHSAS 18001 standard. This System aims at supporting, organising, implementing, and constantly improving models and practices, so that the Company’s operation complies with all requirements of the Greek and European legislation as well as the highest quality requirements, minimising the chances of any accident or other harmful incident. At the same time, SUNLIGHT, a member of Eurobat, actively participates in the relevant fora and continuously keeps up with international developments.

More specifically:

- Incidents (accidents) and near misses are systematically recorded at the work place.
- The level of exposure of employees to lead is reviewed and the competent authorities are regularly informed in accordance with the applicable legislation.
- Conditions at the work place are reviewed on a daily basis.

Furthermore, to achieve the best possible work environment, the Internal Operating Rules ensure fair utilisation of staff focusing on education and personal development, describe the applicable rules of behaviour between employees, and set out the Wages and Benefits Policies.

We train all our employees in matters of health and safety at work and we develop special forms and safety manuals for their best possible information and preparation.

The following tables include information on Company health and safety matters.

TOTAL TRAINING SESSIONS	2017	2018	2019	2020
<i>HEALTH & SAFETY MATTERS</i>				
MANUFACTURING PLANT	13	47	21	23
RECYCLING PLANT	23	10	23	15
<i>TOTAL TRAINING HOURS IN H&S MATTERS</i>				
MANUFACTURING PLANT	500	1,198	3,516.50	926.30
RECYCLING PLANT	92	630	843	218.25

MANUFACTURING PLANT	2017	2018	2019	2020
TOTAL EMPLOYEES SUBJECT TO CHECKS	589	596	752	701
TOTAL EMPLOYEES EXCEEDING THE PERMISSIBLE EXPOSURE LIMIT FOR LEAD IN THE BLOOD	0	0	0	0
<i>RECYCLING PLANT</i>				
TOTAL EMPLOYEES SUBJECT TO CHECKS	60	76	76	82
TOTAL EMPLOYEES EXCEEDING THE PERMISSIBLE EXPOSURE LIMIT FOR LEAD IN THE BLOOD	0	0	0	0

C. Respecting employees' rights and trade union freedom

The Company has committed to recognise the rights of its employees to freedom of association and collective bargaining. As part of this, all employees have the right to vote and stand for election for the Health and Safety Committee, to which they may address any matters of concern to them to be discussed. This Committee represents employees and it is competent for holding regular meetings with the Group's senior management in order to collectively convey any issues of concern to our employees and negotiate on those topics.

During the reference period, no fines were imposed and no litigation was initiated relating to collective bargaining and freedom of association matters.

Fight against Corruption

Acting with integrity, SUNLIGHT's main priorities are to be the most reliable partner and the first choice for its customers. For this reason, particular attention is paid to reviewing transactions with external partners, as well as to the integrity of the Company's employees, building a transparent environment each and every day and aiming at preventing corruption phenomena. To this end, a series of very important initiatives have been undertaken and various procedures and policies have been adopted, including the following:

- Anti-corruption and Anti-Bribery Policy, whose rules affect our every commercial and business practice and is supported by internal audits.
- Questionnaires to special categories of suppliers through which they commit to comply with the anti-corruption rules.
- Training sessions at various levels of our organisation at regular intervals.
- Acquisition of certification for the implementation of the ISO37001 standard on the fight against bribery
- Certificate of compliance with ISO 19600 (Compliance Management System) for regulatory compliance
- Revision and adaptation of contracts in accordance with the new framework for the protection of personal data (GDPR)

In addition, our Company has committed to comply with the requirements of the Greek and European legislation on respecting competition rules, as well as the national competition legislation of the countries where it operates.

As part of the new ISO 37001 international standard on anti-bribery management systems, for which SUNLIGHT was the first company in Greece to obtain certification, evaluation procedures, internal audits, and risk management for possible corruption areas are carried out.

Taking steps to ensure a working environment that is free from corruption

Maintaining high standards of ethics, in compliance with national and international laws, is a guiding principle of our Company and applies to all its activities and functions around the world, given the complex and special features of the global market in which we operate. Compliance with anti-corruption legislation requires constant vigilance, consistency and integrity and is achieved through the compliance with the Anti-Corruption and bribery policy by all staff members at all levels.

The commitment to fight corruption is communicated to the Company's employees at regular intervals, and training sessions are organised for all employees on the fight against corruption.

Before concluding special agreements with agents, customers, suppliers or other associates (hereinafter referred to as "Associates") SUNLIGHT carries out due diligence and ensures that its Associates are fully

aware of and agree to comply with the Code. Company employees must always contact Legal and Corporate Compliance before making any such commitment in order for due diligence appropriate to the circumstances was carried out. The Company's key Associates have taken cognisance of the Code.

Athens, 23 April 2021

The persons making the Representations

THE CHAIRMAN OF THE BOARD

ROUBEN I. BOURLAS

Identity Card No. AE 552845

THE CEO AND DIRECTOR

LAMBROS S. BISALAS

Identity Card No. X 019213

Independent Auditor's Report

To the Shareholders of the "SYSTEMS SUNLIGHT S.A."
Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of SYSTEMS SUNLIGHT S.A. ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2020, separate and consolidated income statements, statements of comprehensive income, statements of changes in equity and cash flows for the year then ended including a summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the Group) as at December 31, 2020 and their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the separate and consolidated financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' "Code of Ethics for Professional Accountants" (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of separate and consolidated financial statements in Greece. We have fulfilled our responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information included in the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to communicate that matter. No such issue has arisen.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and 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 there is an intention to liquidate the Company or the Group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and 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 ISAs, as incorporated into the Greek Law, 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 financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and 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 that 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 Company's or 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 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 Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and 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 Company and the Group to express audit opinions on the separate and 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 disclose to the management, 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.

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, we note the following:

- a) In our opinion, the Management Report of the Board of Director's has been prepared in accordance with the legal requirements of Articles 150 and 153, CL 4548/2018, and its content is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2020.
- b) Based on the knowledge we obtained during our audit of the Group and the Company "SYSTEMS SUNLIGHT SA" and their environment, we have not identified any material misstatements in the Management Report of the Board of Directors.

Athens, 23/4/2021
Certified Accountant (C.A.)

Nikolaos-Christos Mantzounis
SOEL Reg.: No. 40511



ANNUAL CORPORATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31st DECEMBER 2020 IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), AS ADOPTED BY THE EUROPEAN UNION

The attached annual financial statements were approved by the Board of Directors of SYSTEMS SUNLIGHT SA on 23.04.2021 and have been made public through publication on the Internet at www.systems-sunlight.com.

4 Annual Financial Statements

4.1 Statement of Financial Position as of 31.12.2020 (corporate and consolidated)

Amounts in EUR	Note	GROUP		COMPANY	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
Non-current assets					
Tangible Assets	11	132.496.103	117.957.101	118.406.732	115.085.969
Intangible assets	12	2.333.209	2.435.968	1.594.805	1.475.154
Investments in subsidiaries	13	0	0	7.023.118	2.392.547
Investments in affiliates	14	782.835	1.045.842	266.812	669.847
Investment portfolio	15	11.028.159	28.159	11.028.159	28.159
Other Non-Current Assets	16	6.365.055	4.248.109	8.359.058	4.216.605
Deferred tax assets	22	485.986	403.850	0	0
Total non-current assets		153.491.347	126.119.029	146.678.683	123.868.281
Current assets					
Inventories	17	35.272.447	35.231.612	30.197.114	32.871.774
Customers and other trade receivables	18	24.508.988	20.896.407	30.876.331	25.250.387
Other current assets	19	14.101.154	14.332.627	12.240.018	13.230.163
Cash and Cash Equivalents	20	15.538.827	7.877.272	12.160.120	6.026.472
Total current assets		89.421.415	78.337.918	85.473.583	77.378.796
Total assets		242.912.762	204.456.947	232.152.266	201.247.077
Equity & Total Liabilities					
Equity					
Share capital	21	44.394.950	44.394.950	44.394.950	44.394.950
Above par	21	38.985.693	38.985.693	38.985.693	38.985.693
Foreign exchange differences	21	-279.031	-26.286	0	0
Cash flow hedge reserve	21	22.828	-72.091	22.828	-72.091
Legal reserve	21	11.844	11.844	11.844	11.844
Other reserves	21	66.970.640	67.016.051	66.943.424	66.997.400
Retained Earnings	21	-78.925.297	-92.859.451	-78.680.581	-92.302.028
Equity attributed to parent company owners		71.181.628	57.450.711	71.678.158	58.015.769
Non-controlling interests		1.271.690	581.131		0
Total Equity		72.453.318	58.031.842	71.678.158	58.015.769
Long-term liabilities					
Long-term loan liabilities	24	95.131.182	69.033.700	88.738.101	68.255.826
Staff dismissal/retirement compensation provision	23	1.611.438	1.465.823	1.490.259	1.427.769
Deferred tax liabilities	22	6.564.351	2.211.729	6.828.038	2.315.684
Other Long-Term Liabilities	26	5.969.770	6.365.007	5.969.770	6.365.007
Total long-term liabilities		109.276.741	79.076.259	103.026.168	78.364.286
Short-term liabilities					
Short-term loan liabilities	24	12.842.032	25.376.305	12.244.904	25.123.072
Suppliers and other trade creditors	27	31.022.263	24.771.160	29.287.703	24.372.105
Income tax		158.691	1.572.980	47.667	1.552.221
Other Short-term Liabilities	28	16.304.330	13.173.014	15.012.279	11.364.237
Provisions	29	855.387	2.455.387	855.387	2.455.387
Total short-term liabilities		61.182.703	67.348.845	57.447.940	64.867.022
Total liabilities		170.459.444	146.425.105	160.474.108	143.231.309
Total Equity and Liabilities		242.912.762	204.456.947	232.152.266	201.247.077

The pages below are an integral part of the financial statements.

4.2 Profit and Loss Account for financial year 2020 (corporate and consolidated)

Amounts in EUR	Note:	GROUP		COMPANY	
		01.01 – 31.12.2020	01.01 – 31.12.2019	01.01 – 31.12.2020	01.01 – 31.12.2019
Ongoing operations					
Sales	30	176.904.670	180.177.841	172.213.181	177.814.126
Cost of goods sold	31	-139.759.522	-143.695.460	-137.707.605	-141.827.837
Gross profit		37.145.147	36.482.381	34.505.575	35.986.289
Other operating income	32	3.398.773	10.541.994	3.319.172	10.509.610
Distribution costs	31	-14.881.319	-15.309.149	-13.556.511	-14.353.103
Administrative expenses	31	-9.760.017	-7.456.919	-7.704.679	-6.880.246
Research and development expenses	31	-2.313.596	-1.951.233	-1.732.051	-1.357.250
Other operating expenses	32	-1.782.162	-5.899.016	-1.803.433	-5.861.431
Operating results		11.806.827	16.408.059	13.028.073	18.043.869
Financial income	33	6.704	562	6.692	554
Financial costs	33	-5.055.731	-5.201.585	-4.869.394	-5.153.750
Other financial results	33	11.427.695	491.402	10.004.000	-428.138
Financial result		6.378.668	-4.709.621	5.141.298	-5.581.334
Profits/(Losses) from associates consolidated using the equity method	14	133.734	38.044		0
Earnings / (losses) before tax		18.319.229	11.736.481	18.169.371	12.462.535
Income tax	40	-4.350.413	-2.262.049	-4.547.926	-2.416.940
Earnings / (losses) of the period (ongoing operations)		13.968.816	9.474.432	13.621.445	10.045.595
Earnings / (losses) of the period (discontinued operations)		0	0	0	0
Profit / (Loss) for the period		13.968.816	9.474.432	13.621.445	10.045.595
Allocated to:					
Owners of the parent company					
Earnings / (losses) of the period (ongoing operations)		13.888.640	10.100.940	13.621.445	10.045.595
Earnings / (losses) of the period (discontinued operations)		0	0	0	0
Profit / (Loss) for the period allocated to owners of the parent company		13.888.640	10.100.940	13.621.445	10.045.595
Non-controlling interests					
Earnings / (losses) of the period (ongoing operations)		80.176	-626.508	0	0
Earnings / (losses) of the period (discontinued operations)		0	0	0	0
Profit / (Loss) for the period allocated to non-controlling interests		80.176	-626.508	0	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		19.213.654	22.206.176	19.526.817	23.235.810
Adjusted earnings before interest, taxes, depreciation and amortisation, and net book loss arising from the fire (adjusted EBITDA)		19.213.654	14.936.433	19.526.817	15.966.067

The pages below are an integral part of the financial statements.

Statement of comprehensive income for financial year 2020 (corporate and consolidated)

Amounts in EUR	Note:	GROUP		COMPANY	
		01.01 – 31.12.2020	01.01 – 31.12.2019	01.01 – 31.12.2020	01.01 – 31.12.2019
Profit / (Loss) of the period (ongoing and discontinued operations)		13.968.816	9.474.432	13.621.445	10.045.595
Other total income					
Amounts reclassified in the Statement of Profit and Loss in subsequent periods					
Foreign exchange differences from business conversions abroad		-252.746	-14.893		0
Valuation of cash flow hedging contracts:					
- Profit / (Loss) for the period		124.894	-94.857	124.894	-94.857
- Reclassification in the results for the period			0		0
Deferred tax on the valuation of cash flow hedging contracts		-29.974	22.766	-29.974	22.766
		-157.827	-86.984	94.919	-72.091
Amounts not reclassified in the Statement of Profit and Loss in subsequent periods					
Reassessment of employee benefit liabilities	23	-71.338	-51.877	-71.021	-50.783
Deferred tax on reassessment of employee benefit liabilities		17.121	5.807	17.045	5.577
		-54.217	-46.070	-53.976	-45.207
Other total income / (expenses) for the period after tax		-212.044	-133.054	40.943	-117.298
Comprehensive total income / (expenses) for the period		13.756.772	9.341.378	13.662.388	9.928.298
Allocated to:					
Owners of the parent company		13.676.714	9.968.309	13.662.388	9.928.298
Non-controlling interests		80.058	-626.931	0	0

The pages below are an integral part of the financial statements.

4.3 Consolidated Statement of Changes in Equity

GROUP	Share capital	Above par	Foreign exchange differences	Legal reserve	Other reserves	Actuarial loss reserve	Cash Hedge Reserve	Flow Reserve	Retained Earnings	Total	Non-controlling interests	Total Equity
Amounts in EUR												
Balance as at 01.01.2019	44.394.950	38.985.693	-11.394	11.844	67.552.324	-497.764		1	-	47.482.401	1.208.062	48.690.462
Profit / (Loss) for the period									10.100.940	10.100.940	-626.508	9.474.432
Other total income / (expenses)			-14.893			-45.647		-72.091		-132.631	-423	-133.054
Total comprehensive loss / income for the financial year	0	0	-14.893	0	0	-45.647		-72.091	10.100.940	9.968.309	-626.931	9.341.378
Transactions with owners of the parent company												
Transfer between reserves					7.137				-7.137	0		0
Total transactions with owners of the parent company	0	0	0	0	7.137	0		0	-7.137	0	0	0
Balance as at 31.12.2019	44.394.950	38.985.693	-26.287	11.844	67.559.461	-543.411		-72.090	-92.859.451	57.450.712	581.131	58.031.843
Balance as at 01.01.2020	44.394.950	38.985.693	-26.287	11.844	67.559.461	-543.411		-72.090	-92.859.451	57.450.712	581.131	58.031.843
Profit / (Loss) for the period									13.888.640	13.888.640	80.176	13.968.816
Other total income / (expenses)			-252.746			-54.099		94.919		-211.926	-118	-212.044
Total comprehensive loss / income for the financial year	0	0	-252.746	0	0	-54.099		94.919	13.888.640	13.676.714	80.058	13.756.772
Transactions with owners of the parent company												
Acquisition of subsidiary										0	544.702	544.702
Transfer between reserves					8.688				-8.688	0		0
Sale of stake in subsidiary without loss of control									54.200	54.200	65.800	120.000
Total transactions with owners of the parent company	0	0	0	0	8.688	0		0	45.512	54.200	610.502	664.702

Balance as at 31.12.2020	44.394.950	38.985.693	-279.033	11.844	67.568.149	-597.510	22.829	-78.925.299	71.181.626	1.271.691	72.453.316
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The pages below are an integral part of the financial statements.

4.4 Corporate Statement of Changes in Equity

COMPANY	Share capital	Above par	Legal reserve	Other reserves	Actuarial loss reserve	Cash Flow Hedge Reserve	Retained Earnings	Total
Amounts in EUR								
Balance as at 01.01.2019 according to IFRS	44.394.950	38.985.693	11.844	67.538.460	-495.853	0	-102.347.626	48.087.468
Profit / (Loss) for the period							10.045.595	10.045.595
Other comprehensive income / (losses)					-45.207	-72.091		-117.298
Total comprehensive loss / income for the financial year	0	0	0	0	-45.207	-72.091	10.045.595	9.928.298
Overall change in equity for the period	0	0	0	0	-45.207	-72.091	10.045.595	9.928.298
Balance as at 31.12.2019	44.394.950	38.985.693	11.844	67.538.460	-541.060	-72.091	-92.302.031	58.015.766
Balance as at 01.01.2020 according to IFRS	44.394.950	38.985.693	11.844	67.538.460	-541.060	-72.091	-92.302.031	58.015.766
Profit / (Loss) for the period					-53.976	94.919	13.621.445	13.621.445
Overall change in equity for the period					-53.976	94.919	13.621.445	13.662.388
Balance as at 31.12.2020	44.394.950	38.985.693	11.844	67.538.460	-595.036	22.828	-78.680.586	71.678.153

The pages below are an integral part of the financial statements.

4.5 Statement of Cash Flows (Corporate and Consolidated)

Amounts in EUR	GROUP		COMPANY	
	01.01 – 31.12.2020	01.01 – 31.12.2019	01.01 – 31.12.2020	01.01 – 31.12.2019
Profit/Loss before tax for the period - ongoing operations	18.319.229	11.736.481	18.169.371	12.462.535
Plus / less adjustments for:				
Depreciation	7.802.065	6.195.634	6.893.981	5.589.458
Subsidies amortisation	-395.237	-397.517	-395.237	-397.517
Loss / (Profit) from sale of fixed assets	8.823	-130	4.044	-130
Loss / (Profit) from sale of interests	0	0		
Provisions	-3.439.171	317.492	-3.492.203	274.579
Impairment of assets	551.563	1.225.258	1.571.563	1.609.004
Valuation results at fair value	-11.000.000	0	-11.000.000	0
Recognition of insurance compensation income (see notes 32 and 44)	0	-7.844.958	0	-7.844.958
Foreign exchange differences	295.953	-68.437	229.128	-68.443
Results (income, expenses, profits & losses) from investing activities	-537.430	-38.044		0
Financial results	5.025.027	4.708.915	4.838.702	4.661.794
Cash flow from operating activities before changes in working capital	16.630.822	15.834.695	16.819.348	16.286.322
Changes in working capital				
Decrease/ (increase) in inventories	967.597	1.013.566	3.138.656	2.340.632
Decrease / (increase) in trade receivables	-2.040.632	-14.731.452	-5.371.360	-16.935.164
Decrease / (increase) of other receivables	-859.924	6.170.187	-713.397	6.181.463
Insurance Compensation received in relation to destroyed inventories and loss of profit (see note ..)	0	32.568.024	0	32.568.024
(Decrease) / Increase in liabilities (save for banks)	6.594.068	-1.521.407	7.059.128	-2.447.917
Operating cash flows from discontinued operations (see note 34)	0	0	0	0
Less:				
Interest paid and other related expenses paid	-4.183.738	-5.092.528	-3.997.474	-5.045.318
Taxes paid	129.883	-6.463.326	180.794	-6.407.055
Total inflow/(outflow) from operating activities (a)	17.238.075	27.777.757	17.115.696	26.540.987
Investing activities				
Sale (Acquisition) of subsidiaries, affiliates, consortia	389.120	0	-5.247.535	-50.000
Increase of subsidiaries share capital	0	0	0	0
Loan granted to subsidiary	0	0	-2.073.645	0
Purchase of tangible fixed and intangible assets	-14.554.459	-46.028.133	-8.573.666	-45.593.132
Compensation received for destruction of fixed assets	0	16.003.306	0	16.003.306
Interest received	5.603	562	5.591	554
State subsidies received	0	0	0	0
Sale of tangible and intangible assets	18.421	5.034	3.612	5.034
Collection of dividends	24.000	0	24.000	0
Investment cash flows from discontinued operations	0	0	0	0

Total inflow/(outflow) from investing activities (b)	-14.117.316	-30.019.231	-15.861.643	-29.634.237
Financing activities				
Revenue from loans issued / committed	84.641.830	10.434.130	84.635.888	10.421.527
Inflows /(Outflows) from change in stake in existing subsidiaries	0	0	0	0
Loan repayment	-80.052.502	-22.051.606	-79.676.808	-21.820.477
Income from the assignment of long-term receivables (see note ..)	0	8.100.000	0	8.100.000
Financial cash flows from discontinued operations	0	0	0	0
Total inflow/ (outflow) from financing activities (c)	4.589.327	-3.517.476	4.959.080	-3.298.950
Net increase / (decrease) of cash and cash equivalents (a) + (b) + (c)	7.710.086	-5.758.949	6.213.133	-6.392.201
Cash and cash equivalents at start of period	7.877.272	13.613.441	6.026.472	12.387.357
Cash and cash equivalents from merger	0	0		0
Effect of foreign exchange differences	-48.533	22.779	-79.486	31.315
Cash and cash equivalents at end of period	15.538.825	7.877.270	12.160.119	6.026.471

The pages below are an integral part of the financial statements.

Explanatory note 25 of the attached financial statements presents the agreement on the change in financial liabilities for the Group and the Company.

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 General Information about the Group

SYSTEMS SUNLIGHT SA has derived from a spin-off of the division of "GERMANOS SA" that engaged in the production and trade of batteries / defence industry systems / stand-alone energy systems, and its contribution to company "ARION".

The company is domiciled in Athens. It is legally registered with the Register of Corporations of the Ministry of Development (Corporations and Credit Division) [Registration No.: 31055/04/B/94/157 (2006)], as well as with the General Commercial Registry ("GEMI") (Reg. No.: 001579901000).

The Group's corporate and consolidated financial statements for the financial year ended 31 December 2020 attached hereto were authorised by the Board of Directors on 23.04.2021 and are subject to final approval by the General Meeting of shareholders; they are available to investors at the Company's headquarters (22 Thivaidos Street, Kifissia) and also through the Company's website (www.systems-sunlight.com).

The Group's consolidated financial statements were consolidated through total consolidation of OLYMPIA GROUP Ltd - a company having its registered office in Cyprus and holding 100% of the Company's share capital as at 31.12.2020.

Board of Directors:

At the meeting of the Board of Directors on 7.10.2019 it was decided to reorganise the Company's Board of Directors and the new composition was as follows:

- Rouben Bourlas son of Ilias, Chairman of the Board and CEO, executive member
- Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
- Alexandros Manos, son of Stefanos, Director, independent member
- Michael Mastorakis, son of Konstantinos, Director, executive member
- Stergios Nezis, son of Georgios, Director, executive member
- Ioannis Pantoleon, son of Odysseas, Director non-executive member
- Spyridon Kopolas, son of Ioannis, Director, executive member
- Lambros Bisalas, son of Spyridon, Director, executive member
- Stefanos Kanidis, son of Anastasios, Director, executive member

On 29.4.2020 the Ordinary General Meeting of Shareholders was held which decided to elect a new Board of Directors comprised of:

- Rouben Bourlas son of Ilias, Chairman of the Board, non-executive member
- Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
- Lambros Bisalas, son of Spyridon, Director and CEO, executive member
- Stergios Nezis, son of Georgios, Director, executive member
- Ioannis Pantoleon, son of Odysseas, Director non-executive member
- Alexandros Manos, son of Stefanos, Director, independent member

- John Shea, son of Peter, Director, independent member

On 18.6.2020 the Company's Board of Directors met during which the Director, Mr. John Shea, tendered his resignation. Following that resignation, the Board of Directors officially re-established itself with the following composition, without replacing the member who had resigned:

- Rouben Bourlas son of Ilias, Chairman of the Board, non-executive member
- Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
- Lambros Bisalas, son of Spyridon, Director and CEO, executive member
- Stergios Nezis, son of Georgios, Director, executive member
- Ioannis Pantoleon, son of Odysseas, Director non-executive member
- Alexandros Manos, son of Stefanos, Director, independent member

On 1.10.2020, an extraordinary general meeting of the company's shareholder was held, at which a new Board of Directors was elected with the following composition:

- Rouben Bourlas son of Ilias, Chairman of the Board, non-executive member
- Lambros Bisalas, son of Spyridon, Director and CEO, executive member
- Todd Michael Sechrist, son of Thomas Clinton, Director, independent member
- Stergios Nezis, son of Georgios, Director, independent member
- Alexandros Manos, son of Stefanos, Director, independent member

The Company is managed by a Board of Directors comprising five (5) members; the term of its mandate is five (5) years starting from initial election of the Directors, i.e. it expires on 1.10.2025, and is automatically extended until the first Ordinary General Meeting after expiry of their mandate, but it may not exceed six (6) years.

5.1 Scope of Activity

The Group engages in the design and production of integrated energy systems incorporating innovative technologies and high-added value know-how. Its production facilities at Neo Olvio (Xanthi) and Komotini, Greece, Verona, Italy, and North Carolina, USA, make the Company one of the leading energy product/system producers globally, particularly in the following sectors:

- Energy storage systems for industrial, consumer and advanced applications (motive power solutions, reserve power solutions, submarine batteries, torpedo batteries, etc.).
- Energy services (consulting and technical support, maintenance, training, recycling, equipment rentals).

The Group offers integrated solutions that meet comprehensively the energy needs of its customers, who are mainly involved in sectors of activity such as industrial operations, supply chain and transports, telecommunications, information technology, defence industry, constructions and infrastructure works. It should be noted that over 90% of the Group's annual turnover derives from foreign customers.

The privately owned industrial facility in Xanthi covers an area of 207,000 m², with 56,000 m² under roof. It owns four (4) highly specialised manufacturing plants, producing:

- Open- and closed-type industrial batteries, lead-based batteries;
- industrial lithium-ion batteries;
- specialised lead-based submarine batteries;
- silver-zinc oxide torpedo batteries.

In addition, the Group's recycling plant for lead accumulators, established in the Industrial Area of Komotini, may be the most modern in Southern Europe. It has an annual recycling capacity of 30,000 tons of used batteries and utilises recycling materials to supply the manufacturing plant at Neo Olvio, Xanthi. The industrial facility of Komotini, which is owned by the Company, covers an area of 45,000 m², 17,000 m² of which is under roof.

The Group has a 51% holding in "ADVANCED LITHIUM SYSTEMS EUROPE SA", a company that derived from the strategic collaboration of "SYSTEMS SUNLIGHT SA" and "ATLAS EL GMBH", which joined forces with a view to developing lithium-ion batteries for defence applications.

The Company holds all shares in the Romanian battery distributor SUNLIGHT INDUSTRIAL SRL.

Moreover, as at 31.12.2020 the Company held 78% of the share capital of the Italian entity "Sunlight European Battery Assembly SRL". The aforementioned subsidiary engages primarily in the assembly and trade of batteries intended for industrial applications with a view to further reinforcing the Group's presence in the markets of Western and Northern Europe.

It also holds all shares in the Italian company with the corporate name ECORBA SRL in Italy. The subsidiary's main object is to collect and temporarily store lead-acid batteries, in order to facilitate and make more cost-effective the supply of raw materials to the parent company's recycling plant in Komotini.

Furthermore, in December 2019, Sunlight established a subsidiary in North Carolina, USA to accelerate the Company's expansion into the world's second largest market. It should be noted that over the past few years, SUNLIGHT has built up a presence on that market, providing the full range of batteries for eIVs and ESS. However, further market penetration and the increase of market shares require establishment there, given the increased delivery time from Greece and the specific characteristics of the American market. North Carolina is the 5th largest industrial economy in the United States, with excellent logistics infrastructure, a favorable business environment and highly trained workers and scientific personnel.

In 2020, the Company acquired 78% of the Italian company Batt-Men Group SRL. The main purpose of this subsidiary is to assemble motive batteries. At the same time, the Company acquired an additional 48% of its subsidiary Sunlight Italy to the 30% which it already held on 31.12.2019, bringing the Company's holding in the latter to 78% on 31.12.2020. The objective behind these acquisitions is to further bolster Sunlight's already

significant presence in the large Italian market, to expand the product range and to exploit synergies with its neighbour SEBA Srl.

Finally, the Company maintains a holding in "TECHNOFORM SA", an entity engaging in the design, moulding and manufacture of high-technology metal accessories and in the production of plastic accessories.

6 Basis of preparation of the financial statements

6.1 Compliance Statement

The consolidated and corporate financial statements of the Company (hereinafter referred to as financial statements) covering the period from 1 January to 31 December 2020, have been prepared on the basis of the principle of going concern. The use of this accounting basis takes into account the current and estimated financial position of the Company and the Group, including the impact of the spread of the coronavirus disease (COVID-19) (see thorough reference in note 42).

The consolidated and corporate financial statements of the Company have been prepared and are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRIC committee that have been adopted by the European Union up to 31.12.2020.

The Group applies all International Audit Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations which are applicable to its operations.

The relevant accounting policies were consistently applied to all reporting periods, duly adjusted to all new Standards and any Standards revisions imposed by the IFRS. The IFRS were adopted as their implementation was mandatory from 01.01.2020 onwards (see note 7.1).

Any differences in sums are due to rounding-up.

6.2 Reporting Currency

Amounts in these financial statements are expressed in Euro. Save as otherwise stated, all amounts are expressed in €.

6.3 Use of Estimates

Compliance with the IFRS requires that the Management makes specific estimates and assumptions in applying the Company's accounting policies. The Management's opinions, assumptions and estimates influence the reported figures of certain assets or liabilities, the figures of certain revenues and expenses that are recognised during the year as well as the assumptions for contingent liabilities.

Estimates and assumptions are evaluated constantly on the basis of historical data and other factors, including on the basis of Company's expectations as to the future outcome of certain incidents that are considered reasonable under the circumstances. These estimates and assumptions refer to the future; therefore, actual results may be slightly different from accounting calculations.

Sectors which require the greatest degree of judgement as well as sectors in which estimates and assumptions have a significant impact on the financial statements are presented in note 9.

In line with the accounting policies followed and the requirements in IAS 36, the Group carries out impairment tests on tangible assets at the end of each reporting period when the facts or circumstances indicate that their carried value may no longer be recoverable. In evaluating available internal and external information sources, Group Management considers that there are no reasons for impairing the Company's and Group's tangible assets due to the consequences of the COVID-19 pandemic and on this basis did not carry out impairment tests on 31.12.2020.

6.4 Measurement Basis

The Group's financial statements were prepared based on the historical cost principle, as same is adjusted for the purpose of reporting financial assets and liabilities (derivative financial instruments) at fair value, on the basis of the results.

6.5 Changes in Accounting Policies

The Group adopted for the first time the amendments thoroughly described in note 7.1 in the year that began on 01.01.2020.

6.6 Comparative data

Where necessary, comparative data are re-allocated to ensure consistency with the changes made to reporting requirements in respect of the information of the current period. No such need was identified during the current period.

7 Changes in Accounting Policies

The corporate and consolidated Financial Statements of the year ended on 31.12.2020 were prepared based on the accounting principles which were applied to the Group's annual Financial Statements for the year ended 31.12.2019, as those principles were adjusted to the new Standards and to the revisions imposed by the IFRS. The IFRS were adopted as their implementation was mandatory from 01.01.2020 onwards (see note 7.1).

7.1 New Standards, Interpretations, Revisions and Amendments of existing Standards which have become effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2020.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be

considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The amendments do not affect the consolidated/ separate Financial Statements.

- **Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The amendments do not affect the consolidated/ separate Financial Statements.

- **Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The amendments do not affect the consolidated/ separate Financial Statements.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (effective for annual periods starting on or after 01/01/2020)**

In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rate Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest – rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments do not affect the consolidated/ separate Financial Statements.

- **Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The amendments do not affect the consolidated/ separate Financial Statements.

- **Amendments to IFRS 16 “Leases”: Covid-19 – Related Rent Concessions (effective for annual periods starting on or after 01/06/2020)**

In May 2020, the IASB issued amendments to IFRS 16 that provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. More specifically, the amendments clarify that if certain conditions are met, lessees are not required to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient, would account for those rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendments do not affect the consolidated/separate Financial Statements.

7.2 New Standards, Interpretations, Revisions and Amendments of existing Standards which have not yet become effective or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

- **Amendments to IFRS 4 “Insurance Contracts” – deferral of IFRS 9 (effective for annual periods starting on or after 01/01/2021)**

In June 2020, the IASB issued amendments that declare deferral of the date of initial application of IFRS 17 by two years, to annual periods beginning on or after January 1, 2023. As a consequence, the IASB also extended the fixed expiry date for the temporary exemption from applying IFRS 9 “Financial Instruments” in IFRS 4 “Insurance Contracts”, so that the entities are required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2021.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: “Interest Rate Benchmark Reform – Phase 2” (effective for annual periods starting on or after 01/01/2021)**

In August 2020, the IASB has finalized its response to the ongoing reform of IBOR and other interest benchmarks by issuing a package of amendments to IFRS Standards. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for a change in its hedging relationships as a result of the reform, as well as relevant information required to be disclosed. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2021.

- **Amendments to IFRS 16 “Leases”: Covid-19 – Related Rent Concessions beyond 30 June 2021 (effective for annual periods starting on or after 01/04/2021)**

In March 2021, the IASB issued amendments to the practical expedient of IFRS 16, that extend the application period by one year to cover Covid-19-related rent concessions that reduce only lease payments due on or before 30 June 2022. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 3 “Business Combinations”, IAS 16 “Property, Plant and Equipment”, IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and “Annual Improvements 2018-2020” (effective for annual periods starting on or after 01/01/2022)**

In May 2020, the IASB issued a package of amendments which includes narrow-scope amendments to three Standards as well as the Board’s Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. More specifically

- **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 17 “Insurance Contracts” (effective for annual periods starting on or after 01/01/2023)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. Furthermore, in June 2020, the IASB issued amendments, which do not affect the fundamental principles introduced when IFRS 17 has first been issued. The amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain, as well as ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying the Standard for the first time. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (effective for annual periods starting on or after 01/01/2023)**

In January 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity’s right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. Furthermore, in July 2020, the IASB issued an amendment to defer by one year the effective date of the initially issued amendment to IAS 1, in response to the Covid-19 pandemic. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1 “Presentation of Financial Statements” (effective for annual periods starting on or after 01/01/2023)**

In February 2021, the IASB issued narrow-scope amendments that pertain to accounting policy disclosures. The objective of these amendments is to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. More specifically, companies are required to disclose their material accounting policy information rather than their significant accounting policies. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” (effective for annual periods starting on or after 01/01/2023)**

In February 2021, the IASB issued narrow-scope amendments that they clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

8 Basic accounting principles

The accounting principles used to prepare the financial statements have apply consistently applied to all financial years presented.

8.1 Consolidation

(a) Subsidiaries

Subsidiaries are companies in which the parent company has the possibility of, directly or indirectly, exercising control through other subsidiaries. The Company acquires and exercises control by holding the majority of the voting rights in the subsidiaries. Companies in which the Company, being the single most important shareholder, has the possibility of appointing the majority of the members of their Board of Directors are also considered to be subsidiaries. The existence of potential voting rights which may be exercised at the time of preparation of the financial statements is taken into account in order to establish whether the Company exercises control over the subsidiaries.

Subsidiaries are fully consolidated (full consolidation) using the acquisition method from the date on which control over them is acquired and are no longer consolidated on the date that such control ceases.

Acquisition of a stake by the Group is accounted for using the acquisition method. On the date of acquisition, the acquiring company recognises the goodwill from the acquisition transaction as the excess amount between:

- the sum of (i) the consideration transferred valued at fair value, (ii) the amount of any non-controlling interests in the acquired business (valued either at fair value or at the pro rata of the non-controlling interests on the net recognisable assets in the acquired business) and (iii) in a combination of businesses that is gradually completed, the fair value on the date of acquisition of the interests held before in the acquired business by the acquiring business, less
- the net value on the date of acquisition of the acquired recognisable assets and the assumed liabilities.

The costs relating to the acquisition of investments in subsidiaries (for example, consultancy, legal, accounting, appraisal fees and other professional and consultancy fees) are recognised as expenses and are attributed to the profit or loss account for the period in which they are incurred.

On the contrary, should the acquiring business acquire an interest in which, on the acquisition date, the net value of the acquired assets and the assumed liabilities exceeds the consideration transferred, this will be an opportunity purchase. After making the necessary verifications, the excess amount of the above difference is recognised as profit in the profit and loss account for the period.

Intercompany transactions, balances, and unrealised profit from transactions between Group companies are eliminated. Unrealised loss is also eliminated, unless the transaction provides indications of impairment of the transferred asset. Where required, the subsidiaries' accounting policies have been amended in order to harmonise them with those adopted by the Group.

The preparation date of the financial statements of subsidiaries is the same as that of the parent company.

Impairment of investments in subsidiaries (corporate financial statements):

Interests of the parent company in its consolidated subsidiaries are valued at acquisition cost less any accumulated impairment loss. At each reporting date, Management assesses the existence of any internal or external indications of impairment of the parent company's investments in subsidiaries. Where such indications exist, the Company verifies the impairment and determines the recoverable value for each cash-generating unit as the higher amount between fair value less cost to sell and value in use. To estimate impairment, investments in subsidiaries are classified in the smallest group of assets that generates cash flow independently from other Group assets or groups of assets (cash-generating units).

Impairment loss is recognised for the amount by which the book value of a cash-generating unit exceeds its recoverable amount, which is the higher amount between fair value less cost to sell and value in use. To determine value in use, Management determines the estimated future cash flows for each cash-generating unit, determining an appropriate discount rate in order to calculate the present value of cash flows. The data used to verify impairment are directly derived from the Management's approved budgets. Discount factors are determined individually for each cash-generating unit and they reflect the corresponding risk elements that have been identified by Management for each of them.

Transactions with non-controlling interests

Non-controlling interests represent the part of a subsidiary's equity which does not, directly or indirectly, correspond to the parent company. Losses pertaining to non-controlling (minority) interests in a subsidiary may exceed the rights of non-controlling interests in the subsidiary's equity. The profit or loss and any component of other comprehensive income are attributed to both the owners of the parent company and the non-controlling interests, even if this results in non-controlling interests showing a deficit.

(b) Affiliates

In affiliated companies, the Group has material influence (not control) and stakes vary from 20% to 50% of voting rights. Investments in affiliates are accounted for using the equity method. They are initially entered into at acquisition cost.

The Group's share in the profit or loss of affiliated companies after acquisition is entered into the Statement of Profit and Loss, whereas its share of the changes in reserves after acquisition is entered into the reserves. All these changes affect the book value of investments. Should the Group's share in the subsidiary's losses be equal to its interest in the affiliate, no loss is recognised, except where further commitments have been undertaken for the account of the affiliate.

In the parent company's financial statements investments in affiliates are presented at acquisition cost less any impairment loss. On each date of the Statement of Financial Position, the Company considers whether there exist objective indications leading to the conclusion that investments have been impaired. Should impairment be substantiated, the loss which represents the difference between acquisition cost and fair value is transferred to the Statement of Profit and Loss.

The acquisition goodwill reduces the value of the interest and is recognised in the Statement of Profit and Loss for the financial year.

The preparation date of the financial statements of affiliated companies is the same as that of the parent company.

(c) Participations in business arrangements under joint control

The Group applies IFRS 11 to all joint arrangements it participates in. According to IFRS 11, joint arrangements are classified either as joint operations or as joint ventures, depending on each investor's contractual rights and obligations.

Companies under joint control are consolidated using either the method of proportionate consolidation (in cases of joint operations) or the equity method (in cases of joint ventures). The stake held by the Group on the consolidation date is taken into consideration for the consolidation. The structure of the business arrangement is the main decisive factor for determining the accounting treatment. The accounting policies of the companies under joint control have been modified where necessary to be consistent with those adopted and applied by the Group.

8.2 Foreign currency conversion

Cash assets and liabilities expressed in foreign currency are converted into the company's operating currency at the operating/foreign currency exchange rate on the reporting date of the financial statements. The resulting foreign exchange differences are recognised in the profit or loss for the reporting period. Non-cash assets and liabilities expressed in foreign currency are converted into the operating currency at the exchange rate of initial recognition. By derogation to this arrangement, non-cash assets measured at fair value or at any value other than the acquisition cost are converted into the operating currency on the basis of the exchange rates on the date on which such measurement was effected. In this case, the resulting foreign exchange differences follow the accounting treatment of the recognition of the difference between the former book value of such elements and the measurement at fair value or any value other than the acquisition cost.

Where a company's financial statements are presented in a currency other than its operating currency, these elements of the financial statements are converted from the operating currency into the reporting currency as indicated below:

- (a) assets and liabilities are converted using the exchange rates on the balance sheet date;
- (b) equity elements are converted at the exchange rates on the date such elements occurred;

(c) the results for each period are converted at the exchange rates on the dates the relevant income, profit, expense, and loss elements occurred. The weighted average exchange rate for the period may be used where the result arising in this manner approximates the result that would arise from using the actual exchange rates that were applicable at the time of the relevant transactions;

(d) foreign exchange differences resulting from the above conversion are recognised in the Extended Income Statement and then in an equity reserve.

The financial statements are presented in Euro, the Group’s and Company’s operating currency.

8.3 Tangible assets

Fixed assets are shown in the financial statements at their acquisition value or at their deemed cost, as determined, on the transition date, decreased by the amount of accumulated depreciation as well as any impairment of fixed assets. Acquisition cost includes all directly related expenses for acquiring the assets. Subsequent expenses are entered into as an increase of the book value of tangible assets or as a separate fixed asset only to the extent that such expenses increase the future financial gains that are expected to flow in the company from use of the fixed assets and whose cost may be measured in a reliable manner. Repair and maintenance cost is entered into the results when incurred. Depreciations of other tangible assets (other than plots which are not depreciated) are calculated using the straight-line method over their useful life, as follows:

-Buildings	8 - 50 years
-Machinery & Equipment	8 - 20 years
-Vehicles	5 - 12 years
-Other equipment	4 - 10 years

Residual values and useful lives of tangible assets are subject to review on each reporting date. Where the book value of tangible assets exceeds their recoverable value, the difference (impairment) is directly recognised as an expense in the results.

When tangible assets are sold, differences between the price obtained and their book value are recognised as profit or loss in the results. Repair and maintenance are recognised in the expenses for the relevant period.

Self-constructed fixed assets are an addition to the acquisition cost of fixed assets at values that include the direct cost of the payroll of the staff participating in the construction (corresponding employer contributions), the cost of used materials, and other general costs.

8.4 Intangible assets

Intangible assets include software licences, research and development expenses, and other intangible assets.

Software:

Software includes the purchase cost as well as any expenses made during development of the software in order to make it operational. Expenses that enhance or expand the software performance beyond its original specifications are recognised as capital expenses and added to the software initial cost. Software is valued at acquisition cost less amortisation. Amortisation is carried out by using the straight-line method during the useful life of these elements, which ranges from 1 to 5 years. Expenses required for software maintenance are recognised as expenses when incurred.

Research and development expenses:

Research expenses are recognised as expenses when incurred. Development expenses incurred are capitalised per project when their future recoverability is considered to be assured.

Expenses incurred to develop new products controlled by the Company are recognised as intangible assets where all the following criteria are satisfied:

- (a) the technical feasibility of completing the asset so that it will be available for sale or use
- (b) the intention to complete and sell or use the asset
- (c) the ability to use or sell the asset
- (d) the asset will generate future financial gains It must be demonstrated that a market exists for the specific asset or its production or, if intended for internal use, it has to be demonstrated that the asset will be useful in other sectors of the entity
- (e) assurances about the availability of adequate technical, financial, and other resources to complete the asset and ensure sale or use of the asset
- (f) the cost directly attributable to the asset can be measured reliably.

Development expenses which are capitalised include the cost of materials and services used or consumed as well as the cost of employees benefits arising directly from the creation of the asset.

Following initial recognition of development expenses, the cost model that requires the asset to be valued at cost less any accumulated amortisation and accumulated impairment loss is applied. Each capitalised expense is amortised within the period of the expected future sales of the relevant project and in no more than ten years.

The book value of development expenses is assessed for any impairment each year in which the asset has not been used or more often where there is an indication of impairment during the financial year suggesting that the transferred value may not be recovered.

8.5 Impairment of non-financial assets

On each reporting date of the financial statements, the Group estimates whether there exist any indications of impairment. Where there are indications of impairment or where an annual review of asset impairment is required, the asset's recoverable value is calculated. Assets having an undetermined useful life are not amortised and they are subject to impairment review annually or more often where there exist specific facts and indications suggesting possible impairment of the assets. As at 31.12.2020, the Group has not recognised any assets having an undetermined useful life.

Assets amortised are subject to impairment testing for their value when indications exist that their book value will not be recovered. Impairment loss is recognised for the amount by which the book value of the asset exceeds its recoverable value. The recoverable value is the higher value between fair value decreased by the required cost to sell and value in use (present value of cash flows expected to be generated on the basis of Management's estimate about future financial and operating conditions). To estimate impairment loss, assets are classified into the smallest possible cash-generating units.

For non-financial assets other than goodwill, on each reporting date, Management estimates whether there exist indications that impairment losses that have been recognised in the past have either decreased or no longer exist. Where such indications exist, the Group calculates the recoverable value of the asset or the cash-generating unit. Impairment losses that had been recognised in the past are only reversed where the estimates

used at the time of recognising the loss have changed. Reversal of the impairment is permitted up to the point at which the book value of the asset does not exceed its recoverable value or the book value of the asset less amortisations, where the asset had not been impaired in previous years.

8.6 Financial instruments

Initial Recognition and Derecognition

Financial assets and liabilities are recognised in the Statement of Financial Position only when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights over the asset's cash flows expire or when the Group transfers the financial asset and, practically, all risks and benefits concomitant to its possession, to third parties.

A financial liability is derecognised (in whole or in part) only when the liability determined in the contract is fulfilled, cancelled or expired.

Financial Assets Classification and Measurement

Apart from those trade receivables which do not involve a substantial financing component and are measured based on their transaction price, as per IFRS 15, financial assets are initially measured at fair value, plus the relevant transaction costs, save for the financial assets which are measured at fair value through profit or loss.

Financial assets, save for those that constitute defined and effective risk hedging instruments, are classified in the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (investment portfolio); and
- Financial assets at fair value through other comprehensive income.

The classification is determined based on the business model which is applied by the Group in relation to the management of financial assets and the characteristics of the assets' contractual cash flows.

All revenues and expenses related to financial assets, which are recognised in the Profit and Loss Account, are included in item "Other Financial Results", "Financial Expenses" and "Financial Income", save for the reduction in trade receivables, which is included in the operating results.

Subsequent measurement of financial assets

Financial assets are subsequently measured at fair value through profit or loss, at amortised cost or at fair value through other comprehensive income. The classification relies on two criteria:

- i. The business model adopted in relation to the financial asset's management, i.e. whether the entity's intention is to keep the asset in its possession and collect contractual cash flows or to collect contractual cash flows and sell the financial assets, and
- ii. Whether the asset's contractual cash flows represent "solely payments of principal and interest" ("SPPI" criterion).

The measurement category of financial assets at amortised cost includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments, which are not traded on any active markets. After initial recognition, these assets are measured at amortised cost under the effective interest rate method. In those situations where the impact of discounting is minimal, the discounting is omitted.

In relation to financial assets which are measured at fair value through other comprehensive income, changes in the fair value are recognised in the Statement of Comprehensive Income under other comprehensive income and re-classified in the Profit and Loss Account during the derecognition of financial assets.

In relation to financial assets which are measured at fair value through profit and loss, changes in the fair value are recognised in profit or loss in the Profit and Loss Account. The fair value of assets is determined with reference to transactions in an active market or through use of technical valuation methods, in those situations where there is no active market.

Impairment of Financial Assets

The Group and the Company recognise impairment provisions for anticipated credit losses in respect of all financial assets, save for those measured at fair value through profit or loss.

The impairment requirements of IFRS 9 are intended to recognise the lifetime expected losses, where credit risk has increased since initial recognition, irrespective of whether the evaluation is conducted on a collective or individual basis, using all available information, whether historical or current, as well as information relating to logical future estimates.

This approach requires a distinction between:

- Financial assets whose credit risk has not increased substantially since initial recognition or financial assets with low credit risk as at the reporting date (Stage 1);
- Financial assets whose credit risk has increased substantially since initial recognition and do not involve low credit risk (Stage 2); and
- Financial assets for which there is objective evidence of impairment as at the reporting date (Stage 3).

In relation to financial assets classified under Stage 1, 12-month expected credit losses are recognised, whereas in relation to those falling under Stage 2 or 3, lifetime expected credit losses are recognised.

Expected credit losses rely on the difference between contractual cash flows and cash flows which the Group or the Company anticipates to generate. The difference is discounted based on an estimate of the asset's initial effective interest rate.

The Group and the Company apply the Standard's simplified approach for contract assets, trade receivables and lease receivables, estimating the anticipated credit losses throughout their lifetime. In this case, anticipated credit losses represent the anticipated deficits in contractual cash flows, taking into account the possibility of default any time during the financial instrument's lifetime. In estimating anticipated credit losses, the Group uses a table of provisions where the aforementioned financial instruments are classified based on the nature and the maturity of outstanding balances, taking into account any available historical information about the debtors, which is adjusted to future factors relating to the debtors and the economic environment.

Financial Liabilities Classification and Measurement

Given that the accounting requirements relating to financial liabilities remained unchanged compared to IAS 39, the Group's accounting policies relating to financial liabilities were not affected by the adoption of IFRS 9.

Hedge Accounting

The Group's risk management policies are fully harmonised with the new IFRS 9 requirements and the Company still applies hedge accounting.

Insofar as derivative financial instruments are not characterised as effective hedging instruments, they are measured at fair value through the profit and loss account.

8.7 Inventories

Stocks are valued at the lower value between acquisition cost and net realisable value. Cost is determined using the method of monthly weighted cost. The cost of finished and semi-finished products includes the value of raw materials, direct personnel expenses, other direct costs, and general industrial expenses. The net realisable value is estimated on the basis of current sale prices of stocks as part of the company's ordinary business, less estimated expenses for completing the stock and estimated marketing expenses necessary to complete the sale. Parts used within the year are accounted for as stocks and recognised in the results when used.

8.8 Trade receivables

Trade receivables are initially recognised at fair value and, subsequently, measured at non-amortised cost using the effective interest rate less any impairment loss. Impairment loss is recognised when there exist objective indications that the Group is not able to collect all the amounts owed on the basis of contractual terms. Indications of possible impairment of trade receivables include significant financial difficulties facing the customer, likelihood of the customer going bankrupt or being subject to financial restructuring as well as delays in or suspension of payment of invoices. The amount of loss impairment is the difference between the book value of receivables and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is entered into the results as an expense. The book value of the receivable is reduced using a provision account and the amount of the provision is recognised into the Statement of profit and loss. Where a trade receivable is considered to be uncollectible, it is written off using the provision account. Should a receivable which had been initially written off be subsequently collected, the reversal of the loss is recognised as income in the profit and loss account.

8.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and cash on hand as well as highly liquid short-term investments such as money market products and bank deposits.

8.10 Share capital

The share capital is determined in accordance with the nominal value of the shares issued and includes the Company's ordinary shares.

Direct expenses incurred when issuing the shares are accounted for after deducting the relevant income tax and are reduced by the cost of issue. The buyback of Company (own) shares is recognised at cost and deducted from equity. When acquiring own shares, the price paid, including the relevant expenses, is recognised by reducing equity. As at 31.12.2020, the Group and the Company do not hold any own shares.

8.11 Borrowings

Loans are initially accounted for at fair value, reduced by any direct expenses arising from the transaction effected. They are subsequently valued at non-amortised cost using the effective interest method.

Any difference between the amount collected (net off relevant expenses) and the repayment value is recognised in the results during the term of the borrowing by using the effective interest method. Loans are derecognised from the Statement of Financial Position when the obligation that had arisen from the contract is annulled, expires, or becomes non-existent.

Loans are characterised as short-term liabilities unless the Group unconditionally reserves the right to defer repayment of the obligation for at least 12 months after the reporting date of the financial statements.

Recourse factoring settlements are initially accounted for at fair value as a liability towards the factoring company. They are subsequently valued at non-amortised cost using the effective interest method. Any difference between the amount collected (net off relevant expenses) and the repayment value is recognised in the results during the term of the borrowing by using the effective interest method.

Amounts collected in advance by factoring companies, without right to recourse, reduce trade receivables.

8.12 Current and deferred income tax

Recognition of income tax in the period includes current taxes and deferred taxes, i.e. taxes or tax breaks relating to the financial gains arising in the period but which have already been imputed or will be imputed by tax authorities to different periods. Income tax is recognised in the Statement of profit and loss, except for the tax that relates to transactions directly recognised in equity, in which case the tax is similarly directly recognised in equity.

Current income tax includes short-term liabilities to tax authorities relating to tax payable on the taxable income for the period and any additional income taxes relating to previous financial years.

Current taxes are measured in accordance with the tax rates and tax laws applicable to the business year to which they refer to based on the taxable profit for the year. Any changes to short-term tax assets or liabilities are recognised as part of the tax expenses in the Statement of Profit and Loss.

Deferred income tax is determined by using the liability method as arising from temporary differences between the book value and the tax base of the assets and liabilities. No deferred income tax is taken into account when it results from the initial recognition of an asset or a liability in a transaction, other than a business combination, which, when effected, did not affect either the book or the tax profits or losses.

Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences between the book value and the tax base of assets and liabilities. They are calculated using the income tax rates that are expected to apply in the periods when the assets will be recovered and the liabilities will be

settled, and the calculation should reflect the manner in which the recovery or the settlement is expected to occur. Where it is not possible to clearly determine the time of reversal of temporary differences, the tax rate applicable in the financial year following the date of the balance sheet shall apply.

Deferred tax assets are only recognised where it is likely that there will be future tax gains for using the temporary difference that generates the deferred tax asset.

Deferred income tax is recognised for temporary differences arising from investments in subsidiaries and associates, except where reversal of temporary differences is controlled by the company and it is likely that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are only offset where offsetting of tax assets and liabilities is permitted and where deferred tax assets and deferred tax liabilities arise from the same tax authority on the taxable entity or on various entities and there is an intention for settlement to be effected by offsetting.

8.13 Employee benefit liabilities due to retirement

(a) Short-term benefits

Short-term employee benefits (other than benefits for termination of the employment relationship) in cash and in kind are recognised as an expense when they become accrued. Any outstanding amount is accounted for as a liability, whereas, should the amount already paid exceed the amount of the benefits, the company only recognises the excess amount as an asset (prepaid expense), to the extent that prepayment will lead to reduction of future payments or to restitution.

(b) Post-retirement benefits

Benefits after employment has ended include one-off retirement compensation, pensions, and other benefits paid to employees upon the end of their employment as consideration for their service. The Group's liabilities regarding retirement benefits involve both defined contribution plans and defined benefit plans.

The accrued costs of defined contribution plans is recognised as an expense in the relevant period. The retirement plans adopted by the Group are financed in part by payments to insurance companies or to State social insurance institutions.

(i) Defined contribution plan:

Defined contribution plans involve payment of contributions to insurance bodies (for example, Social Insurance Institute), and, therefore, there exists no legal obligation for the Group should the State fund not be able to pay their pensions to the insured. The employer's liability is limited to paying employer contributions to the funds. The contribution payable by the Group to a defined contribution plan is recognised as a liability after deduction of the contribution paid, whereas accrued contributions are recognised as an expense in the profit and loss account for the financial year.

(ii) Defined benefit plan (non-financed)

In accordance with Law 2112/20 and Law 4093/2012, the Company pays compensation to its employees in the event of dismissal or retirement. The amount of the compensation paid depends on the years of seniority, the amount of the remuneration, and the reason for leaving employment (dismissal or retirement).

The liability recognised in the Statement of Financial Position for the defined benefit plans represents the present value of the liability for the defined benefit less the fair value of the plan's assets (reserve from payments to the insurance company) and the changes arising from any actuarial profit or loss and the cost of seniority. The defined benefit commitment is calculated annually by an independent actuary using the projected unit credit method. To discount financial year 2020, the selected interest rate follows the trend of the iBoxx AA Corporate Overall 10+ EUR indices, which are considered to be consistent with the principles of IAS 19, i.e. they are based on bonds corresponding to the currency and the estimated term of the benefits granted to employees, as well as appropriate for long-term projections.

Defined benefit plans determine, on the basis of various parameters, such as age, years of seniority, and salary, specific liabilities for payable benefits. Provisions for the period are included in the relevant personnel costs in the attached corporate and consolidated statements of profit and loss and they consist in the current and past cost of service, the relevant financial cost, the actuarial profit or loss, and any possible additional surcharges. Regarding non-recognised actuarial profit or loss, revised IAS 19 is applied, which includes a series of amendments to the accounting of defined benefit plans, including:

- recognition of actuarial profit/loss in other comprehensive income and definite exemption thereof from the statement of profit and loss,
- no further recognition of the expected return of the plan's investments in the statement of profit and loss, but recognition of the relevant interest on the net liability/(claim) of the benefit as calculated on the basis of the interest rate used to measure the defined benefit liability,
- recognition of the seniority cost in the statement of profit and loss on the earlier of the date of amendment of the plan or the date of recognition of the relevant restructuring or termination benefit,
- other changes include new disclosures, such as quantitative sensitivity analysis.

The provision for the cost of staff retirement in 2020, shown in the Company's and the Group's profit and loss account, is based on an actuarial study prepared by an independent company of actuaries.

8.14 Subsidies

The Group recognises State subsidies that satisfy all the following criteria: (a) it is considered certain that the company has complied or will comply with the terms of the subsidy and (b) it is likely that the amount of the subsidy will be collected. Subsidies are accounted for at fair value and are systematically recognised in income, using the principle of correlation of subsidies with the corresponding subsidised costs.

Subsidies relating to assets are included in long-term liabilities as deferred income and are systematically and rationally recognised in income during the asset's useful life.

8.15 Provisions

Provisions are made when:

- there exists a present legal or presumed liability as a result of past events,
- an outflow of resources will likely be required to settle the liability,
- the amount required may be reliably valued.

Provisions are reviewed at the end of each reporting period and adjusted so as to reflect the best possible estimates. Where it is no longer likely that an outflow of resources will be required in order to settle a liability for which a provision has already been made, the provision is reversed.

Provisions are calculated on the basis of the present value of the Management's estimates relating to the expense required to cover this liability on the date of the Statement of Financial Position. The discount rate used to determine the present value reflects the current market estimates about the time value of money and increases relating to this specific liability.

Where the outflow of financial resources as a result of present commitments is considered unlikely or the amount of the provision cannot be reliably estimated, no liability is recognised in the financial statements, unless it is considered as part of a business combination. Such contingent liabilities are recognised as part of the allocation of the acquisition costs to assets and liabilities during the business combination. Contingent liabilities are not recognised in the financial statements but they are disclosed, unless the likelihood of an outflow of resources incorporating financial gains is minimal. Possible inflows from financial gains for the Group which do not yet satisfy the criteria of assets are considered contingent liabilities and disclosed if the inflow of financial gains is likely.

8.16 Recognition of income and expenses

The Group's and Company's revenues derive primarily from sales of batteries intended for industrial applications (motive power solutions, reserve power solutions) and defence applications (submarine / torpedo batteries, military packages).

The Group and the Company recognise revenue when (or as) they satisfy a performance obligation, by transferring a promised good or service (i.e. an asset) to a customer. The asset is transferred when (or as) control over the good or service is passed to the customer. Control over an asset (good or service) passes to the customer if the latter can direct its use and obtain substantially all of the remaining benefits from the asset.

The revenue amount which is recognised is the amount allocated to the contractual performance obligation which has been satisfied. A performance obligation may be satisfied either over time or at a point in time. With respect to performance obligations that are fulfilled over time, the Group and the Company recognise revenues over time, by selecting the most appropriate method to measure progress in satisfaction of each performance obligation. Proper progress measurement methods include both output methods and input methods.

8.17 Leases

IFRS 16 repeals for lessees the classification of leases into operating leases and financial leases and requires that all leases be accounted for as items of the "Statement of Financial Position", through recognition of "right-of-use" assets and a "lease liability".

Recognition and Initial Measurement of Right-of-Use Assets

As at the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability by measuring the right-of-use asset at cost.

The cost of the right-of-use asset includes:

- (a) The amount of initial measurement of the lease liability (see below);
- (b) Any rents payments effected before or after the commencement date of the lease, less any lease incentives collected;
- (c) The initial direct costs borne by the lessee; and
- (d) An estimate of the costs to be incurred by the Group for: disassembly and removal of the leased asset; restoration of the space where the leased asset is located or restoration of the leased asset, as per the terms and conditions of the lease agreement, unless such costs are incurred to generate inventory. The Group undertakes responsibility for these costs either at the commencement date of the term of lease or as a result of the use of the leased asset over a specific period of time.

Initial Measurement of the Lease Liability

At the commencement date of the lease the Group measures the lease liability at the present value of the lease payments outstanding for payment as at that date. If it is possible to determine the implicit interest rate of the lease, then lease payments will be discounted based on such rate. If not, the Group's marginal borrowing rate shall apply.

At the commencement date of the lease, any lease payments included in the measurement of the lease liability shall include the following payments in relation to the right-of-use asset during the term of lease, provided that no payments were affected by the commencement date of the lease:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate, which are initially measured based on the value of the respective index or rate as at the commencement date of the lease;
- (c) Amounts expected to be payable by the Group under residual value guarantees;
- (d) The exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate the lease.

Subsequent Measurement

Subsequent Measurement of Right-of-Use Assets

After the commencement date of the term of lease, the Group measures right-of-use assets based on the cost model.

The Group measures right-of-use assets at cost:

- (a) less accumulated amortisation and accumulated impairment losses, and
- (b) Adjusted for any subsequent measurement of the lease liability.

The Group applies the requirements of IAS 16 regarding depreciation of the right-of-use asset, which is examined to identify any impairment.

Subsequent Measurement of the Lease Liability

After the commencement date of the lease, the Group measures the lease liability as follows:

- (a) By increasing the book value to reflect the financial cost of the lease liability;
- (b) By reducing the book value to reflect lease payments already effected; and
- (c) Remeasuring the book value to reflect any revaluation or amendment of the lease.

The financial cost of a lease liability is allocated throughout the term of lease in such a manner as to derive a constant periodic rate of return on the outstanding balance of the liability.

After the commencement date of the lease, the Group recognises both of the following items in loss or profit (unless the costs are included in the book value of another asset under another Standard):

- (a) Financial cost on the lease liability, and
- (b) Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

8.18 Segment Reporting

Operational units are defined on the basis of business activities, as reviewed by those responsible for financial decision making. The units that have to be separately reported are determined on the basis of the quantitative and qualitative criteria set out by IFRS 8. The accounting policies of the business units are identical to those followed when preparing the financial statements. Management evaluates the performance of the business units based on operating profit / (loss) before financial and investing activities.

8.19 Distribution of dividends

Distribution of dividends to Group shareholders is recognised as a liability in the financial statements for the period in which the dividends were announced and the distribution was approved by the General Meeting of shareholders.

9 Significant accounting estimates and judgements by Management

Preparing the financial statements in line with the International Financial Reporting Standards (IFRS) requires Management to make judgements, estimates, and assumptions which affect the assets and liabilities, the disclosure of contingent liabilities and receivables as well as the income and expenses during the periods presented.

Specific amounts included in or affecting the financial statements as well as the relevant disclosures are assessed, requiring making assumptions about values or conditions which may not be known with certainty at the time of preparation of the financial statement and, therefore, actual results may differ from those assessed. An accounting estimate is considered to be significant when it is significant for the Group's financial situation and results and requires the more difficult, subjective or complex judgements by Management. The Management's estimates and judgements are based on past experience and other factors, including expectations about future events which are considered to be reasonable under the particular circumstances, although they are continuously re-evaluated on the basis of all available information.

Basic estimates and judgements that refer to data whose development could affect the items in the financial statements in the following 12 months are detailed below:

(1) Estimates when calculating the value in use of cash-generating units (CGU)

The Group verifies impairment of the value of investments in subsidiaries and affiliates whenever there is an indication of impairment, in accordance with the provisions of IAS 36. In order to establish the existence of reasons for impairment, the value in use and the fair value reduced by the cost to sell have to be calculated for each cash-generating unit (CGU). The recoverable amounts of the CGUs have been determined for impairment verification purposes on the basis of the calculation of their value in use, which requires estimates. To calculate the value in use, the estimated cash flows are discounted at present value using a discount factor which reflects the current market estimates about the time value of money as well as the risks related to the specific CGU. The calculation uses cash flow forecasts based on business plans approved by Management. These business plans and the cash flow forecasts usually cover a period of five years. Cash flows beyond the period for which projections are available are projected on the basis of the estimated growth rates. The main assumptions used to determine the recoverable value of the various CGUs and the sensitivity analyses performed from time to time are indicated and further explained in note 13 of the financial statements.

(2) Income tax

The process for determining income tax and deferred tax is complex and requires to a large extent estimates and the exercise of judgement. The provision for income tax, in accordance with IAS 12, is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for each financial year and a provision for additional tax that may arise from tax audits. The overall determination of the provision for income tax, as shown in the Statement of Financial Position, requires significant estimates. For specific transactions and calculations, determining the final tax involves uncertainty. The Group recognises liabilities for envisaged tax issues on the basis of calculations as to whether additional taxes may arise. Where the final tax result of these issues differs from the amount initially recognised, the differences affect the provision for income tax and deferred tax in the period in which such determination was made (see further information in notes 22 and 40 of the financial statements).

(3) Recovery of deferred tax assets

Deferred tax assets also include amounts relating to tax losses of previous years. Deferred tax assets are recognised for all unused tax losses to the extent that there will likely be adequate tax profits to be offset with such tax losses. To determine the amount of the deferred tax assets that can be recognised, the Group makes assumptions as to whether the deferred tax assets may be recovered, which are based on future estimated tax profits arising from approved business plans, together with future tax strategies to be followed (see further information in note 22 of the financial statements).

(4) Provision for employee compensation

The amount of the provision for employee compensation is based on an actuarial study. The actuarial study includes establishing assumptions with regard to the discount rate, the rate of increase of personnel salaries,

the increase of the consumer price index, and the expected remaining work-life. The assumptions used involve significant uncertainty and the Group's Management continuously reviews them (see further information in note 23 of the financial statements).

(5) Impairment of tangible assets

Tangible assets are reviewed for impairment purposes when events or changes in conditions suggest that their book value may not be recoverable. To calculate the value in use, Management estimates the future cash flows from the asset or the cash-generating unit and selects the appropriate discount rate to calculate the present value of future cash flows. In evaluating available internal and external information sources, Group Management considers that there are no reasons for impairing the Company's and Group's tangible assets due to the consequences of the COVID-19 pandemic and on this basis did not carry out impairment tests on 31.12.2020.

(6) Useful life of depreciable assets

The Group periodically reviews the useful life of depreciable assets, in order to estimate the appropriate character of initial estimates. As of 31st December 2020, Management's estimates that useful lives represent the expected usefulness of the assets.

(7) Provisions for obsolete inventory

For each reporting period, the Group values stocks at the lower price between the acquisition cost and the net realisable value. The realisable value is calculated on the basis of the best available information reflecting current market conditions (see further information in note 17 of the financial statements).

(8) Provisions for financial assets impairment

The Group and the Company recognise impairment provisions for anticipated credit losses in respect of all financial assets, save for those measured at fair value through profit or loss.

The impairment requirements based on IFRS 9 are intended to recognise the lifetime expected losses, where credit risk has increased since initial recognition, irrespective of whether the evaluation is conducted on a collective or individual basis, using all available information, whether historical or current, as well as information relating to logical future estimates.

The Group and the Company apply the Standard's simplified approach for contract assets, trade receivables and lease receivables, estimating the anticipated credit losses throughout their lifetime. In this case, anticipated credit losses represent the anticipated deficits in contractual cash flows, taking into account the possibility of default any time during the financial instrument's lifetime. In estimating anticipated credit losses, the Group uses a table of provisions where the aforementioned financial instruments are classified based on the nature and the maturity of outstanding balances, taking into account any available historical information about the debtors, which is adjusted to future factors relating to the debtors and the economic environment.

(9) Provisions for litigation

The Group and the Company are involved in pending litigation. Management evaluates the outcome of litigation, taking into account the available information from the Group’s legal department and the opinion of external legal counsel entrusted with the matters. In the event of a likely negative outcome, the Group makes the necessary provisions. Provisions, where required, are calculated on the basis of the estimates of Management regarding the expense that will be needed to settle the expected liabilities as of the reporting date of the financial statements and they are based on various factors requiring the exercise of judgement. Changes in judgements or estimates may result in increase or decrease of the Group’s contingent liabilities in the future. Where additional information becomes available, the Group’s Management reviews the facts and may revise its estimates (see further information in note 36.1 of the financial statements).

The recoverability of long-term receivables is evaluated on the same basis as indicated in explanatory note 16 of the financial statements, given that the relevant evaluation requires a significant degree of judgement. In particular, the Group’s Management reviews the stage of the litigation relating to such receivables and assesses the likely impairment risk, mostly on the basis of the opinion of the external legal counsel entrusted with the relevant matters. Where additional information becomes available, the recoverability of the above receivables is reviewed and this may subsequently lead to revision of the initial estimates (see further information in note 36.1 of the financial statements).

10 Group Structure

10.1 Consolidated entities of the Group as at 31.12.2020

The table below shows the consolidated entities of SYSTEMS SUNLIGHT SA as at 31.12.2020, their registered address and scope of activity and the relevant consolidation method.

S/N	Company Name	Registered Address	Scope of Activity	Holding Percentage (%)	Consolidation Method	Type of Holding
1	SYSTEMS SUNLIGHT SA	Greece	Production of battery accumulators and other energy products		Parent	
2	ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	Greece	Production of lithium-ion battery components for defence applications	51%	Full consolidation	Direct
3	ALSE DEUTSCHLAND GMBH	Germany	Consulting - Technical Services	51%	Full consolidation	Indirect
4	SUNLIGHT INDUSTRIAL SRL	Romania	Battery Distribution	100%	Full consolidation	Direct
5	Sunlight European Battery Assembly SRL	Italy	Battery Assembly and Distribution	78%	Full consolidation	Direct
6	ECORBA SRL	Italy	Collection and temporary storage of lead scrap	100%	Full consolidation	Direct
7	Sunlight Batteries USA	USA	Assembly and distribution of lead and lithium batteries for industrial use	100%	Full consolidation	Direct
8	SUNLIGHT ITALY SRL	Italy	Battery Distribution	78%	Full consolidation	Direct

9	Batt-Men Group SRL	Italy	Battery Assembly and Distribution	78%	Full consolidation	Direct
10	TECHNOFORM SA	Greece	Machine Shop - Production of plastic and metal battery components	24%	Equity	Direct

Reference to the unaudited financial years of the entities mentioned in the above table is made in note 36.2 of the Financial Statements.

10.2 Group Structure Changes

On 15.12.2020, the Company acquired 78% of the Italian Batt-Men Group SRL based in Vicenza, Italy. The main purpose of this subsidiary is to assemble motive batteries. At the same time, the Company acquired an additional 48% of its subsidiary Sunlight Italy, bringing the Company's holding in the latter to 78%. The objective behind these acquisitions is to further bolster Sunlight's already significant presence in the large Italian market, to expand the product range and to exploit synergies with its neighbour Sunlight European Battery Assembly Srl.

These acquisitions took place partly through the payment of EUR 900k in cash and partly through the sale of 12% of its stake in the subsidiary Sunlight European Battery Assembly SRL (bringing its holding in the latter to 78% on 31.12.2020), which was calculated at EUR 120k and therefore the fair value of the total consideration for these acquisitions amounted to EUR 1.020 k.

The specific transaction generated a trading profit of EUR 404 k which was recognised in the other financial results for the period (see the relevant analysis in note 33) and which was calculated as follows:

Amounts in EUR	15.12.20		
Company Name	SUNLIGHT ITALY	BATT-MEN GROUP	TOTAL
Non-current assets	7.242	37.686	44.928
Cash and Cash Equivalents	735.195	553.921	1.289.117
Other current assets	4.355.952	1.160.788	5.516.740
Total assets	5.098.388	1.752.395	6.850.784
Loan Liabilities	9.706	0	9.706
Long-term liabilities	56.641	0	56.641
Other short-term liabilities	3.340.309	968.211	4.308.520
Total liabilities	3.406.656	968.211	4.374.867
Total Equity	1.691.732	784.184	2.475.916
Percentage acquired	48%	78%	
Total value of percentage acquired	812.031	611.664	1.423.695
Fair value price			-1.020.000
Trading profits			403.695

It should be noted that given that cash on hand on the acquisition date (EUR 1.289k) was higher than the cash paid (EUR 900k) the Group's cash flow statement shows a positive cash flow from the acquisition (EUR 389k).

There were no changes to the Group's structure during the financial year compared to the period ended on 31 December 2020.

10.3 Subsidiaries with significant non-controlling interests

The Group now includes four subsidiaries with significant non-controlling interests:

COMPANY	Percentage of interest and voting rights held by non-controlling interests		Comprehensive Total Income / (Expenses) for the financial year allocated to non-controlling interests		Total non-controlling interests	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
ADVANCED LITHIUM SYSTEMS EUROPE SA	49%	49%	64.902	-619.032	604.047	539.145
SUNLIGHT EUROPEAN BATTERY ASSEMBLY SRL	22%	10%	14.315	-7.899	122.101	41.986
BATT-MEN GROUP SRL	22%	0	-849	0	171.671	0
SUNLIGHT ITALY SRL	22%	70%	1.690	0	373.871	0

In December 2020, the Group acquired 78% of the Batt-Men Group SRL and 48% of Sunlight Italy while at the same time conceded 12% of its holding in the subsidiary Sunlight European Battery Assembly SRL. Amounts held by non-controlling interests (EUR 173 k in Batt-Men Group SRL, EUR 372 k in Sunlight Italy and EUR 66 k in Sunlight European Battery Assembly SRL) were recognised directly in equity from these transactions.

No dividends were distributed to non-controlling interests during 2020 and 2019. The table below shows summary financial information for such subsidiaries before elimination of inter-company transactions.

	2020	2019
Non-current assets	3.797.461	4.012.201
Current assets	15.370.408	7.817.344
Total assets	19.167.869	11.829.545
Long-term liabilities	951.299	633.941
Short-term liabilities	13.954.877	9.680.447
Total liabilities	14.906.176	10.314.388

Equity attributed to parent company owners	2.990.003	934.026
Non-controlling interests	1.271.690	581.131
	2020	2019
Sales	28.433.214	17.135.228
Total comprehensive profit/loss for the financial year after tax	270.619	-1.342.320
<i>Owners of the parent company</i>	190.561	-715.389
<i>Non-controlling interests</i>	80.058	-626.931
	2020	2019
Total inflow/(outflow) from operating activities	-957.432	1.230.163
Total inflow/(outflow) from investing activities	-18.889	-406.143
Total inflow/ (outflow) from financing activities	-191.167	-188.060
Net cash flow	-1.167.488	635.960

11 Tangible Assets

The Group's tangible assets are thoroughly presented in the table below:

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in EUR					
Gross book value as at 01 January 2019	37.791.720	48.403.169	6.941.364	8.896.894	102.033.147
Additions	13.164.755	24.943.126	1.744.565	6.313.072	46.165.517
Disposals / Write-offs	-172.313	0	-59.249	0	-231.563
Reclassified items	4.782.833	4.001.631	110.898	-8.895.361	0
Foreign exchange differences	-1.256	-820	-1.978	0	-4.054
Gross book value as at 31 December 2019	55.565.738	77.347.105	8.735.599	6.314.605	147.963.047
Accumulated depreciation as at 01 January 2019	-4.619.733	-15.459.245	-4.119.825	0	-24.198.804
Depreciation for the financial year	-1.764.114	-3.560.841	-625.451	0	-5.950.406
Depreciation of disposals / write-offs	110.126	0	29.896	0	140.022
Other arrangements					0
Foreign exchange differences	1.052	608	1.583	0	3.242
Accumulated depreciation as at 31 December 2019	-6.272.670	-19.019.479	-4.713.797	0	-30.005.946
Net Book Value as at 31 December 2019	49.293.068	58.327.626	4.021.802	6.314.605	117.957.101

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in EUR					
Gross book value as at 01 January 2020	55.565.738	77.347.105	8.735.599	6.314.605	147.963.047
Additions	12.516.973	2.940.377	1.642.888	7.576.867	24.677.105
Disposals / Write-offs	-1.991.864	-2.298	-172.810	0	-2.166.972
Reclassified items	1.436.529	5.057.511	258.615	-6.880.529	-127.873
Acquisition of subsidiaries	0	269.268	187.386	0	456.654
Foreign exchange differences	-723.871	-619	-6.142	-409.235	-1.139.866
Gross book value as at 31 December 2020	66.803.506	85.611.344	10.645.537	6.601.708	169.662.095
Accumulated depreciation as at 01 January 2020	-6.272.670	-19.019.479	-4.713.797	0	-30.005.946
Depreciation for the financial year	-2.433.984	-4.190.230	-777.865	0	-7.402.078
Depreciation of disposals / write-offs	526.585	2.298	122.003	0	650.886

Other arrangements	0	2.559	-1.289	0	1.270
Acquisition of subsidiaries	0	-246.560	-167.690	0	-414.250
Foreign exchange differences	2.457	479	1.191	0	4.126
Accumulated depreciation as at 31 December 2020	-8.177.613	-23.450.932	-5.537.448	0	-37.165.993
Net Book Value as at 31 December 2020	58.625.893	62.160.412	5.108.089	6.601.708	132.496.102

The Group's tangible assets include rights of use of tangible assets which were acknowledged by lease agreements, as per the requirements of IFRS 16 as follows:

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in EUR				
Gross book value as at 01 January 2019	3.809.553	1.306.768	955.698	6.072.018
Additions	218.589	0	166.069	384.657
Disposals / Write-offs	-174.587	0	-54.215	-228.803
Gross book value as at 31 December 2019	3.853.554	1.306.768	1.067.551	6.227.873
Accumulated depreciation as at 01 January 2019	-409.768	-961.783	-389.330	-1.760.882
Depreciation for the financial year	-615.238	-326.787	-176.013	-1.118.038
Depreciation of disposals / write-offs	111.179	0	29.766	140.945
Other arrangements	0	0	0	0
Accumulated depreciation as at 31 December 2019	-913.827	-1.288.570	-535.577	-2.737.975
Net Book Value as at 31 December 2019	2.939.727	18.197	531.974	3.489.899

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in EUR				
Gross book value as at 01 January 2020	3.853.554	1.306.768	1.067.551	6.227.873
Additions	10.248.999	0	294.572	10.543.571
Disposals / Write-offs	-1.991.864	0	-27.688	-2.019.551
Foreign exchange differences	-723.871	0	0	-723.871
Gross book value as at 31 December 2020	11.386.819	1.306.768	1.334.435	14.028.022

Accumulated depreciation as at 01 January 2020	-913.827	-1.288.570	-535.577	-2.737.975
Depreciation for the financial year	-885.671	-18.197	-215.282	-1.119.150
Depreciation of disposals / write-offs	526.585	0	3.461	530.046
Foreign exchange differences	2.457	0	0	2.457
Accumulated depreciation as at 31 December 2020	-1.270.456	-1.306.768	-747.399	-3.324.622
Net Book Value as at 31 December 2020	10.116.363	0	587.037	10.703.400

The Company's tangible assets are thoroughly presented in the table below:

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in EUR					
Gross book value as at 01 January 2019	36.178.773	47.122.716	6.369.813	8.896.894	98.568.197
Additions	12.922.994	24.732.404	1.580.722	6.309.072	45.545.191
Disposals / Write-offs	-41.699		-59.249		-100.949
Reclassified items	4.782.833	4.001.631	110.898	-8.895.361	0
Gross book value as at 31 December 2019	53.842.900	75.856.751	8.002.183	6.310.605	144.012.439
Accumulated depreciation as at 01 January 2019	-4.374.460	-15.090.071	-3.944.185	0	-23.408.716
Depreciation for the financial year	-1.525.741	-3.488.991	-555.507		-5.570.239
Depreciation of disposals / write-offs	22.587		29.896		52.483
Other arrangements		1.386	-1.386		0
Accumulated depreciation as at 31 December 2019	-5.877.613	-18.577.676	-4.471.182	0	-28.926.471
Net Book Value as at 31 December 2019	47.965.287	57.279.075	3.531.001	6.310.605	115.085.968

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in EUR					
Gross book value as at 01 January 2020	53.842.900	75.856.751	8.002.183	6.310.605	144.012.439
Additions	5.482.766	2.927.528	1.561.969	1.696.154	11.668.418
Disposals / Write-offs	-1.991.864		-126.899		-2.118.763
Reclassified items	1.436.529	5.057.511	258.615	-6.880.529	-127.873

Gross book value as at 31 December 2020	58.770.331	83.841.790	9.695.869	1.126.231	153.434.221
Accumulated depreciation as at 01 January 2020	-5.877.613	-18.577.676	-4.471.182	0	-28.926.471
Depreciation for the financial year	-1.905.964	-4.115.756	-702.170		-6.723.890
Depreciation of disposals / write-offs	526.585		95.016		621.601
Other arrangements		2.559	-1.289		1.270
Accumulated depreciation as at 31 December 2020	-7.256.992	-22.690.873	-5.079.625	0	-35.027.490
Net Book Value as at 31 December 2020	51.513.339	61.150.917	4.616.244	1.126.231	118.406.731

The Company's tangible assets include rights of use of tangible assets which were acknowledged by lease agreements, as per the requirements of IFRS 16 as follows:

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in EUR				
Gross book value as at 01 January 2019	2.594.729	1.306.768	955.698	4.857.195
Additions			128.263	128.263
Disposals / Write-offs	-41.699		-54.215	-95.915
Gross book value as at 31 December 2019	2.553.030	1.306.768	1.029.745	4.889.543
Accumulated depreciation as at 01 January 2019	-170.384	-961.783	-389.330	-1.521.498
Depreciation for the financial year	-390.812	-326.787	-170.657	-888.256
Depreciation of disposals / write-offs	22.587		29.766	52.353
Other arrangements				0
Accumulated depreciation as at 31 December 2019	-538.609	-1.288.570	-530.221	-2.357.401
Net Book Value as at 31 December 2019	2.014.421	18.197	499.524	2.532.142

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in EUR				
Gross book value as at 01 January 2020	2.553.030	1.306.768	1.029.745	4.889.543
Additions	3.214.792		294.572	3.509.364
Disposals / Write-offs	-1.991.864		-27.688	-2.019.551

Gross book value as at 31 December 2020	3.775.958	1.306.768	1.296.629	6.379.355
Accumulated depreciation as at 01 January 2020	-538.609	-1.288.570	-530.221	-2.357.401
Depreciation for the financial year	-371.727	-18.197	-207.721	-597.645
Depreciation of disposals / write-offs	526.585		3.461	530.046
Other arrangements				0
Accumulated depreciation as at 31 December 2020	-383.751	-1.306.768	-734.482	-2.425.001
Net Book Value as at 31 December 2020	3.392.207	0	562.148	3.954.355

Tangible assets are checked for impairment when there are facts or circumstances indicating that their carried value is no longer recoverable. If the carried value of tangible assets exceeds their recoverable value, the excess amount relates to impairment loss, which is recognised directly to the detriment of the results. The largest component of the comparison between a tangible asset's fair value, less any costs incurred during the sale, and the value in use, represents the asset's recoverable value. No need for further impairment of tangible assets has arisen during the current financial year for the Group or the Company (see note 6.3).

12 Intangible assets

The Group invests in new applications/technologies development programmes as part of the production of industrial batteries and accumulators for defence applications. It is noted that, as innovation is among the Group's strategic goals, the Group invests consistently in research and development, with a view to designing products for new applications (e.g. renewable energy sources), improving the quality and life cycle of existing products, developing solutions in alternative energy storage technologies and improving production process functionalities. Moreover, the Company's intangible assets include primarily software acquisition and development costs.

The changes in the Group's intangible assets are thoroughly presented below:

GROUP (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2019	2.456.242	9.046.605	706.825	12.209.672
Additions	188.355	0	57.901	246.256
Foreign exchange differences	-108	0	0	-108
Gross book value as at 31 December 2019	2.644.489	9.046.605	764.726	12.455.820
Accumulated depreciation as at 01 January 2019	-2.359.016	-6.733.738	-335.015	-9.427.769
Depreciation for the financial year	-66.376	-437.609	-88.205	-592.189

Foreign exchange differences	107	0	0	107
Accumulated depreciation as at 31 December 2019	-2.425.285	-7.171.347	-423.220	-10.019.852
Net Book Value as at 31 December 2019	219.204	1.875.257	341.506	2.435.968

GROUP (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2020	2.644.489	9.046.605	764.726	12.455.820
Additions	400.136	0	20.790	420.926
Acquisition of subsidiaries	0	0	19.633	19.633
Reclassified items	127.873	0	0	127.873
Foreign exchange differences	-83	0	0	-83
Gross book value as at 31 December 2020	3.172.414	9.046.605	805.149	13.024.169
Accumulated depreciation as at 01 January 2020	-2.425.285	-7.171.347	-423.220	-10.019.852
Depreciation for the financial year	-119.868	-437.609	-94.133	-651.611
Acquisition of subsidiaries	0	0	-18.308	-18.308
Reclassified items	-1.270	0	0	-1.270
Foreign exchange differences	81	0	0	81
Accumulated depreciation as at 31 December 2020	-2.546.342	-7.608.956	-535.661	-10.690.959
Net Book Value as at 31 December 2020	626.072	1.437.648	269.488	2.333.209

The changes in the Company's intangible assets are thoroughly presented below:

COMPANY (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2019	2.415.190	6.450.134	701.540	9.566.864
Additions	121.203		55.000	176.203
Gross book value as at 31 December 2019	2.536.394	6.450.134	756.540	9.743.067
Accumulated depreciation as at 01 January 2019	-2.317.964	-5.249.540	-334.575	-7.902.079
Depreciation for the financial year	-55.167	-223.519	-87.148	-365.833
Accumulated depreciation as at 31 December 2019	-2.373.131	-5.473.059	-421.722	-8.267.912
Net Book Value as at 31 December 2019	163.262	977.074	334.818	1.475.154

COMPANY (Amounts in EUR)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2020	2.536.394	6.450.134	756.540	9.743.067
Additions	393.822		20.790	414.612

Reclassified items	127.873			127.873
Gross book value as at 31 December 2020	3.058.089	6.450.134	777.330	10.285.553
Accumulated depreciation as at 01 January 2020	-2.373.131	-5.473.059	-421.722	-8.267.912
Depreciation for the financial year	-105.784	-223.519	-92.262	-421.565
Reclassified items	-1.270	0	0	-1.270
Accumulated depreciation as at 31 December 2020	-2.480.185	-5.696.577	-513.984	-8.690.747
Net Book Value as at 31 December 2020	577.903	753.555	263.346	1.594.805

13 Investments in subsidiaries

The Company's subsidiaries are presented in detail in note 10. In the Statement of Financial position, interests have been valued at acquisition value less any provisions for impairment of their value. The table below shows the net value of subsidiaries as at 31.12.2020 and 31.12.2019:

Amounts in EUR	COMPANY	
	31.12.20	31.12.19
Company Name		
ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	0	1.020.000
SUNLIGHT INDUSTRIAL SRL	422.547	422.547
SUNLIGHT EUROPEAN BATTERY ASSEMBLY SRL	780.000	900.000
ECORBA SRL	50.000	50.000
SUNLIGHT BATTERIES USA INC.	4.347.535	0
BATT-MEN GROUP SRL	463.323	0
SUNLIGHT ITALY SRL	959.712	0
Total	7.023.117	2.392.547

The item "Investments in subsidiaries" can be broken down as follows for the current and past year:

Amounts in EUR	COMPANY	
	31/12/2020	31/12/2019
Balance at start of period	2.392.547	3.262.087
Transfer from investments to associates due to acquisition of control	403.035	0
Acquisition of subsidiaries	1.020.000	0
Establishment of subsidiaries	4.347.535	50.000
Sale of stake without loss of control	-120.000	0
Impairment of investments in subsidiaries	-1.020.000	-919.540
Balance at end of period	7.023.117	2.392.547

In line with the accounting policies applied and the requirements of IAS 36, the Group reviews impairment of the assets at the end of each annual reference period. This review may also be conducted sooner where there are indications of possible impairment loss. The evaluation focuses on both external and internal factors.

In the financial year ended on 31.12.2020, the company proceeded to further reduce its holding in the company “Advanced Lithium Systems Europe Defence Applications SA” amounting to EUR 1.020 k, and now the value of this holding shown in the Statement of Financial Position as at 31.12.2020 amounts to zero. The main assumptions and methodology used to determine the value of said holding are as follows:

Assumptions used to determine the value in use

The recoverable value of the CGU is determined in line with the calculation of the value in use. Determination results from the net value of estimated future cash flows, as expected to be generated by the CGU (discounted cash flow method). This particular methodology for determining the value in use is sensitive to the following main assumption, as adopted by Management to determine future cash flows:

Main assumptions by CGU	Weighted average cost of capital (WACC)		Compound annual growth rate	
	2020	2019	2020	2019
ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	9,60%	9,30%	-2,46%	38,50%

- **Preparation of 5-year business plans by CGU**

Calculation of estimated cash flows results from approved business plans which have included the necessary revisions to capture the current economic conjecture and reflect past experience and other available information from external sources.

- Business plans are prepared on the basis of a maximum 5-year period. Cash flows beyond the 5-year period are deduced by using estimates of unchanged growth rates, which remain stable and capture the estimates about the long-term growth objective of the CGU.
- Business plans rely on recently prepared budgets and estimates.
- They use budgeted sales figures and gross margins, as well as future estimates using reasonable assumptions.

- **Weighted average cost of capital (WACC)**

The weighted average cost of capital (WACC) method reflects the discount rate of the CGU’s future cash flows and is used to weigh the equity costs and the borrowing costs, in order to calculate the cost of the Company’s total capital. Determining the WACC involves a number of parameters (such as risk-free rate of return, special country risk, and equity risk premium).

It should be noted that the assumptions used for the impairment study may be subject to further change in the future. Possible changes in certain parameters, such as the discount rate, may have an impact on the value in use of the Company’s assets.

- **Compound annual growth rate**

The compound annual growth rate of the cash-generating unit is linked to a multitude of internal and external factors, such as demand for batteries in markets where the CGU operates, production levels, and the sales mix per battery type.

Sensitivity analysis of main assumptions

It should be noted that the assumptions used for the impairment study may be subject to further change in the future. Possible changes in certain parameters, such as the discount rate, may have an impact on the value in use of the Company's assets.

Apart from the above estimates for determining the value in use, Management is not aware of any changes in conditions that might affect the rest of its assumptions. On 31.12.2020, the relevant analysis of all the above factors showed that there was a need for further reduction of the Company's investment in the subsidiary ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA by EUR 1.020 k.

14 Investments in affiliates

On 15.12.2020, the Group increased its holding in the related company Sunlight Italy which is now a subsidiary of the Group and is consolidated using the full consolidation method (as stated in detail in note 10.2 above). Consequently, on 31.12.2020, the Group has a holding in its related party, TECHNOFORM S.A., while the change in investments in affiliates for both the Group and Company is presented in the table below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Balance at start of period	1.045.842	1.104.211	669.847	669.847
Transfer to investments in subsidiaries due to acquisition of control	-403.035	0	-403.035	0
Transfer of interest as part of transferred sector		0	0	0
Interest in profit / (loss) from ongoing operations	133.734	38.043	0	0
Interest in profit / (loss) from discontinued operations		0	0	0
Reclassified items	6.294	-96.412	0	0
Balance at end of period	782.835	1.045.842	266.812	669.847

The change in the equity of related parties and the profit generated in the period 2020 and 2019 can be broken down as follows:

COMPANY CONSOLIDATED USING THE EQUITY METHOD 2019	STAKE	EQUITY AS AT 31.12.2018	EQUITY AS AT 31.12.2019	PROFIT (LOSS)
SUNLIGHT ITALY SRL	30%	439.868	444.644	4.776
TECHNOFORM SA	24%	672.111	705.378	33.267

Total	1.111.979	1.150.022	38.043
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COMPANY CONSOLIDATED USING THE EQUITY METHOD 2020	STAKE	EQUITY AS AT 31.12.2019	EQUITY AS AT 31.12.2020	EQUITY AS AT 31.12.2020	PROFIT (LOSS)
TECHNOFORM SA	24%	705.378	776.236		70.858
SUNLIGHT ITALY SRL	30%	444.644		507.520	62.876
Total		1.150.022	776.236	507.520	133.734

The Group received a dividend from its affiliate TECHNOFORM S.A. in 2020 of EUR 24 k whereas in 2019 no dividend had been received.

15 Investment portfolio

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Balance at start of period	28.159	28.159	28.159	28.159
Fair value valuation	11.000.000	0	11.000.000	0
Balance at end of period	11.028.159	28.159	11.028.159	28.159

The investment portfolio includes equity instruments measured at fair value through profit and loss. During the current year, a change was made to this account from measurement of the investment in Advent Technologies S.A. which rose by EUR 11.000 k, as a result of major developments which began at the end of 2020 and were completed at the start of 2021 when the company was listed on the NASDAQ Exchange in the USA.

At the start of the previous decade the Company had invested in Advent, a start-up company based in Patra, which is involved in researching and developing solutions to generate energy from hydrogen. In time, Advent relocated to Massachusetts, USA, had a difficult and often lonely career in an environment which is not favourable to alternative forms of energy. However, in recent years, since there is now political will in the majority of countries around the world and there has been a huge improvement in the cost of renewable energy sources, the path towards eliminating dependence on fossil fuels is clear.

The prospects for hydrogen technology were spotted by the special purpose acquisition company (SPAC) AMCI Inc. listed on NASDAQ. On 12.10.2020, following a proposal made to Advent, the Boards of Directors of the two companies decided to merge the entities. The Merger Agreement provided that the total merger consideration to be paid to the existing shareholders of Advent would be approximately \$ 250.000 k, and would be paid exclusively upon delivery of new shares in the new company, with an estimated value of \$ 10,00 per share. Advent's shareholders would then hold 54% of the new company, renamed Advent Technologies Holdings Inc., whose shares are traded on the NASDAQ exchange (stock code: ADV). After the business combination in February 2021, Sunlight received 1.416.920 shares in the new company, namely around 3% of the latter's share capital. In February 2021, after the relevant approvals were obtained from the US

Securities and Exchange Commission (SEC), the shares were admitted to trading. Note that as is normal in similar cases Sunlight is bound by a lock up agreement.

It should be noted that although Advent's commercial activities to date are not significant, the company has patents, IP and partnerships with leading American laboratories which offer it competitive advantages. The transaction between Advent and AMCI seeks to finance Advent's business plan by constructing the production units needed and by entering new markets.

On 31.12.20, Sunlight held 337 k shares, namely 5,66% of Advent Technologies S.A., with a total acquisition cost of EUR 987 k (EUR 686 k from shares and EUR 301 k from converting a convertible bond loan into registered shares). The company had already reduced the total cost by 100% in previous years. In light of these important developments, the Company assigned an independent company the task of evaluating its holding as at 31.12.2020, on the basis of which the value was set at EUR 11 million, which was recognised in its entirety as valuation profit and entered in the other financial results (see the relevant analysis in note 33 and 41). Due to the lock up agreement, the company continues to classify this investment as non-current assets.

16 Other Non-Current Assets

The Group's and Company's other non-current assets are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Subsidies receivable from OAED	6.062.928	3.959.140	6.062.928	3.959.140
Guarantees provided	302.127	288.969	257.886	257.464
Intragroup loan	0		2.038.244	
Balance at end of period	6.365.055	4.248.109	8.359.058	4.216.605

The Group's and Company's other non-current assets primarily include subsidies receivable from OAED worth EUR 6.062 k (2019: EUR 3.959 k) which are related to pending litigation. During 2020, an additional claim of EUR 2.104 k was recognised for this case which relates to subsidies receivable for 2014 and 2015 as a result of developments which arose since (see note 36 in detail).

17 Inventories

The Group's and Company's inventories are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Merchandise	2.836.119	1.850.359	2.558.534	1.627.829
Finished & semi-finished products	19.028.992	19.640.818	15.786.410	18.626.472
Work in process	1.454.346	88.810	1.454.346	88.810

Raw direct & indirect materials	12.095.951	14.428.910	9.958.639	12.685.545
Other material	2.307.580	1.969.689	2.203.479	1.932.322
Customs warehousing stocks	137.682	776.187	137.682	776.187
Less provisions for impairment	-2.588.223	-3.523.161	-1.901.976	-2.865.392
Total	35.272.447	35.231.612	30.197.114	32.871.774

The Group takes all necessary steps (security, guarding) to minimise risk and potential inventory losses due to natural disasters, theft, etc. Although the Group's sector of activity involves low risk of technological depreciation of inventories, Management regularly reviews the net realisable value of inventories and makes appropriate provisions, as necessary. On the financial statements reporting date the impact of the COVID-19 pandemic was evaluated and it was considered that there was no impact. The following table shows the Group's and Company's provisions for inventory depreciation in financial years 2020 and 2019:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Provision for inventories at the beginning of FY	-3.523.162	-3.106.072	-2.865.392	-2.959.453
Provision for FY	-73.464	-527.579	-15.279	-12.230
Reversal of unused provision during the period	568.676	0	539.593	0
Utilised provision during the period	439.102	109.603	439.102	106.291
Foreign exchange difference	624	886	0	0
Provision for inventories at the end of FY	-2.588.223	-3.523.162	-1.901.976	-2.865.392

18 Customers and other trade receivables

The Group's and Company's trade receivables are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Domestic customers	3.359.052	3.161.108	3.720.624	3.384.015
Foreign customers	24.961.720	19.630.042	30.958.523	23.650.311
Doubtful customers	2.246.605	2.009.989	2.246.605	2.009.989
Customers in factoring arrangements	2.858.483	6.177.562	2.779.768	6.177.562
Public sector customers	177.176	1.254.104	177.176	1.254.104
Cheques receivable	108.189	225.222	108.189	225.222
Total	33.711.224	32.458.026	39.990.886	36.701.202
Less: Provisions for doubtful debts	-9.202.236	-11.561.619	-9.114.555	-11.450.815
Net trade receivables	24.508.988	20.896.407	30.876.331	25.250.387

All trade receivables are short-term and no discounting is required as at the reporting date.

As of 1 January 2018, the Company applies the simplified approach for impairment of expected credit risks to the balances of trade receivables on the date of initial application (IFRS 9).

Regarding trade receivables, the Company has calculated the estimated credit losses on the basis of the lifetime expected credit losses. For balances outstanding for more than 90 days, the Company has reviewed the risk of default, the days of delay, and the historical losses from credit values adjusted so as to reflect current and future information per customer in order to determine the expected credit loss for each trade receivables balance separately. Default risk, as defined by historical data, integrates the time factor, focusing mainly on recent transactions.

Furthermore, anticipated credit risk measurement relies, apart from historical customer data, on a properly designed macro-economic model that takes into account a group of significant factors (e.g. GDP growth rate, inflation rate, consumer / production / construction indexes etc.), as well as general statistical market indexes, in order to determine future prospects and developments. At the same time, various surveys and forecasts of public organisations and bodies are also taken into account, to get a better insight of short-term economic developments (in the next 12 months). On the financial statements reporting date, the impact of the COVID-19 pandemic on the Group's exposure to credit risk was evaluated for this model, and was considered to be non-significant and has factored in the prospect of a neutral to positive development for the future financial situation.

Following the above evaluation, provisions for the Group's and the Company's doubtful trade receivables during the financial years ended on 31.12.2020 and 31.12.2019 are as follows:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
As at the start of the period	-11.561.619	-11.992.360	-11.450.815	-11.900.815
Provision for FY	0	-21.470	0	0
Utilised provision during the period	1.936.260	0	1.936.260	0
Reversal of unused provisions	421.470	450.000	400.000	450.000
Other changes (transfers, foreign exchange differences, etc.)	1.653	2.210	0	0
As at the end of the period	-9.202.237	-11.561.619	-9.114.555	-11.450.815

Despite its limited exposure in the Greek market and its significant customer dispersion, as a result of the fact that the Group conducts business in a high credit-risk environment, the Group applies specific policies and tools to handle this type of risk (see also note 42). Moreover, the Group has made all necessary impairment provisions to handle effectively any potential losses to arise from this risk.

The Group's and Company's trade receivables as at 31.12.2020 and 31.12.2019 are presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
They are not overdue and are not impaired	23.883.319	19.416.196	28.342.083	23.261.258

Are delayed but not impaired:

< 90 days	622.170	1.469.998	1.715.134	1.790.348
< 91 – 180 days	667	171	537.353	34.056
< 181 – 360 days	2.832	10.042	281.762	164.725
> 360 days	0	0	0	0
Total	24.508.988	20.896.407	30.876.331	25.250.387

19 Other current assets

The Group's and Company's other receivables are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Blocked deposits	277.552	277.549	277.552	277.549
Purchases under delivery	6.853.932	5.138.176	6.398.478	4.540.027
VAT & withholding tax receivables	3.113.522	4.927.036	2.288.153	4.605.279
Supplier down payments	2.448.306	2.939.571	2.444.662	2.807.507
Non-current receivables from currently earned income	48.457	159.000	48.457	159.000
Deferred expenses	860.303	562.226	595.021	548.593
Loans receivable next year	234.976	0	0	0
Receivables from hedging contracts	62.021	0	62.021	0
Other requirements	202.085	329.070	125.675	292.207
Total	14.101.153	14.332.627	12.240.018	13.230.163

All trade receivables are short-term and no discounting is required as at the reporting date. On each reporting date of the financial statements, the Group verifies impairment of the above receivables and makes, where appropriate, the necessary provisions.

Other receivables reported under this item include receivables from derivative financial instruments (see for additional information note 41 of the attached financial statements).

20 Cash and Cash Equivalents

The Group's and Company's cash and cash equivalents are as follows:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Cash in hand	12.421	7.661	3.689	5.418
Short-term bank deposits	15.526.405	7.869.611	12.156.431	6.021.054
Total	15.538.826	7.877.272	12.160.120	6.026.472

“Cash” represents cash and bank deposits in EUR, USD and RON, available upon demand. Bank deposits are subject to floating interest rates, based on the monthly bank deposits rates. The weighted average rate as at the reporting date was 0% (31 December 2019: 0%).

Income from interest from sight and time deposits is accounted for under the accrued revenue principle and reported under item “Financial Income” in the Statement of Profit and Loss.

21 Equity

i) Share capital

The Company’s share capital is thoroughly presented below:

	Share nominal value	Number of Shares	Share capital	Above par	Total
1.1.2020	2.93	15.151.860	44.394.950	38.985.693	83.380.643
31.12.2020	2.93	15.151.860	44.394.950	38.985.693	83.380.643

No change occurred in the Company's share capital during the current financial year. The wholly paid up capital amounts to €44,4 Mio. and consists of 15.151.860 shares with a nominal value of €2,93 each. The authorised share capital is equal to the value of the paid up shares that were allocated to the shareholders and it is fully paid up. The Company’s shares have a nominal value of €2,93 each (31 December 2019: € 2,93).

ii) Above par

The Company’s shares above par have derived from the issue of shares payable in cash, at a price higher than their par value.

iii) Legal Reserve

The legal reserve was formed as per the provisions of Codified Law 2190/1920.

iii) Other reserves

Other reserves, equal in total to approx. €67,00 Mio., consist in:

- a. Reserves of EUR 67,6 Mio., formed from previous years’ profits, through use of tax regulations. These reserves shall be freely allocable as soon as the applicable tax rate (10%) is duly paid. The tax-free “Reserves under Special Laws and Regulations” which were formed under the applicable Greek tax laws, are exempt from income tax, provided that they will not be allocated to the shareholders. The balance of the aforementioned reserves may be allocated subject to authorisation by the ordinary meeting of shareholders and payment of the applicable amount of allocation tax.
- b. Actuarial loss reserve, equal to EUR 0,6 Mio.

iv) Cash Flow Hedge Reserve

The Group applies hedging tools (OTCs), which are monitored through cash flow hedging. Moreover, as in 2020 all requirements for this process are met based on the revised standard (IFRS 9). The fluctuations in the value

of OTCs as at the date the Company's exposed positions were evaluated (31.12.2020) have had a direct impact on Equity, leading to a reserve of EUR 22 k at Group and Company level.

v) Retained Earnings

The Group's accumulated losses stood at EUR 79 Mio. as at 31.12.2020 and at EUR 93 Mio. as at 31.12.2019. The Company's accumulated losses stood at EUR 79 Mio. and EUR 92 Mio. respectively as at 31.12.2020 and 31.12.2019.

22 Current and Deferred Tax

In accordance with the requirements of IAS 12, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the reporting period of the financial statements. Based on the above, the measurement of deferred tax assets and liabilities, as at 31.12.2020, should reflect the subsequent tax consequences that will arise from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities on the reporting date.

Law 4646/2019 was adopted on 12.12.2019, according to which profits from the business activities of legal persons are taxed at 24% from 2019 onwards.

Deferred tax assets and liabilities are offset where there is an enforceable legal right to offset current tax assets against current tax liabilities and deferred taxes relate to the same tax authority. A deferred tax asset is recognised in relation to tax losses carried forward, insofar as it is possible to realise the related tax benefit through future tax profits.

The Group's and Company's deferred tax amounts which have been offset are as follows:

Amounts in EUR	GROUP			
	31/12/2020		31/12/2019	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Tangible Assets	0	7.253.845	0	4.778.865
Intangible assets	155.073	2.714	192.261	0
Holdings in subsidiaries & other investments	0	2.640.000		
Inventories	1.042.422	0	1.181.776	0
Trade receivables	36.734	0	1.834	0
Other receivables	0	553.358	0	81
Actuarial loss reserve	189.011	0	171.890	0
Employee benefits	170.459	0	173.292	0
Other liabilities	2.233.782	0	441.598	0
Other provisions	42.084	0	406.766	0
Losses recognised for taxation purposes	501.987	0	401.652	0
Total	4.371.552	10.449.917	2.971.068	4.778.947
Set-off	-3.885.566	-3.885.566	-2.567.218	-2.567.218
Deferred tax asset / liability	485.985	6.564.351	403.850	2.211.729

Amounts in EUR	COMPANY			
	31/12/2020		31/12/2019	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Tangible Assets		5.598.172		4.401.389
Intangible assets	155.034		192.994	
Holdings in subsidiaries & other investments		2.640.000		
Inventories	629.632		927.120	
Trade receivables	36.734		1.834	
Other receivables		553.358		81
Actuarial loss reserve	187.906		170.861	
Employee benefits	169.756		171.804	
Other liabilities	742.345		214.409	
Other provisions	42.084		406.766	0
Losses recognised for taxation purposes	0	0	0	0
Total	1.963.491	8.791.530	2.085.786	4.401.470
Set-off	-1.963.491	-1.963.491	-2.085.786	-2.085.786
Deferred tax asset / liability	0	6.828.039	0	2.315.684

The change in the Group's and Company's deferred tax asset/liability is presented below:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Balance at start of period	-1.807.878	-1.124.137	-2.315.683	-1.415.721
Results for the financial year from ongoing operations	-4.255.140	-710.976	-4.499.426	-928.304
Results for the financial year from discontinued operations		0	0	0
Equity transactions	-12.853	28.573	-12.929	28.342
Effect of foreign exchange differences	-2.495	0	0	0
Other transactions	0	-1.338	0	0
Balance at end of period	-6.078.366	-1.807.878	-6.828.038	-2.315.683

The deferred tax assets arising from unused tax losses to be offset in future years are only recognised if it is possible to offset them against future taxable profits.

The Group recognised a deferred tax asset on unused tax losses (EUR 502 k), because, based on the approved business plan, Management considers that tax losses can be offset against future taxable profits. The company has no unused tax losses to be offset in 2020.

The Group considers that, in the markets in which it operates, there exist conditions for further development of its competitive edge and, therefore, of its market share, sales, and organic profitability. In particular, the Management's basic assumptions supporting the increase of organic profitability (and by extension, the existence of envisaged future taxable profits), as captured in the aforementioned business plan, are that the largest part of turnover originates from abroad and in particular from areas showing growth, the Company will develop new and technologically advanced products, it will follow a reasonable investment plan and it will

further streamline costs, due to the achievement of economies of scale and to the contribution of the recycling plant in the Komotini area.

23 Employee benefit liabilities due to retirement

The company has not formally or informally put in place any special employee benefit plan, by which it has committed to provide retirement benefits to all employees. For the Greek companies of the Group, the contractual liability under the current legislation as arising from Law 2112/20 and Law 3026/54, as amended by Law 4093/2012, for providing a one-off amount at the time of retirement in line with 40% of the scale of Law 2112/20, does apply and has been put in place. Such plans are not financed, they represent defined benefit plans under IAS 19, and the relevant liability has been calculated on the basis on an actuarial study, prepared by an independent actuary. The Group's net liability in the Statement of Financial Position is as follows:

Changes in the liability in the Statement of Financial Position:

Amounts in EUR	GROUP	
	31/12/2020	31/12/2019
Net liability at the start of the financial year	1.438.260	1.260.379
Benefits paid by employer	-726.565	-167.743
Expense to be entered into the Statement of Profit and Loss	714.760	293.746
Actuarial (profit)/ loss entered into Statement of comprehensive income	71.338	51.877
Net liability at the end of the financial year	1.497.793	1.438.260

	31/12/2020	31/12/2019
Present value of liability at the end of the financial year	1.497.793	1.438.260
Actual value of plan assets at the end of the financial year	0	0
Net liability to be entered into the Statement of Financial Position at the end of the financial year	1.497.793	1.438.260

The details and the main assumptions of the actuarial estimate for the financial years ended on 31.12.2020 and 31.12.2019 are as follows:

Amounts in EUR	GROUP	
	31/12/2020	31/12/2019
Cost of current service	147.832	129.742
Interest expense	16.540	21.426
Cost of past service	0	5.999
Cost (result) of settlements	550.388	136.579
Net expense for the financial year	714.760	293.746
Amount to be entered into other total income for the financial year	71.338	51.877
Aggregate amount in other total income	-787.547	-716.208

The Company's net liability in the Statement of Financial Position is as follows:

Amounts in EUR	COMPANY	
	31/12/2020	31/12/2019
Net liability at the start of the financial year	1.427.769	1.252.408
Benefits paid by employer	-726.565	-167.743
Expense to be entered into the Statement of Profit and Loss	713.828	292.321
Actuarial (profit)/ loss entered into Statement of comprehensive income	71.021	50.783
Staff transfer costs	4.205	0
Net liability at the end of the financial year	1.490.259	1.427.769

Amounts in EUR	COMPANY	
	31/12/2020	31/12/2019
Present value of liability at the end of the financial year	1,490,259	1,490,259
Actual value of plan assets at the end of the financial year	0	0
Net liability to be entered into the Statement of Financial Position at the end of the financial year	1,490,259	1,427,769

Amounts in EUR	COMPANY	
	31/12/2020	31/12/2019
Cost of current service	146.972	128.453
Interest expense	16.468	21.290
Cost of past service	0	5.999
Cost (result) of settlements	550.388	136.579
Net expense for the financial year	713.828	292.321
Amount to be entered into other total income for the financial year	71.021	50.783
Aggregate amount in other total income	-782.942	-711.921

The main actuarial assumptions used for the aforementioned accounting purposes were as follows:

	GROUP / COMPANY	
	31/12/2020	31/12/2019
Discount rate	0,60%	1,15%
Future wage increases	2,00%	2,00%
Inflation	1,50%	1,50%

Staff turnover:	1/1 - 31/12/2020	1/1 - 31/12/2019
Years of seniority	Percentage of departures	Percentage of departures
From 0 to 1 year	10%	7%
From 1 year to 5 years	7%	5%
From 5 years to 10 years	4%	3%
From 10 years and above	1%	0%

The above assumptions were developed by Management together with an independent actuarial who prepared the actuarial study.

The main actuarial assumptions for determining the liabilities are the discount rate and the expected change in wages. The table below shows the effects on the actuarial liability of any changes in these assumptions.

Amounts in EUR	GROUP	
	Actuarial liability	Percentage change
Discount rate increase by 0.5%	1.369.360	-9%
Discount rate decrease by 0.5%	1.641.033	10%
Expected wage increase up by 0.5%	1.621.435	8%
Expected wage increase down by 0.5%	1.383.126	-8%

In addition, the Group forms provisions for Employee benefit liabilities due to retirement for other subsidiaries abroad based on local legislation. In 2020, the specific provisions for liabilities of subsidiaries abroad stood at EUR 114 k (EUR 28 k in 2019) resulting in a total liability for the Group of EUR 1.611 k (EUR 1.466 k in 2019).

24 Loan Liabilities

The Group's borrowing includes both long-term loans and working capital loans, based on the Group's needs. The Group's and Company's loan liabilities (both long- and short-term) are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Long-term borrowing				
Corporate bonds	81.634.526	63.172.805	81.634.526	63.172.805
Bank loans	6.928.424	8.531.107	6.923.077	7.500.000
Lease liabilities	10.989.574	2.805.223	4.020.359	2.805.223
Less: Long-term loans & lease liabilities payable in the next 12 months	-4.421.342	-5.475.435	-3.839.861	-5.222.202
Total long-term loans	95.131.182	69.033.700	88.738.101	68.255.826
Short-term loans				
Bank loans	8.404.175	16.443.157	8.394.469	16.443.157
Liabilities to factoring companies	16.515	3.457.713	10.574	3.457.713
Short-term portion of long-term loan liabilities & lease liabilities	4.421.342	5.475.435	3.839.861	5.222.202
Total short-term loans	12.842.032	25.376.305	12.244.904	25.123.072
Total loans	107.973.214	94.410.006	100.983.004	93.378.898

The Group does not have any loans valued at fair value. The book value of liabilities is estimated to approximate their fair value and, therefore, it is estimated that the discount rate that would have been used to determine the fair value would be similar to the interest paid by the Group.

The total financial costs of long-term and short-term loan liabilities as well as financial leases for the annual period 01.01-31.12.2020 (and the corresponding comparative annual period) are included in item "Financial costs" of the consolidated and corporate Profit and Loss Statement.

The weighted average borrowing rate for this financial year was 2,8% against 3,9% for the previous financial year.

With regard to the above long-term and short-term loans, we provide below the table of future repayments for the Group as of 31.12.2020 and 31.12.2019.

Amounts in EUR	GROUP				
Loan liabilities as at 31.12.2020	Collateralised bond loans	Bank borrowings & lease liabilities	Loans with assignment of claims	Loans without collateral	Total loan liabilities
Up to 1 year	2.099.956	10.710.508	16.515	15.053	12.842.032
Between 1 and 2 years	65.590.290	2.340.599			67.930.889
Between 2 and 3 years	3.226.930	2.112.205			5.339.135
Between 3 and 4 years	4.231.647	1.853.514			6.085.161
Between 4 and 5 years	6.485.703	1.825.146			8.310.849
More than 5 years		7.465.148			7.465.148
Total	81.634.526	26.307.120	16.515	15.053	107.973.214

Amounts in EUR	GROUP				
Loan liabilities as at 31.12.2019	Collateralised bond loans	Bank borrowings & lease liabilities	Loans with assignment of claims	Loans without collateral	Total loan liabilities
Up to 1 year	4.071.600	17.846.992	3.457.713		25.376.305
Between 1 and 2 years	3.500.000	1.992.883		15.847	5.508.730
Between 2 and 3 years	55.601.205	1.917.616			57.518.821
Between 3 and 4 years		1.766.797			1.766.797
Between 4 and 5 years		1.548.082			1.548.082
More than 5 years		2.691.270			2.691.270
Total	63.172.805	27.763.641	3.457.713	15.847	94.410.006

The Group's long-term loans as at 31 December 2020 and 31 December 2019 are thoroughly presented per loan type and maturity date in the following table:

Amounts in EUR	GROUP					
			Balance as at 31.12.2020		Balance as at 31.12.2019	
	Company	Expiry	Long-term	Payable next year	Long-term	Payable next year
1) Bond loan – EFG Eurobank	SYSTEMS	30.12.22	4.200.000	0	12.693.954	3.000.000
2) Bond loan – Eurobank Alpha	SYSTEMS	16.6.22	49.903.257	0	0	0
3) Bond loan – EFG Eurobank	SYSTEMS	27.6.20	0	0	1.071.600	1.071.600
4) Bond loan – Piraeus	SYSTEMS	1.12.24	4.978.402	991.068	0	0
5) Bond loan – Alpha	SYSTEMS	15.9.25	9.988.419	746.233	0	0
6) Bond loan – NBG	SYSTEMS	29.6.25	4.301.954	362.655	0	0
RCF NBG	SYSTEMS	20.6.22	8.262.493	0	0	0

ORDINARY BOND LOAN	SYSTEMS	20.6.22	0	0	49.407.251	0
E.I.B.	SYSTEMS	26.8.26	6.923.077	1.153.846	7.500.000	576.923
ALPHA Finance Lease	SYSTEMS	23.1.20	0	0	10.307	10.307
Lease agreements	SYSTEMS		4.020.359	586.059	2.794.916	563.372
Lease agreements	SEBA		605.736	193.679	792.344	212.304
Lease agreements	ROMANIA		174.711	49.745	222.916	40.930
Lease agreements	Batt-Men		497.531	77.368		
Lease agreements	USA		5.691.237	255.342		
Line of credit agreements	ALSE DE		5.347	5.347	15.847	
Total			99.552.524	4.421.342	74.509.135	5.475.435

The Group's entities also maintain credit limits with various banking institutions, to meet general financing needs. The majority of credit lines relates to short-term loans and factoring settlement arrangements against recourse or otherwise, entered by the parent entity during the last years, which have entered into effect and are renewed depending on its needs.

Lease liabilities relate to buildings, mechanical equipment and vehicles.

Major changes in Group loans for the period which ended on 31.12.2020.

Ordinary Bond Loan Programme

Pursuant to the decision of the Board of Directors of 13.5.2020, the Company repaid the entire nominal value of the bonds it had issued and sold via a public offer, under the Ordinary Bond Loan Programme dated 20.6.2017 of up to € 50.000.000 (the Bond Loan Programme). Consequently, 17.6.2020 was the last date for trading the said bonds on the Athens Exchange.

The early repayment took place on 22.6.2020, in accordance with the provisions of clause 4.2 of the Bond Loan Programme. (the Prepayment). In the context of the call, in accordance with the provisions of the Bond Loan Programme, a) the total nominal value of the bonds, i.e. EUR 1,000 per bond, and b) the accrued interest per bond up to 22.6.2020 were paid.

Eurobank-Alpha Bank syndicated bond loan

In June 2020, the Company issued a new ordinary bond loan via Eurobank S.A. and Alpha Bank with a total nominal value of EUR 50.000.000, valid for 2 years, with bondholders entitled to make a call on the first anniversary of the issue date. The proceeds of the said bond loan were used for the early repayment of the former ordinary bond loan of EUR 50.000.000.

National Bank bond loan

The Company concluded a new bond loan with National Bank of Greece of up to EUR 29.958.448 to (a) finance working capital needs and refinance existing loans and (b) finance investment plans. Up to 31.12.2020, the sum of EUR 13.988.692 had been drawn down, of which EUR 8.300k was issued for 2 years and EUR 5.689 k was issued for 5 years.

Alpha Bank – Piraeus Bank bond loan

During the year, the company issued bond loans with Alpha Bank and Piraeus Bank worth EUR 10 million and EUR 5 million respectively, guaranteed by the COVID-19 Business Guarantee Fund of Hellenic Development Bank.

25 Agreement on change in financial liabilities

The agreement on the change in financial liabilities, for the Group and the Company, for the financial year ended on 31.12.2020 is shown below:

Amounts in EUR	GROUP		
	Long-term loan liabilities	Short-term loan liabilities	Total
Balance as at 31.12.2018	66.519.669	39.119.294	105.638.963
Repayments	-10.246	-22.041.360	-22.051.606
Withdrawals /disbursements	7.512.604	2.921.527	10.434.130
Non-cash changes 01.01 - 31.12.2019:			
Foreign exchange differences	-466	0	-466
Recognition of loan liabilities under IFRS 16	383.640	0	383.640
Reclassified items	-5.421.503	5.421.503	0
Other changes	50.004	-44.659	5.345
Balance as at 31.12.2019	69.033.700	25.376.305	94.410.006
Repayments	-62.406.080	-17.646.423	-80.052.502
Withdrawals /disbursements	78.640.432	6.001.398	84.641.830
Non-cash changes 01.01 - 31.12.2020:			
Foreign exchange differences	-715.058	0	-715.058
Recognition/(deletion) of loan liabilities under IFRS 16	8.823.781	0	8.823.781
Recognition of accrued expenses/interest	855.453	0	855.453
Reclassified items	898.954	-898.954	0
Bank loans from acquisition of subsidiaries	0	9.706	9.706
Other changes	0	0	0
Balance as at 31.12.2020	95.131.182	12.842.032	107.973.214

Amounts in EUR	COMPANY		
	Long-term loan liabilities	Short-term loan liabilities	Total
Balance as at 31.12.2018	65.697.389	38.901.326	104.598.715
Repayments	0	-21.820.477	-21.820.477
Withdrawals /disbursements	7.500.000	2.921.527	10.421.527
Non-cash changes 01.01 - 31.12.2019:			
Foreign exchange differences	0	0	0
Recognition of loan liabilities under IFRS 16	128.263	0	128.263
Reclassified items	-5.165.355	5.165.355	0
Other changes	95.529	-44.659	50.871

Balance as at 31.12.2019	68.255.826	25.123.072	93.378.898
Repayments	-62.257.924	-17.418.885	-79.676.808
Withdrawals /disbursements	78.640.432	5.995.456	84.635.888
Non-cash changes 01.01 - 31.12.2020:			
Foreign exchange differences			0
Recognition/(deletion) of loan liabilities under IFRS 16	1.789.574		1.789.574
Recognition of accrued expenses/interest	855.453		855.453
Reclassified items	1.454.740	-1.454.740	0
Other changes			0
Balance as at 31.12.2020	88.738.101	12.244.904	100.983.004

26 Other Long-Term Liabilities

The Group has recognised as deferred income in long-term liabilities the long-term portion of state subsidies, which will be systematically and rationally recognised in revenues over the useful life of tangible assets.

The Group and Company balance of that item as at 31.12.2020 and 31.12.2019 was as follows:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Long-term portion of state subsidies	5.969.770	6.365.007	5.969.770	6.365.007
Total	5.969.770	6.365.007	5.969.770	6.365.007
<i>Short-term portion of state subsidies</i>	<i>395.237</i>	<i>395.237</i>	<i>395.237</i>	<i>395.237</i>

Depreciation is recognised in the period's profit and loss under the straight-line method during the useful life of the relevant subsidised assets. For the financial year 01.01.2020 – 31.12.2020, subsidy depreciation amounted to EUR 395 k for the Group and the Company.

27 Suppliers and Other Trade Creditors

The Group's and Company's supplier balances and other related liabilities are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Domestic suppliers	23.380.332	10.889.436	8.540.408	11.123.714
Foreign suppliers	5.753.800	12.721.562	18.857.391	12.088.230
Cheques payable	1.888.130	1.160.161	1.889.904	1.160.161
Total	31.022.262	24.771.160	29.287.703	24.372.105

28 Other short-term liabilities

There follows an analysis of other short-term liabilities:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Subsidies	395.237	395.237	395.237	395.237
Deferred income	669.044	628.686	669.044	628.686
Accrued expenses of financial year	6.194.637	4.019.608	5.642.650	3.739.874
Customer advances	5.991.671	5.441.927	5.955.519	4.078.466
Social Security Funds	1.741.904	1.230.756	1.695.147	1.196.695
Other taxes	826.943	746.039	582.410	660.035
Other liabilities	484.896	710.761	72.274	665.243
Total	16.304.330	13.173.014	15.012.279	11.364.237

29 Provisions

The table below shows the break-down of provisions for the Group and the Company:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Balance at start of period	2.455.387	2.585.500	2.455.387	2.585.500
Additional provisions	0	600.000	0	600.000
Unused provisions	0	0	0	0
Used provisions for the financial year	-1.600.000	-730.113	-1.600.000	-730.113
Balance at end of period	855.387	2.455.387	855.387	2.455.387

Provisions mostly relate to pending litigation.

30 Sales

The Group's and Company's sales are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	01/01 – 31/12/2020	01/01 – 31/12/2019	01/01 – 31/12/2020	01/01 – 31/12/2019
Domestic	8.016.842	9.106.431	8.017.089	9.106.431
Third-country	49.425.206	48.040.028	53.562.528	47.992.124
EU	119.462.622	123.031.382	110.633.564	120.715.571
Total	176.904.670	180.177.841	172.213.181	177.814.126

The allocation of income from sales to the Group's operating sectors is shown in note 37.

It is noted that sales in the comparator period had been negatively affected by the gradual restoration of production capacity in the industrial batteries segment starting at around 40% in early 2019, and gradually reaching 100% in July 2019.

31 Operating Expenses per category

The Group's and Company's operating expenses per category, cost of goods sold, administration expenses, selling expenses, R&D costs and reorganisation expenses are thoroughly presented in the table below.

Amounts in EUR	GROUP		COMPANY	
	01/01 – 31/12/2020	01/01 – 31/12/2019	01/01 – 31/12/2020	01/01 – 31/12/2019
Change in inventories and cost of sales	105.148.617	111.878.374	104.738.766	111.512.320
Employee gross remuneration & employer's contributions	26.202.756	23.225.188	24.070.894	21.794.168
Goods transport expenses	7.260.696	7.092.928	6.100.118	6.375.262
Depreciation	7.406.828	5.798.117	6.498.744	5.191.941
Taxes – Duties	236.560	287.750	227.412	278.325
Premiums	1.027.806	796.576	867.015	756.550
Other expenses	19.431.191	19.333.827	18.197.897	18.509.871
Total	166.714.454	168.412.760	160.700.846	164.418.436

Amounts in EUR	GROUP		COMPANY	
	01/01 – 31/12/2020	01/01 – 31/12/2019	01/01 – 31/12/2020	01/01 – 31/12/2019
Included in:				
Cost of goods sold	139.759.522	143.695.460	137.707.605	141.827.837
Administrative costs	9.760.017	7.456.919	7.704.679	6.880.246
Selling expenses	14.881.319	15.309.149	13.556.511	14.353.103
Research and development expenses	2.313.596	1.951.233	1.732.051	1.357.250
Total	166.714.454	168.412.760	160.700.846	164.418.436

32 Other Operating Income / Expenses

The Group's and Company's other operating income is as follows:

Amounts in EUR	GROUP		COMPANY	
	01/01 – 31/12/2020	01/01 – 31/12/2019	01/01 – 31/12/2020	01/01 – 31/12/2019
Other operating income				
Income from foreign exchange differences	394.964	322.727	394.655	322.720
Prior years' income	2.195.126	299.107	2.190.759	296.031
Income from unused provisions	421.476	767.735	400.000	767.735
Compensation for extraordinary losses	42.049	8.455.494	40.858	8.455.494
Income from derivative financial instruments for hedging of lead	0	614.393	0	614.393
Other income	345.158	82.538	292.900	53.239
Total	3.398.773	10.541.994	3.319.172	10.509.610

Prior period revenues for 2020 include EUR 2,1 million which is a claim the Company has against OAED and in particular is related to subsidies receivable for 2014 and 2015 as a result of developments in the case of a claim for subsidies from OAED (see the relevant case in note 36).

Income from unused provisions includes EUR 421 k for the Group and EUR 400 k for the company which relates to a reversal of the provision for bad debt. The Management's estimate about expected credit losses was made as part of implementing the requirements of the new IFRS 9.

The Group's and Company's other operating expenses are as follows:

Amounts in EUR	GROUP		COMPANY	
	01/01 – 31/12/2020	01/01 – 31/12/2019	01/01 – 31/12/2020	01/01 – 31/12/2019
Other operating expenses				
Expenses from foreign exchange differences	1.004.161	516.811	889.984	505.084
Prior years' expenses	371.757	176.822	513.950	173.734
Expenses from derivative financial instruments for hedging of lead	334.656	0	334.656	0
Provisions for compensation & litigation	0	600.000	0	600.000
Net book loss from the fire	0	1.146.546	0	1.146.546
Inactivity costs	0	3.224.234	0	3.224.234
Provisions for supplier down payments	30.954	0	30.954	0
Other expenses	40.634	234.603	33.890	211.834
Total	1.782.162	5.899.016	1.803.433	5.861.431

The above foreign exchange differences also include profits/(losses) arising from USD forward contracts.

33 Financial Income / Expenses – Other Financial Results

The Group's and Company's financial results are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	01.01 – 31.12.2020	01.01 – 31.12.2019	01.01 – 31.12.2020	01.01 – 31.12.2019
Financial expenses:				
Interest on loans & lease liabilities	-3.648.002	-4.235.021	-3.496.108	-4.195.812
Factoring interest & commission	-459.119	-624.608	-441.683	-621.469
Other bank expenses	-948.610	-341.956	-931.603	-336.470
Total	-5.055.731	-5.201.585	-4.869.394	-5.153.750
Financial income:				
Interest earned	6.704	562	6.692	554
Interest from intra-group loans	0	0		0
Total	6.704	562	6.692	554
Other financial results				
Net result of the assignment of a claim against the Greek State	0	479.162	0	479.162
Income from discounting long-term receivables in current values	0	12.240	0	12.240
Trading profits from acquisition of subsidiaries (see note 10.2)	403.695	0	0	0
Collection of dividends	24.000	0	24.000	0
Impairment of investments in subsidiaries (see note 13)	0	0	-1.020.000	-919.540

Profits from valuation of holdings at fair value (see note 15)	11.000.000	0	11.000.000	0
Total	11.427.695	491.402	10.004.000	-428.138
Total financial results for the period	6.378.668	-4.709.621	5.141.298	-5.581.334

34 Earnings per Share

The Group's and Company's basic earnings per share (expressed in Euro per share) for period 01.01-31.12.2020 and for the relevant comparative period of 2019 are as follows:

Amounts in EUR	GROUP		COMPANY	
	01.01 – 31.12.2020	01.01 – 31.12.2019	01.01 – 31.12.2020	01.01 – 31.12.2019
Net profit / (loss) corresponding to the parent company's owners from ongoing operations	13.888.640	10.100.940	13.621.445	10.045.595
Net profit / (loss) corresponding to the parent company's owners from discontinued operations	0	0	0	0
Net profit / (loss) corresponding to the parent company's owners for basic earnings per share purposes	13.888.640	10.100.940	13.621.445	10.045.595
Number of shares				
Weighted average number of ordinary shares used to calculate the basic earnings/(losses) per share	15.151.860	15.151.860	15.151.860	15.151.860
Basic earnings / (losses) per share (in Euro per share) from ongoing operations	0,9166	0,6666	0,8990	0,6630
Basic earnings / (losses) per share (in Euro per share) from discontinued operations	0,0000	0,0000	0,0000	0,0000
Basic earnings / (losses) per share (in Euro per share)	0,9166	0,6666	0,8990	0,6630

Basic earnings per share derive by dividing the profit or loss corresponding to the holders of ordinary shares of the parent company with the weighted average number of issued ordinary shares during the accounting period.

There was no drop in earnings per share.

35 Transactions with Related Parties

This section lays down the major transactions between the Company and related parties, as same are defined in the International Accounting Standard 24. Transactions between Group entities and asset/liability balances arising from trade transactions are presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Sales of goods & services				
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	20.397.737	0	20.397.737	14.786.148
ADVANCED LITHIUM SYSTEMS EUROPE SA	115.632	0	115.631	115.385

SUNLIGHT INDUSTRIAL SRL	3.119.172	0	2.891.990	3.269.560
TECHNOFORM SA	61.437	50.879	61.437	50.879
SUNLIGHT ITALY SRL	5.451.074	10.453.675	5.134.510	10.441.435
BATT-MEN GROUP	32.837	0	0	0
SUNLIGHT BATTERIES USA	4.460.227	0	4.460.227	0
ECORBA SRL	8.756	0	0	0
OLYMPIA GROUP SA	516	8.100.000	516	8.100.000
OTHER RELATED PARTIES	292.426	1.110	292.426	1.110
Total	33.939.815	18.605.664	33.354.474	36.764.517

Purchase of goods and services	31.12.20	31.12.19	31.12.20	31.12.19
ALSE DEUTSCHLAND GMBH	239.848	0	239.848	51.626
ADVANCED LITHIUM SYSTEMS EUROPE SA	182.800	0	182.800	0
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	261.849	0	18.989	0
SUNLIGHT INDUSTRIAL SRL	1.730	0	1.730	1.910
TECHNOFORM SA	3.836.704	3.154.486	3.836.704	3.127.353
SUNLIGHT ITALY SRL	32.838	260	905	260
BATT-MEN GROUP	114.313	0	0	0
ECORBA SRL	144.125	0	144.125	0
OTHER RELATED PARTIES	1.549.200	812.564	1.549.200	812.357
Total	6.363.408	3.967.310	5.974.300	3.993.506

Customers and other trade receivables	31.12.20	31.12.19	31.12.20	31.12.19
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	0	0	7.705.139	7.210.647
ADVANCED LITHIUM SYSTEMS EUROPE SA	0	0	347.129	222.907
SUNLIGHT INDUSTRIAL SRL	0	0	217.205	495.318
SUNLIGHT ITALY SRL	0	4.340.858	2.399.776	4.340.724
TECHNOFORM SA	14.577	28.820	14.577	28.820
SUNLIGHT BATTERIES USA	0	0	4.460.227	0
ECORBA SRL	0	0	34.804	0
BATT-MEN GROUP	0	0	11.245	0
OTHER RELATED PARTIES	297.722	833	297.722	833
Total	312.299	4.370.511	15.487.823	12.299.249

Suppliers and other trade creditors	31.12.20	31.12.19	31.12.20	31.12.19
ALSE DEUTSCHLAND GMBH	0	0	12.900	15.688
ADVANCED LITHIUM SYSTEMS EUROPE SA	0	0	14.477	0
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	0	0	4.148	0
SUNLIGHT INDUSTRIAL SRL	0	0	0	0
SUNLIGHT ITALY SRL	0	0	453	0
TECHNOFORM SA	1.240.157	795.410	1.240.157	783.364
OTHER RELATED PARTIES	220.143	208.968	220.143	208.968
Total	1.460.300	1.004.379	1.492.278	1.021.037

Grants to management executives, at Group and Company level, are thoroughly presented below:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Employee gross remuneration & employer's contributions	1.438.413	1.263.121	1.346.645	1.263.121
Other fees and transactions of Directors	220.851	239.213	220.851	198.305
Total	1.659.264	1.502.333	1.567.496	1.461.426

Each member of the Company's Board of Directors has signed an employment contract, laying down his/her monthly remuneration, which is included in the Company's expenses.

No loans have been granted by the Group to any Directors and there are no outstanding claims or liabilities between the Group and any Directors or other management executives and their families other than the above amount.

Guarantees between affiliates

The Company has offered guarantees to EFG Eurobank Ergasias SA in favour of its affiliate TECHNOFORM SA, in the context of a current account credit facility of EUR 570 k.

36 Contingent Liabilities

36.1 Litigations

The Company and its subsidiaries are involved in various litigations and arbitration procedures (either as defendants or as plaintiffs) in their ordinary course of business. The Group makes provisions for pending litigations in its Financial Statements, in those situations where an outflow of resources may be required to satisfy a claim, provided that the required amounts can be reasonably estimated. As at 31.12.2020, the Group's provisions in this respect amount to EUR 855 k (31.12.2019: EUR 2.455 k), as broken-down in note 29 of the financial statements. In the opinion of the Group's Management and external legal consultants, the Group's pending litigation is not expected to have a material impact on the Group's or Company's consolidated financial position or operating results - taking into account the provisions already made in the financial statements in this regard.

OAED Subsidies Claim case

As it is mentioned in explanatory note 16 to the financial statements, as at 31.12.2020 "other non-current assets" included "subsidies receivable from OAED", equal to EUR 6.063 k.

These subsidies have been paid to the extent they represent claims of the Company against OAED for the period until the first half of year 2010 (last payments were effected in 2013). Given that the limitation period applicable to these claims is five years (Article 86 of Law 2362/1995) and starts from the end of the year in which the relevant claims arose and fell due, the Company has brought these claims before the Courts, in order to secure its interests, and has filed actions against OAED and the Greek Government, as per Article 105 of the Explanatory Memorandum of the Civil Code and Section 71 of the Code of Administrative Procedure, claiming damages on grounds of non-payment of the subsidies. It is further noted that the subsidies corresponding to period 01.07.2010 - 30.6.2012 were assigned by the Company to a Greek Bank, by way of guarantee for financing. The Bank has now lodged a claim for damages in view of the completion of the limitation period.

By virtue of court orders No. A147/2018 and A325/2018 the cases were referred to the Administrative Court of First Instance of Komotini. In both cases the claim was converted from formative into declaratory, and therefore has no impact on the merits of this case.

This form of aid was abolished by Joint Ministerial Decision from 11.4.2016 onwards. However, in judgments No. 305 and 306/2020 of the Council of State that Joint Ministerial Decision was annulled. In compliance with the above Council of State judgments, the provision of Article 87 of Law 4706/2020 was enacted. By authorisation of the above provision, Joint Ministerial Decision No. 47284/359/17.11.2020 (Government Gazette 5080/B/17.11.2020) was issued, as well as OAED Circular No.72751/25.11.2020. According to the above:

- The aid scheme will be abolished retroactively from 1.1.2016 onwards.
- The unpaid claims of beneficiaries of the aid from OAED which relate to the time period up to 31.12.2015 can be offset against existing or future claims of the tax administration and/or the EFKA Fund, provided that any judicial remedies or forms of relief being sought are discontinued.

The Company decided to make use of the option provided by Article 87 of Law 4706/2020 and Joint Ministerial Decision No. 47284/359/17.11.2020 in order to offset its claims against debts to the tax administration and the EFKA Fund. In that context, on 2.2.2021 the Company discontinued the actions it had filed which were pending before the Komotini Administrative Court of First Instance both for the period 1.7.2012-31.12.2014 and for the period 1.1.2015-31.12.2015. At the same time, on the same day (2.2.2021) the Company submitted applications to the OAED branch (Xanthi Office 2) to apply Article 87 of Law 4706/2020. Sunlight's total claims against OAED for the entire period 1.7.2010 – 31.12.2015 amounted to EUR 6.062.927,99. Of the total amount, a part amounting to EUR 2.268.945,14 (which corresponds to the sub-period 1.7.2010 – 30.6.2012) has been assigned to Eurobank which has filed an action against OAED for the amount assigned to it (as stated above).

On 31.12.2019, the Group had recognised a receivable of EUR 3.959 k which related to company receivables up to 31.12.2013. Company Management evaluated these developments during 2020 and recognised the balance of EUR 2.104 k for 2014 and 2015, which is included in other income for the period (see note 32). Having reviewed these facts and the opinion of the external legal counsel entrusted with the matter, Management considers that using the offsetting procedure under Article 87 of Law 4706/2020 the said amounts are recoverable in their entirety.

36.2 Contingent Tax Liabilities

The Group's tax liabilities are not finalised, given that there are unaudited fiscal periods, as illustrated in the table below:

Company Name	Registered Address	Unaudited Fiscal Periods
SYSTEMS SUNLIGHT SA	Greece	2020
ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	Greece	2017, 2020
ALSE DEUTSCHLAND GMBH	Germany	2011-2020
SUNLIGHT INDUSTRIAL SRL	Romania	2006 – 2020
SUNLIGHT EUROPEAN BATTERY ASSEMBLY SRL	Italy	2018 - 2020
ECORBA SRL	Italy	2019, 2020
SUNLIGHT ITALY SRL	Italy	2009 – 2020

BATT-MEN GROUP	Italy	2009 – 2020
SUNLIGHT BATTERIES USA	USA	2020
TECHNOFORM SA	Greece	2015 – 2020

In application of the relevant tax provisions: (a) Article 84(1) of Law 2238/1994 (non-audited income tax cases), (b) Article 57(1) of Law 2859/2000 (non-audited VAT cases), and (c) Article 9(5) of Law 2523/1997 (imposition of fines in income tax matters), the State’s right to impose tax for financial years up to 2014 is time-barred until 31.12.2020, subject to special or extraordinary provisions that may provide for limitations periods and subject to the conditions thereof.

Furthermore, according to settled case-law of the Council of State (*Symvoulio tis Epikrateias*) and the administrative courts, absent any provision on the limitation period in the Code of Laws on Stamp Duty, the State’s relevant claim to impose stamp duty is subject to the 20-year limitation period under Article 249 of the Civil Code.

In respect of the aforementioned periods the Company may be imposed additional taxes and surcharges at the time these periods are audited and finalised. The Group performs an annual assessment of the contingent liabilities which are expected to arise in case of audit of previous periods, making proper provisions where this is considered imperative. The Management considers that any tax liabilities to arise shall have no substantial impact on the Group’s or Company's equity, results or cash flows.

Tax Compliance Report

For financial years 2011 through 2019, the Group’s entities carrying out operations in Greece and meeting the criteria for a tax audit by Certified Public Accountants have been furnished a Tax Compliance Report as per Article 82(5) of Law 2238/1994 and Article 65A(1) of Law 4174/2013, yet without material differences. It should be noted that the subsidiary ADVANCED LITHIUM SYSTEMS EUROPE did not obtain a tax compliance report for financial years 2011-2013 and 2017, because, in such years, it did not satisfy the relevant criteria for being subject to tax audit. According to Circular Ref. POL. 1006/2016, any entities who were subjected to such a special tax audit are not exempted of the obligation to undergo regular audits by the competent tax authorities. Group Management believes that a potential future re-audit by the tax authorities could not reveal any additional tax differences which could have a material impact on the Financial Statements.

In respect of year 2020, a special audit is under way for a Tax Compliance Report to be issued and the relevant certificates are expected to be issued after the Financial Statements for financial year 2020. Any additional tax liabilities to arise by the time the tax audit is completed are not expected to have a material impact on the Financial Statements. It is noted that, according to the latest legislation, the audit procedure and the issuance of a Tax Compliance Report are optional and only apply to Fiscal Periods 2016 onwards.

36.3 Guarantees

As at 31.12.2020 and 31.12.2019, the Group and the Company have granted the following guarantees:

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Performance guarantee letters	4.652.094	5.377.353	4.652.094	5.377.353

Proposal guarantee letters	237.400	194.500	237.400	194.500
Advance payment guarantee letters & guarantee letters to secure liabilities	7.162.647	1.781.180	7.162.647	1.781.180
Letters of credit in EUR	152.914	0	152.914	0
Letters of credit in USD	0	0	0	0
Total	12.205.055	7.353.033	12.205.055	7.353.033

Guarantees granted to affiliated entities are thoroughly set out in note 35.

37 Segment Reporting

The Group applies the provisions of IFRS 8 “Operating Segments”, according to which, an entity's operating segments are determined based on the “administrative approach” and entities are required to disclose information on the basis of internal reporting. The Company’s Board of Directors is its main decision-making body and has identified two (2) operating segments within the Group.

More specifically, the Board of Directors makes the Group’s strategic decisions on the basis of individual results and allocates resources to two basic operating segments:

- **Industrial and Special Applications Segment:** This segment includes open- and closed-type industrial batteries, lead-based batteries, specialised lead-based submarine batteries, Silver/Zinc oxide torpedo batteries and lithium-ion battery components for defence applications.
- **Light Applications Segment:** This segment includes mainly lower-voltage industrial batteries.

The Management monitors the operational performance of these segments in terms of sales and operating results, applying the same accounting principles that were used to prepare the financial statements. Financial results, results from affiliated undertakings and income tax are monitored across the Group. Accordingly, the resources allocated to these two segments are monitored by the Management in terms of inventories, trade and other receivables, supplier and other trade creditors. Each segment’s revenues and profits, assets and liabilities for period 01.01 – 31.12.2020 are thoroughly presented below:

Amounts in EUR	Industrial and Special Applications Segment	Light Applications Segment	Other, non-allocated	Total from ongoing operations	Discontinued operations	Total
01.01-31.12.2020						
Income from foreign customers	168.098.222	8.806.448	0	176.904.670	0	176.904.670
Depreciation of tangible/intangible assets	7.391.029	15.798	0	7.406.828	0	7.406.828
Operating results	10.354.418	1.452.408	0	11.806.827	0	11.806.827
Financial income	0	0	6.704	6.704	0	6.704
Financial costs	0	0	-5.055.731	-5.055.731	0	-5.055.731
Other financial results	0	0	11.427.695	11.427.695	0	11.427.695

Profits from associates consolidated using the equity method	0	0	133.734	133.734	0	133.734
EBT	0	0		18.319.229	0	18.319.229
Income tax	0	0	-4.350.413	-4.350.413	0	-4.350.413
Profits after tax	0	0		13.968.816	0	13.968.816
Assets as at 31.12.2020	57.852.921	1.928.514	183.131.327	242.912.762	0	242.912.762
Liabilities as at 31.12.2020	30.908.607	113.656	139.437.181	170.459.444	0	170.459.444

Each operating segment's respective revenues and profits, assets and liabilities for period 01.01 – 31.12.2019 are thoroughly presented below:

Amounts in EUR	Industrial and Special Applications Segment	Light Applications Segment	Other, non-allocated	Total from ongoing operations	Discontinued operations	Total
01.01-31.12.2019						
Income from foreign customers	170.428.635	9.749.206	0	180.177.841	0	180.177.841
Depreciation of tangible/intangible assets	5.787.093	11.023	0	5.798.117	0	5.798.117
Operating results	14.538.799	1.869.260	0	16.408.059	0	16.408.059
Financial income	0	0	562	562	0	562
Financial costs	0	0	-5.201.585	-5.201.585	0	-5.201.585
Other financial results	0	0	491.402	491.402	0	491.402
Profits from associates consolidated using the equity method	0	0	38.044	38.044	0	38.044
EBT	0	0		11.736.481	0	11.736.481
Income tax	0	0	-2.262.049	-2.262.049	0	-2.262.049
Profits after tax	0	0		9.474.432	0	9.474.432
Assets as at 31.12.2019	53.742.322	2.385.697	148.328.928	204.456.947	0	204.456.947
Liabilities as at 31.12.2019	23.904.122	867.038	121.653.945	146.425.105	0	146.425.105

Geographic information disclosure:

The Group's revenues and non-current assets per geographic area are thoroughly presented below:

Income from foreign customers	Greece	EU	Other countries	Total
01.01 - 31.12.2020	8.016.842	119.462.622	49.425.206	176.904.670
01.01 - 31.12.2019	9.106.431	123.031.382	48.040.028	180.177.841

Non-current assets	Greece	EU	Other countries	Total
31.12.20	121.952.259	2.631.193	22.056.853	146.640.306
31.12.19	119.034.997	2.432.073	0	121.467.070

* Non-current assets include neither the "Financial Assets" nor "Deferred Tax Assets" as per the requirements of IFRS 8.

38 Dividends

Given that the Company has losses carried forward, the conditions for distributing dividends are not met.

39 Headcount

The Group's and the Company's number of employees per category as of 31.12.2020 and 31.12.2019 can be broken down as follows:

	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Salaried employees	441	355	372	322
Wage earners	557	692	554	689
Total employees	998	1.047	926	1.011

40 Income Tax

Under Greek tax law, the tax rate for 2020 and 2019 is 24%.

The arrangement relating to the amount of income taxes, which is determined by applying the Greek tax rate on earnings before taxes, is summarised as follows:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Current income tax from ongoing operations	-4.350.413	-2.262.049	-4.547.926	-2.416.940
Income deferred tax	-4.255.140	-710.975	-4.499.426	-928.303
Current tax expense	-95.273	-1.551.074	-48.500	-1.488.637
Total income tax from ongoing operations	-4.350.413	-2.262.049	-4.547.926	-2.416.940
Current tax expense from discontinued operations	0	0	0	0
Current income tax expense from the sale of discontinued operations	0	0	0	0
Total income tax	-4.350.413	-2.262.049	-4.547.926	-2.416.940

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
EBT from continuing operations	18.319.229	11.736.481	18.169.371	12.462.535
EBT from discontinued operations	0	0	0	0
Profit /(loss) from sale of discontinued operations	0	0	0	0
Earnings before taxes	18.319.229	11.736.481	18.169.371	12.462.535
Tax rate	24%	24%	24%	24%
Anticipated tax expense	-4.396.615	-2.816.756	-4.360.649	-2.991.008

Deferred tax adjustments

Impact of tax rate differences from foreign subsidiaries	-6.727	7.253	0	0
Effect of change in tax rate	0	-55.710	0	-50.625

Impact of future decrease of tax rates	0	-3.272	0	0
Accrued tax losses for which deferred tax assets were not recognised	-23.521	-238.425	0	0
Adjustment of estimation for prior years' losses for which deferred tax assets were recognised	-99.967	812.781	0	812.781
Tax due for non-deductible expenses	-164.973	-139.505	-535.498	-359.672
Profit from use of tax incentives under the relevant legislation	148.352	0	148.352	0
Income from unused provisions not fiscally recognised	200.702	108.000	200.702	108.000
Difference in tax provision for the previous year	-833	63.585	-833	63.585
Effect of foreign exchange differences	-6.192	0	0	0
Other temporary differences in accounting/taxation base	-639	0	0	0
Total income tax	-4.350.413	-2.262.049	-4.547.926	-2.416.940

41 Fair value of financial instruments

Analysis of financial instrument levels

Financial assets and financial liabilities measured at fair value in the Group's and the Company's Statement of Financial Position are classified according to the following hierarchy into 3 levels for determining and disclosing the fair value of financial instruments per valuation technique:

- **Level 1:** Investments valued at fair value on the basis of quoted (non adjusted) prices in active markets for similar assets or liabilities.
- **Level 2:** Investments valued at fair value on the basis of valuation models in which all elements that significantly affect fair value are (directly or indirectly) based on observable market data.
- **Level 3:** Investments valued at fair value on the basis of valuation models in which elements that significantly affect fair value are not based on observable market data. This level includes investments for which calculation of the fair value is based on non-observable market data, albeit also using observable market data.

The tables below show the Group's and Company's financial assets and liabilities valued at fair value on a recurring basis as of 31.12.2020 and 31.12.2019.

GROUP & COMPANY	31/12/2020				31/12/2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets	Fair value valuation at the end of the reference period							
Amounts in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit or loss								
- Investment portfolio	0	0	11.000.000	11.000.000	0	0	0	0
- Lead price hedging derivatives	0	30.037	0	30.037	0	0	0	0
- FX hedging derivatives	0	31.984	0	31.984	0	338	0	338

Total financial assets	0	62.021	11.000.000	11.062.021	0	338	0	338
Financial liabilities								
- Lead price hedging derivatives	0	0	0	0	0	94.857	0	94.857
- FX hedging derivatives	0	0	0	0	0	0	0	0
Total financial liabilities	0	0	0	0	0	94.857	0	94.857
Net fair value	0	62.021	11.000.000	11.062.021	0	95.195	0	95.195

There were no transfers between Levels 1 and 2 in financial years 2020 and 2019. Level 3 includes the valuation of the investment in Advent Technologies S.A.

Based on the major developments outlined in detail in note 15, Company Management assigned an independent company the task of evaluating its holding in Advent Technologies S.A. as at 31.12.2020.

In order to estimate the fair value of the holding as at 31.12.2020, the Multiples method was used. More specifically, taking into account the forecast unaudited financials in Advent's Business Plan, as presented in the relevant prospectus "Proxy Statement/Prospectus/consent solicitation agreement" submitted to the SEC as required by the relevant legislation (Securities Act) in the context of the merger transaction, the value of Advent in the future (given implementation of the business plan) was calculated based on forward multiples of similar companies. The above value was then discounted with a suitable discount rate.

After the business combination in February 2021, Sunlight received 1.416.924 shares in the new company traded on the NASDAQ USA in exchange for the shares it held in Advent Technologies S.A. Consequently, from the next year the stock exchange value of the shares will be used to value the holding, with any adjustments which may be required for the lock-up agreement period. Note that due to the nature of the company (start-up) and the lock up agreement there may be major changes in the share's stock exchange value over the next period.

42 Risk Policies and Management

In the context of its activities the Group is required to deal with various types of financial risk, including foreign exchange and interest rate, credit and liquidity risks. The Group's general risk management plan focuses on market fluctuations and is intended to minimise the potentially adverse effects of such fluctuations on the Group's financial performance.

Risk management is conducted by the Company's Financial Management Division, on the basis of policies approved by the Board of Directors. The relevant process is outlined below:

- Evaluation of risks associated with the Group's activities and operations;
- Methodology planning and selection of appropriate financial products to reduce risks;
- Execution/implementation of the risk management procedure, through procedures approved by Management.

The Financial Management Division does not engage in speculative activities or transactions that are irrelevant to the Group's commercial, investment or borrowing activities.

The financial products used for these purposes mainly consist in bank deposits, foreign exchange transactions, foreign exchange and lead forward contracts, overdraft accounts, accounts receivable and payable, loans, investments in debt securities and liabilities arising from leasing agreements.

Foreign Exchange Risk

As the Group operates globally, it is inevitably exposed to foreign exchange risk, arising primarily from the USD and, to a far lesser extent, from the RON, while the biggest volume of transactions is conducted in the Group's operating currency, which is the Euro (€). Risk arises primarily from future trade transactions, receivables and liabilities in foreign currency and net investments in foreign undertakings (subsidiary in Romania).

The Company strives to hedge future foreign currency cash outflows with foreign exchange forward contracts in order to limit exchange risk.

Had the foreign currencies been appreciated/depreciated by 5% against the Euro, all other variables remaining unchanged, and had the Group not taken steps to counterbalance the foreign exchange risk, the effects on its operating results, equity and net profits in the current and the previous financial years would have been as follows:

€/€ exchange rate (amounts in € '000)	01.01 - 31.12.2020		01.01 - 31.12.2019	
	-5.00%	5.00%	-5.00%	5.00%
Net results before tax	-281	281	-1.187	1.187
Net results after tax	-213	213	-902	902
Equity	-213	213	-902	902

Commodities Price Risk

The prices of the commodities which the Group procures are determined in international markets by global supply and demand, so the Group is naturally exposed to their fluctuations. Lead, the main raw material, is one of the base metals and its trading takes place on regulated markets, principally the London Metal Exchange. The Group is directly exposed to the fluctuations of lead prices, given that this is the most essential element of the production costs of accumulators/lead-acid batteries. With regard to the fluctuations of lead prices, the Group resorts, as much as possible, to natural hedging by matching the purchase price list with the lead base price used in the battery sale price list. For those situations where the natural hedging of lead is not possible, the Group uses hedging tools (OTCs), which seemingly meet its needs so far and are compatible with the way the Group operates.

Environmental Risks

Environmental protection and compliance are two objectives that are fully compatible with the Group's economic and business development in all respects. The Group monitors closely all regulatory developments on environmental protection-related matters and takes all prudential measures necessary to prevent potential risks relating to regulatory compliance and minimise its environmental footprint.

Interest Rate Risk

The Group's assets exposed to this type of risk are mainly its cash and cash equivalents. However, in view of the very low interest rates which are currently prevailing and of the Group's need to maintain its liquidity, this

risk is considered rather limited. Moreover, by issuing a 5-year fixed-rate (4.25%) €50 million bond loan, the Group has opted for maintaining a portfolio of fixed- and floating rate- loans. In any case, the Group's policy includes efforts to minimise interest rate risks.

As at December 31st, 2020 the Group is exposed to the market's interest rate fluctuations as regards its bank borrowings, cash and cash equivalents that are subject to a floating rate.

The table below provides a sensitivity analysis of results and equity in case of a reasonable interest rate fluctuation of +/- 1%.

GROUP				
	01.01 - 31.12.2020		01.01 - 31.12.2019	
Amounts in EUR	1%	-1%	1%	-1%
Impact on results	-715.323	715.323	-534.375	534.375
Impact on equity	-543.382	543.382	-406.035	406.035

COMPANY				
	01.01 - 31.12.2020		01.01 - 31.12.2019	
Amounts in EUR	1%	-1%	1%	-1%
Impact on results	-708.555	708.555	-532.069	532.069
Impact on equity	-538.502	538.502	-404.372	404.372

Credit Risk

The Group's exposure to credit risk is limited to the financial assets which are reported under items "Other Long-Term Receivables", "Trade Receivables", "Other Receivables" and "Cash & Cash Equivalents" in the Statement of Financial Position.

The Credit Control Department monitors closely the creditworthiness and other financial characteristics of the Group's customers and adjusts the Group's credit policy accordingly. Due to the substantial dispersion of its customer base, the Group is not exposed to significant credit risk. Moreover, the Group makes systematic use of credit insurance and factoring solutions and, where necessary, advances, and letters of credit.

The Group also applies authorised credit control procedures in relation to credit facilitations, credit limits for its customers and the collection of receivables. Receivables are systematically evaluated in terms of collectability and bad debts are accounted for, where necessary.

Management considers that there is no substantial credit risk which is not already hedged by some insurance coverage guaranteeing the credit or by any provisions made for doubtful debts.

Assets exposed to credit risk on the reporting date of the Statement of Financial Position are detailed as follows:

Amounts in EUR	GROUP		COMPANY	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Cash and Cash Equivalents	15.538.827	7.877.272	12.160.120	6.026.472

Trade and other receivables	36.128.414	31.383.710	42.632.267	35.349.621
Total	51.667.240	39.260.982	54.792.387	41.376.093

Amounts included in "Trade and other receivables" in the above table do not correspond to the amounts in the Statement of Financial Position, because they only include financial receivables.

Liquidity Risk

Managing liquidity risk effectively requires adequate cash and financial sources. The Group's Financial Management Division manages the Group's liquidity needs on the basis of a detailed financial plan of anticipated inflows/outflows, which is implemented on a daily basis, with a view to ensuring the Group's ongoing operations and effective financing of its business activities.

Effective liquidity management is achieved by optimising the working capital and securing a balanced combination of cash and authorised credit limits.

Maturity of the Group's financial liabilities as at 31.12.2020 and 31.12.2019 can be detailed as follows:

Amounts in EUR	GROUP			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2020				
Bank loans	12.842.032	87.666.034	7.465.148	107.973.214
Suppliers and other trade creditors	47.326.593			47.326.593
Total	60.168.625	87.666.034	7.465.148	155.299.807
Amounts FY 2019				
Bank loans	25.376.305	66.342.430	2.691.270	94.410.006
Suppliers and other trade creditors	37.944.173			37.944.173
Total	63.320.479	66.342.430	2.691.270	132.354.179

Maturity of the Company's financial liabilities as at 31.12.2020 and 31.12.2019 can be detailed as follows:

Amounts in EUR	COMPANY			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2020				
Bank loans	12.244.904	85.594.766	3.143.335	100.983.004
Suppliers and other trade creditors	44.299.982			44.299.982
Total	56.544.886	85.594.766	3.143.335	145.282.987
Amounts FY 2019				
Bank loans	25.123.072	65.595.179	2.660.647	93.378.898
Suppliers and other trade creditors	35.736.342			35.736.342
Total	60.859.414	65.595.179	2.660.647	129.115.240

Amounts included in "Suppliers and other trade creditors" in the above tables do not correspond to the amounts in the Statement of Financial Position, because they only include financial liabilities.

As at 31.12.2020, the Group and the Company had positive working capital, current assets exceeding short-term liabilities by EUR 28.239 k and EUR 28.026 k, respectively. In the previous financial year, both the Group and the Company had positive working capital by EUR 30.781 k and EUR 30.617 k, respectively.

Furthermore, there are unused credit lines available to the Company, which may be used as and when required.

Capital Risk Management

The Group's and Company's capital management policy is primarily intended to ensure their high credit rating, the unhindered conduction of their business activities and the effective implementation of their development plans, with a view to effectively supporting and promoting their business activities and maximising the value of their shares.

For capital management purposes, the Group monitors closely the "Net Borrowings to Total Equity" ratio. The Group defines "net borrowings" as the total of interest-bearing loan liabilities less the total amount of cash at hand. The Group manages indicators in a manner allowing it to ensure creditworthiness that is compatible with its growth strategy.

Amounts in EUR	GROUP		COMPANY	
	31.12.20	31.12.19	31.12.20	31.12.19
Financial indicators				
Long-term loan liabilities	95.131.182	69.033.700	88.738.101	68.255.826
Short-term loan liabilities	8.420.690	19.900.870	8.405.042	19.900.870
Long-term liabilities payable in the following year	4.421.342	5.475.435	3.839.861	5.222.202
Cash and Cash Equivalents	-15.538.827	-7.877.272	-12.160.120	-6.026.472
Net borrowings	92.434.387	86.532.734	88.822.884	87.352.426
Equity	72.453.318	58.031.842	71.678.158	58.015.769
Net Borrowings to Total Equity	1,28	1,49	1,24	1,51

Risk from COVID-19

As predicted in the Board of Directors report last year, the spread of COVID-19 in Europe and the rest of the world had major impacts on economic activity and the supply chain. After what is in effect a 14-month public health crisis, the potential risk factors which could affect the Company and Group's operations and results are as follows:

- i) Demand for company products: Although Sunlight is mainly active in the secondary market for motive battery solutions internationally and therefore demand is relatively inelastic, the long-term continuation of the pandemic could interrupt the recovery seen in recent months. Aside from looking at what is happening in Greece, Sunlight's Management is carefully assessing the situation in other European countries as they represent a significant percentage of the Company's exports. We maintain long-term relationships with our customers in these markets and for the time being the recovery appears to be sustainable. However, the delay in the vaccination programme and the occurrence of mutations not manageable by using existing vaccines may increase uncertainty about the development of demand.
- ii) Supply chain: A significant part of raw materials comes from abroad. The Company maintains stocks in order to deal with unforeseen supply chain disruptions, and in several cases it has alternative supply sources. However, the presence of COVID-19 for a long period of time is likely to cause problems in the uninterrupted supply of Sunlight's production units.
- iii) transports: There may be disruptions in the ability of transport companies cooperating with Sunlight, which may affect the delivery of products or the receipt of raw materials. The problems in road transport which had arisen in Europe at the start of the public health crisis appear to have been overcome. However, maritime transport has clearly been affected, with no negligible impact on freight and delivery times.

iv) Workplace attendance and carrying out of work: In implementation of its business continuity plans, Group Management has introduced a series of measures (remote working, limiting travel and visits to absolutely necessary ones, disinfecting workplaces, more buses to transport employees are some of them) in order to mitigate any impacts on employees on the one hand, and on the other to ensure the problem-free carrying on of individual activities to the extent possible. However, it should be stressed that one cannot rule out that COVID-19 persisting for a long time or the imposition of stricter travel restrictions will not affect the smooth running of Sunlight's manufacturing, commercial and administrative activities.

It should be noted that despite the impact of COVID-19 as at 31.12.2020, the Group managed to generate positive results and maintain a strong financial position. After anaemic growth in Q1, the spread of COVID-19 to Greece and the key markets in which the Group operates, reduced demand for industrial batteries and created immense supply chain problems. Management took timely initiatives to protect the health of staff and their families while ensuring business continuity and financial viability. From July onwards, Sunlight's positioning in the secondary market for batteries for electric industrial vehicles (eIVS) allowed it to enjoy a rapid recovery in sales. Having said that, since the lockdown is still in effect in most countries where the Group operates, delay in the vaccination programme and any changes which cannot be dealt with by existing vaccines could increase uncertainty about the growth of demand in 2021.

In addition, the Group has taken into account the impact of coronavirus (COVID-19) on the measurement of non-financial and financial assets and the relevant disclosures.

- In evaluating available internal and external information sources, Group Management considers that there are no reasons for impairing the Company's and Group's tangible assets due to the consequences of the COVID-19 pandemic and on this basis did not carry out impairment tests on 31.12.2020.
- When measuring holdings in subsidiaries where signs of impairment were identified, the Group used updated cash flow provisions based on revised financial budgets to calculate the Value in Use (VIU), i.e. the recoverable value of cash generating units. This testing led to an impairment of the holding in the subsidiary "Advanced Lithium Systems Europe Defence Applications S.A." worth EUR 1,020,000.
- The Group also assessed the recoverability of trade and other receivables taking into account future economic conditions.

On the reporting date for the annual Consolidated Financial Statements and today, the Group has a good financial standing, positive working capital with no significant liabilities reaching maturity until mid-2022, and unused credit lines that can be used if required, and has ensured, where necessary, the necessary waivers of compliance with the terms of the loan agreements. Moreover, Group Management is monitoring developments in relation to COVID-19, reviewing business continuity plans and examining possible risk factors which could affect the Group's financial position, activities and results.

43 Events after the Reporting Date

In February 2021, Advent Inc, a company active in the promising hydrogen energy sector in which Sunlight held shares, decided to merge with the US company AMCI Inc. The new company is called Advent Technologies Inc. and is traded on the NASDAQ stock market. In light of that, Sunlight’s holding in the company at the start of the previous decade is expected to generate added value, a corollary of the immense technological and economic interest shown by the particularly innovative method of producing hydrogen energy. The Company’s holding in the new organisation amounts to approximately 3% of its share capital and its current capitalisation exceeds EUR 600 million.

There exist no other events subsequent to the financial statements, relating either to the Group or the Company, which are required to be reported under the IFRS.

44 Financial Statements Approval

The corporate and consolidated Financial Statements for the period ended 31 December 2020 were authorised by the Board of Directors of Systems Sunlight SA on 23.04.2021.

Athens, 23 April 2021

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