

**TERNA ENERGY OVERSEAS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

31 December 2021

# **TERNA ENERGY OVERSEAS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2021

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# **TERNA ENERGY OVERSEAS LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**

Dionysios Karatsis  
Marios Loizou  
Dimitrios Konstantopoulos  
Emmanouel Fafalios

**Company Secretary:**

KSALL Financial Services Ltd  
37A Zenonos Sozou  
1075 Nicosia  
Cyprus

**Independent Auditors:**

EPW Europe Private Wealth Ltd  
Certified Public Accountants and Registered Auditors

**Registered office:**

37A Zenonos Sozou  
1075 Nicosia  
Cyprus

**Bankers:**

Alpha Bank Cyprus Ltd  
Bank of Cyprus Public Company Ltd  
Eurobank Cyprus Ltd  
Eurobank Bulgaria AD  
Piraeus Bank Ltd  
BNP Paribas

**Registration number:**

HE210615

# TERNA ENERGY OVERSEAS LIMITED

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2021.

### **Principal activity and nature of operations of the Company**

The principal activity of the Company, which is unchanged from last year, is the holding of investments in subsidiaries engaged in the energy and construction sector, and interest earning activities.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

### **Results**

The Company's results for the year are set out on page 6.

### **Dividends**

On 18 June 2021 the Company in General Meeting declared the payment of a final dividend of €8.325.000 (2020: €15.000.000).

### **Share capital**

On 30 June 2021, the Company reduced its capital by 2.160 ordinary shares of nominal value €100 each (share capital €216.000) at a premium of €9.900 each (share premium €21.384.000).

On 4 October 2021, the Company reduced its capital by 500 ordinary shares of nominal value €100 each (share capital €50.000) at a premium of €9.900 each (share premium €4.950.000).

On 8 December 2021, the Company reduced its capital by 100 ordinary shares of nominal value €100 each (share capital €10.000) at a premium of €9.900 each (share premium €990.000).

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### **Independent Auditors**

The Independent Auditors, EPW Europe Private Wealth Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

KSALL Financial Services Ltd  
Secretary

Nicosia, 13 May 2022



## **Independent Auditor's Report**

### **To the Members of Terna Energy Overseas Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of parent company Terna Energy Overseas Limited (the "Company"), which are presented in pages 6 to 35 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Terna Energy Overseas Limited as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical 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**

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 36 to 41, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibilities of the Board of Directors for the Financial Statements (continued)**

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

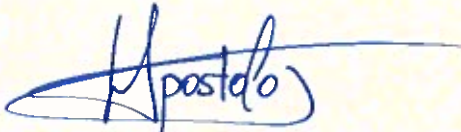
### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

**Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Apostolos Katsaras  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**EPW Europe Private Wealth Ltd**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 13 May 2022

## TERNA ENERGY OVERSEAS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2021

	Note	2021 €	2020 €
Loan interest income		<b>3.499.189</b>	4.409.473
Other operating income	8	<b>1.220.656</b>	3.896.216
Administration expenses		<b>(215.999)</b>	(601.687)
Net impairment (loss) on financial and contract assets		-	500
<b>Operating profit</b>		<b>4.503.846</b>	7.704.502
Finance costs	11	<b>(58.197)</b>	(23.288)
Net foreign exchange loss	12	<b>(121.343)</b>	(249.073)
<b>Profit before tax</b>		<b>4.324.306</b>	7.432.141
Tax	13	<b>(529.331)</b>	(31.180)
<b>Net profit for the year</b>		<b>3.794.975</b>	7.400.961
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3.794.975</b>	7.400.961

The notes on pages 10 to 35 form an integral part of these financial statements.

# TERNA ENERGY OVERSEAS LIMITED


## STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	-	159,999
Investments in subsidiaries	16	<b>155,682,065</b>	155,569,019
Non-current loans receivable	17	<b>59,907,270</b>	93,787,022
		<b>215,589,335</b>	249,516,040
<b>Current assets</b>			
Trade and other receivables	18	<b>1,279,522</b>	1,229,184
Loans receivable	17	<b>1,334,881</b>	1,974,142
Cash at bank		<b>9,616,565</b>	7,793,689
		<b>12,230,968</b>	10,997,015
<b>Total assets</b>		<b>227,820,303</b>	260,513,055
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	<b>2,339,100</b>	2,615,100
Share premium	19	<b>221,670,900</b>	248,994,900
Retained earnings		<b>3,795,437</b>	8,325,462
<b>Total equity</b>		<b>227,805,437</b>	259,935,462
<b>Current liabilities</b>			
Trade and other payables	20	<b>9,487</b>	91,229
Current tax liabilities	21	<b>5,379</b>	486,364
		<b>14,866</b>	577,593
<b>Total equity and liabilities</b>		<b>227,820,303</b>	260,513,055

On 13 May 2022 the Board of Directors of Terna Energy Overseas Limited authorised these financial statements for issue.

  
Dionysios Karatsis  
Director

  
Marios Loizou  
Director

The notes on pages 10 to 35 form an integral part of these financial statements.

# TERNA ENERGY OVERSEAS LIMITED

## STATEMENT OF CHANGES IN EQUITY

31 December 2021

	Note	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance at 1 January 2020</b>		<b>2.465.100</b>	<b>234.144.900</b>	<b>15.924.501</b>	<b>252.534.501</b>
<b>Comprehensive income</b>					
Net profit for the year		-	-	7.400.961	7.400.961
Total comprehensive income for the year		-	-	7.400.961	7.400.961
Issue of share capital	19	150.000	14.850.000	-	15.000.000
Dividends		-	-	(15.000.000)	(15.000.000)
Total transactions with owners		150.000	14.850.000	(15.000.000)	-
<b>Balance at 31 December 2020/ 1 January 2021</b>		<b>2.615.100</b>	<b>248.994.900</b>	<b>8.325.462</b>	<b>259.935.462</b>
<b>Comprehensive income</b>					
Net profit for the year		-	-	3.794.975	3.794.975
Total comprehensive income for the year		-	-	3.794.975	3.794.975
<b>Transactions with owners</b>					
Reduction of share capital		(276.000)	(27.324.000)	-	(27.600.000)
Dividends		-	-	(8.325.000)	(8.325.000)
Total transactions with owners		(276.000)	(27.324.000)	(8.325.000)	(35.925.000)
<b>Balance at 31 December 2021</b>		<b>2.339.100</b>	<b>221.670.900</b>	<b>3.795.437</b>	<b>227.805.437</b>

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 10 to 35 form an integral part of these financial statements.

# TERNA ENERGY OVERSEAS LIMITED

## CASH FLOW STATEMENT

31 December 2021

	Note	2021 €	2020 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>4.324.306</b>	7.432.141
Adjustments for:			
Depreciation of property, plant and equipment	15	8.889	26.667
Profit from the sale of property, plant and equipment		(182.085)	-
Interest income	8	(3.500.619)	(4.409.473)
Interest expense	11	5.542	-
		<b>656.033</b>	3.049.335
<b>Changes in working capital:</b>			
Increase in trade and other receivables		(49.469)	(584.154)
Decrease in trade and other payables		(81.742)	(3.386)
<b>Tax refund</b>		<b>524.822</b>	2.461.795
Interest received		3.499.189	4.409.473
Tax paid		(1.010.316)	(51.635)
<b>Net cash generated from operating activities</b>		<b>3.013.695</b>	6.819.633
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	16	(113.046)	-
Loans granted		-	(700.000)
Loans repayments received		34.988.482	1.079.566
Proceeds from disposal of property, plant and equipment	15	333.195	-
Interest received		(468.908)	-
<b>Net cash generated from investing activities</b>		<b>34.739.723</b>	379.566
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		(27.600.000)	15.000.000
Interest paid		(5.542)	-
Dividends paid		(8.325.000)	(15.000.000)
<b>Net cash used in financing activities</b>		<b>(35.930.542)</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>1.822.876</b>	7.199.199
Cash and cash equivalents at beginning of the year		7.793.689	594.490
<b>Cash and cash equivalents at end of the year</b>		<b>9.616.565</b>	7.793.689

The notes on pages 10 to 35 form an integral part of these financial statements.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Terna Energy Overseas Limited (the "Company") was incorporated in Cyprus on 19 October 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 37A Zenonos Sozou, 1075 Nicosia, Cyprus.

#### Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments in subsidiaries engaged in the energy and construction sector, and interest earning activities.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2021.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

# **TERNA ENERGY OVERSEAS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2021

### **4. Significant accounting policies (continued)**

#### **Revenue**

##### **Recognition and measurement**

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

##### **Identification of performance obligations**

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

##### **Employee benefits**

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Helicopter - cost	6.67

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

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

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Financial assets

##### Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment by investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

#### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

#### Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

##### Credit related commitments

The Company issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Company cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

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# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Credit related commitments (continued)

The Company issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Company cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

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# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 4. Significant accounting policies (continued)

#### Financial assets (continued)

##### Credit related commitments (continued)

The Company issues commitments to provide loans. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Company cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

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#### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

# **TERNA ENERGY OVERSEAS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2021

### **4. Significant accounting policies (continued)**

#### **Financial assets (continued)**

#### **Financial liabilities - Modifications**

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

#### **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### **Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

### **5. New accounting pronouncements**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2021 €	2020 €
<b>Fixed rate instruments</b>		
Financial assets	<u>61.242.151</u>	<u>95.761.164</u>
	<b>61.242.151</b>	<b>95.761.164</b>

#### 6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from [cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.]

##### *(i) Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Company to reduce its credit risk significantly.

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### *Significant increase in credit risk*

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

##### *Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

##### *Default*

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

##### *Write-off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

#### **Trade receivables and contract assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

#### **Loans to related parties**

The Company does not hold any collateral as security for any loans to related parties.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

#### Loans to related parties (continued)

The Company does not hold any collateral as security for any loans to related parties.

There were no significant loans to related parties written off during the year that are subject to enforcement activity.

#### Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

The Company does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

#### Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

##### *(iii) Credit related commitments*

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

#### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 6. Financial risk management (continued)

#### 6.3 Liquidity risk (continued)

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2021</b>	Carrying amounts €	Contractual cash flows €	On demand €	Less than 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	9.098	9.090	-	9.090	-	-	-
	<b>9.098</b>	<b>9.090</b>	<b>-</b>	<b>9.090</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2020</b>	Carrying amounts €	Contractual cash flows €	On demand €	Less than 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	15.823	15.823	-	15.823	-	-	-
Payables to related parties	67.000	67.000	67.000	-	-	-	-
	<b>82.823</b>	<b>82.823</b>	<b>67.000</b>	<b>15.823</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the PLN. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 6.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# TERNA ENERGY OVERSEAS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 7. Critical accounting estimates and judgments (continued)

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 7. Critical accounting estimates and judgments (continued)

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

### 8. Other operating income

	2021	2020
	€	€
Bank interest income	1.430	-
Gain from sale of property, plant and equipment	182.085	-
Foreign dividends	1.037.141	3.896.216
	<b>1.220.656</b>	<b>3.896.216</b>

### 9. Expenses by nature

	2021	2020
	€	€
Staff costs (Note 10)	7.473	-
Depreciation and amortisation expense	8.889	26.667
Auditors' remuneration - current year	-	7.500
Auditors' remuneration - prior years	-	3.200
Other expenses	199.637	563.820
<b>Total expenses</b>	<b>215.999</b>	<b>601.187</b>

### 10. Staff costs

	2021	2020
	€	€
Salaries	6.504	-
Social security costs	969	-
	<b>7.473</b>	<b>-</b>

## TERNA ENERGY OVERSEAS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

#### 11. Finance costs

	2021 €	2020 €
Interest expense	5.542	-
Sundry finance expenses	52.655	23.288
<b>Finance costs</b>	<b>58.197</b>	<b>23.288</b>

#### 12. Net loss from foreign exchange transactions

	2021 €	2020 €
Realised exchange profit/(loss)	102	(38.438)
Unrealised exchange loss	(121.445)	(210.635)
	<b>(121.343)</b>	<b>(249.073)</b>

Realised exchange profit/(loss) arises from transactions in foreign currencies, translated to Euro using the rate of exchange ruling at the date of the transaction.

The unrealised exchange loss arises from monetary assets and liabilities denominated in foreign currencies, translated to Euro using the rate of exchange ruling at the reporting date.

#### 13. Tax

	2021 €	2020 €
Corporation tax	373.358	262.616
Under/ (overprovision) of Corporation tax - prior years	155.844	(231.436)
Defence contribution	129	-
<b>Charge for the year</b>	<b>529.331</b>	<b>31.180</b>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 14. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

**31 December 2021**

	Fair value through profit or loss €	Financial assets at amortised cost €	Total €
<b>Assets as per statement of financial position:</b>			
Trade and other receivables	-	1.173.843	1.173.843
Loans granted	-	61.242.151	61.242.151
Financial assets	155.682	-	155.682
Cash and cash equivalents	-	9.616.565	9.616.565
<b>Total</b>	<b>155.682</b>	<b>72.032.559</b>	<b>72.188.241</b>

	Borrowings and other financial liabilities €	Total €
<b>Liabilities as per statement of financial position:</b>		
Trade and other payables	9.090	9.090
<b>Total</b>	<b>9.090</b>	<b>9.090</b>

**31 December 2020**

	Fair value through profit or loss €	Financial assets at amortised cost €	Total €
<b>Assets as per statement of financial position:</b>			
Trade and other receivables	-	1.121.370	1.121.370
Loans granted	-	95.761.164	95.761.164
Financial assets	155.569.019	-	155.569.019
Cash and cash equivalents	-	7.815.718	7.815.718
<b>Total</b>	<b>155.569.019</b>	<b>104.698.252</b>	<b>260.267.271</b>

	Borrowings and other financial liabilities €	Total €
<b>Liabilities as per statement of financial position:</b>		
Trade and other payables	82.819	82.819
<b>Total</b>	<b>82.819</b>	<b>82.819</b>

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 15. Property, plant and equipment

	Helicopter - cost €
<b>Cost</b>	
Balance at 1 January 2020	400.000
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>400.000</b>
Disposals	(400.000)
<b>Balance at 31 December 2021</b>	<b>-</b>
<b>Depreciation</b>	
Balance at 1 January 2020	213.334
Charge for the year	26.667
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>240.001</b>
Charge for the year	8.889
On disposals	(248.890)
<b>Balance at 31 December 2021</b>	<b>-</b>
<b>Net book amount</b>	
<b>Balance at 31 December 2021</b>	<b>-</b>
<b>Balance at 31 December 2020</b>	<b>159.999</b>

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2021 €	2020 €
Net book amount	151.110	-
Profit from the sale of property, plant and equipment (Note 8)	182.085	-
Proceeds from disposal of property, plant and equipment	333.195	-

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 16. Investments in subsidiaries

	2021 €	2020 €
Balance at 1 January	155.569.019	145.969.019
Additions	113.046	9.600.000
<b>Balance at 31 December</b>	<b>155.682.065</b>	<b>155.569.019</b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2021 Holding %	2020 Holding %	2021 €	2020 €
Eolos Polska z.o.o. (1)	Poland	Electric Power Production	100	100	3.178.493	3.178.493
Eolos Nowogrodziec Sp. z.o.o. (1)	Poland	Electric Power Production	100	100	2.647.370	2.647.370
HAOS Invest-1 EAD (1)	Bulgaria	Electric Power Production	100	100	9.600.000	9.600.000
Vathihori Perivallontiki S.A.	Greece	Electric Power Production	100	100	4.720.000	4.720.000
TERNA Energy Transatlantic	Poland	Electric Power Production	100	100	118.746.063	118.746.063
Eolos North Sp. Poland z.o.o. (1)	Poland	Electric Power Production	100	100	6.508.480	6.508.480
Vathihori 2 Energy SA (1)	Greece	Electric Power Production	100	100	615.000	615.000
Eolos East Sp. z.o.o. (1)	Poland	Electric Power Production	100	100	1.401.235	1.401.235
Terna Energy Trading Ltd	Cyprus	Electric Power Production	90	51	243.000	153.000
Eco Energy Dobrich 2 EOOD	Bulgaria	Electric Power Production	100	100	1.266.938	1.266.938
Eco Energy Dobrich 3 EOOD	Bulgaria	Electric Power Production	100	100	1.266.938	1.266.938
Eco Energy Dobrich 4 EOOD	Bulgaria	Electric Power Production	100	100	1.466.938	1.466.938
Wiron SP z.o.o	Bulgaria	Electric Power Production	100	100	1.092.464	1.092.464
Balladyna SP z.o.o. (1)	Poland	Electric Power Production	100	100	1.000.017	1.000.017
GP Green SP z.o.o. (1)	Poland	Electric Power Production	100	100	1.906.083	1.906.083
Eolos Development Sp Z.o.o	Poland	Electric Power Production	100	-	23.046	-
					<b>155.682.065</b>	<b>155.569.019</b>

(1) The shares held in the above companies have been pledged in various banks in order for the subsidiaries to get financing.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 17. Non-current loans receivable

	2021 €	2020 €
Balance at 1 January	95.761.164	101.277.484
New loans granted	-	700.000
Repayments	(38.017.333)	(10.618.212)
Interest charged	3.499.189	4.409.473
Foreign exchange differences	(869)	(7.581)
<b>Balance at 31 December</b>	<b>61.242.151</b>	<b>95.761.164</b>

	2021 €	2020 €
Loans to own subsidiaries (Note 23.3)	32.665.382	33.164.922
Loans to associates (Note 23.3)	28.576.769	62.596.242
	61.242.151	95.761.164
Less current portion	(1.334.881)	(1.974.142)
Non-current portion	59.907.270	93.787.022

The loans are repayable as follows:

	2021 €	2020 €
Within one year	1.334.881	1.974.142
Between one and five years	59.907.270	93.787.022
	61.242.151	95.761.164

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables are as follows:

	2021 €	2020 €
Loans to own subsidiaries	32.665.382	33.164.922
Loans to associates	28.576.769	62.596.242
	61.242.151	95.761.164

### 18. Trade and other receivables

	2021 €	2020 €
Trade receivables	116.597	-
Receivables from own subsidiaries (Note 23.2)	1.011.383	1.057.271
Receivables from associates (Note 23.2)	42.672	39.027
Deposits and prepayments	-	7.245
Other receivables	3.192	25.572
Refundable VAT	105.678	100.069
	1.279.522	1.229.184

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 18. Trade and other receivables (continued)

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

### 19. Share capital and share premium

Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2020	24.651	2.465.100	234.144.900	236.610.000
Issue of additional shares	1.500	150.000	14.850.000	15.000.000
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>26.151</b>	<b>2.615.100</b>	<b>248.994.900</b>	<b>251.610.000</b>
Share capital and premium reduction	(2.760)	(276.000)	(27.324.000)	(27.600.000)
<b>Balance at 31 December 2021</b>	<b>23.391</b>	<b>2.339.100</b>	<b>221.670.900</b>	<b>224.010.000</b>

On 30 June 2021, the Company reduced its capital by 2.160 ordinary shares of nominal value €100 each (share capital €216.000) at a premium of €9.900 each (share premium €21.384.000).

On 4 October 2021, the Company reduced its capital by 500 ordinary shares of nominal value €100 each (share capital €50.000) at a premium of €9.900 each (share premium €4.950.000).

On 8 December 2021, the Company reduced its capital by 100 ordinary shares of nominal value €100 each (share capital €10.000) at a premium of €9.900 each (share premium €990.000).

### 20. Trade and other payables

	2021 €	2020 €
Social insurance and other taxes	389	-
Payables to parent (Note 23.4)	-	67.000
Accruals	-	8.406
Other creditors	9.098	15.823
	<b>9.487</b>	<b>91.229</b>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

### 21. Current tax liabilities

	2021 €	2020 €
Corporation tax	5.379	486.364
	<b>5.379</b>	<b>486.364</b>

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 22. Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

### 23. Related party transactions

The Company is controlled by Terna Energy S.A., incorporated in Greece and listed to the Athens Stock Exchange (ASE), which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

#### 23.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2021	2020
	€	€
Directors' fees	1.000	1.000
	<b>1.000</b>	<b>1.000</b>

#### 23.2 Receivables from related parties (Note 18)

	2021	2020
Name	€	€
HAOS Invest 1	-	229.268
Galette Investment Co.	42.672	38.477
Valeplus Ltd	-	550
Terna Energy Trading Ltd	5.010	3.225
JP GREEN sp. z o.o.	196.409	229.538
Wiron SP z.o.o.	419.230	356.597
Balladyna Sp. z o.o.	390.734	238.643
	<b>1.054.055</b>	<b>1.096.298</b>

The amounts above are receivable on demand and bear no interest.

# TERNA ENERGY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

### 23. Related party transactions (continued)

#### 23.3 Loans to related parties (Note 17)

				2021	2020
	Currency	Interest rate	Maturity date	€	€
Eolos Nowogrodje sp. z.o.o (principal)	EUR	4%	31/12/2025	8.700.000	8.700.000
Eolos Nowogrodje sp. z.o.o (interest)	EUR	4%	31/12/2025	4.065.121	3.717.121
Eolos Nowogrodje sp. z.o.o (principal)	PLN	4%	31/12/2021	10.224	10.308
Eolos Nowogrodje sp. z.o.o (interest)	PLN	4%	31/12/2021	866	453
Eolos Polska sp. z.o.o (principal)	EUR	4%	31/12/2023	3.749.106	3.749.106
Eolos Polska sp. z.o.o (interest)	EUR	4%	31/12/2023	149.964	-
Haos Invest 1 (principal)	EUR	4%	31/12/2025	2.123.958	2.123.958
Haos Invest 1 (interest)	EUR	4%	31/12/2025	2.831.155	2.917.887
Eolos North Sp.z.o.o (principal)	PLN	4%	31/12/2021	96.337	97.123
Eolos North Sp.z.o.o (interest)	PLN	4%	31/12/2021	376.822	372.925
Eco Energy Dobrich 3 EOOD (principal)	EUR	4%	31/12/2023	890.000	890.000
Eco Energy Dobrich 3 EOOD (interest)	EUR	4%	31/12/2023	410.419	474.819
Eco Energy Dobrich 4 EOOD (principal)	EUR	4%	31/12/2023	1.065.000	1.065.000
Eco Energy Dobrich 4 EOOD (interest)	EUR	4%	31/12/2023	500.176	557.576
Eco Energy Dobrich 2 EOOD (principal)	EUR	4%	31/12/2023	890.000	890.000
Eco Energy Dobrich 2 EOOD (interest)	EUR	4%	31/12/2023	260.891	475.291
Terna Energy USA Holding Corp. (principal and interest)	EUR	5.5%	31/12/2023	27.726.223	61.102.989
Eolos East Sp.z.o.o (principal)	EUR	4%	30/09/2030	5.183.000	5.183.000
Eolos East Sp.z.o.o (interest)	EUR	4%	30/09/2030	629.416	1.209.561
Terna energy transatlantic SP zoo (principal)	EUR	6%	31/12/2021	74	74
Terna energy transatlantic SP zoo (interest)	EUR	6%	31/12/2021	12	7
Terna Overseas Ltd (principal)	EUR	3,6%	31/12/2021	-	500.000
Terna Overseas Ltd (interest)	EUR	3,6%	31/12/2021	-	173.907
WIRON sp. z o.o. (principal)	EUR	4%	31/12/2030	256.774	256.774
WIRON sp. z o.o. (interest)	EUR	4%	31/12/2030	11.115	10.327
JP GREEN sp. z o.o. (principal)	EUR	4%	31/12/2030	192.044	192.044
JP GREEN sp. z o.o. (interest)	EUR	4%	31/12/2030	8.313	7.724
Balladyna Sp. z o.o. (principal)	EUR	4%	31/12/2031	253.618	253.618
Balladyna Sp. z o.o. (interest)	EUR	4%	31/12/2031	10.977	10.227
Tetra Shpk (principal)	EUR	3%	31/12/2021	60.000	60.000
Tetra Shpk (interest)	EUR	3%	31/12/2021	5.361	3.560
Terna Energy Trading EOOD (principal)	EUR	4%	31/12/2021	735.000	735.000
Terna Energy Trading EOOD (interest)	EUR	4%	31/12/2021	50.185	20.785
				<b>61.242.151</b>	<b>95.761.164</b>

#### 23.4 Payables to related parties (Note 20)

Name	Nature of transactions	2021	2020
		€	€
Terna Energy SA	Finance	-	67.000
		-	67.000

The amounts above are payable on demand and bear no interest.

### 24. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021.

## **TERNA ENERGY OVERSEAS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2021

#### **25. Commitments**

The Company had no capital or other commitments as at 31 December 2021.

#### **26. Events after the reporting period**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 3 to 5**

## TERNA ENERGY OVERSEAS LIMITED

### DETAILED INCOME STATEMENT

31 December 2021

	Page	2021 €	2020 €
<b>Revenue</b>			
Interest income		<b>3.499.189</b>	4.409.473
<b>Other operating income</b>			
Bank interest		<b>1.430</b>	-
Gain from sale of property, plant and equipment		<b>182.085</b>	-
Foreign dividends		<b>1.037.141</b>	3.896.216
Reversal of impairment - financial assets		-	500
		<b>4.719.845</b>	8.306.189
<b>Operating expenses</b>			
Administration expenses	37	<b>(215.999)</b>	(601.687)
<b>Operating profit</b>		<b>4.503.846</b>	7.704.502
Finance costs	38	<b>(58.197)</b>	(23.288)
Net loss from foreign exchange transactions	38	<b>(121.343)</b>	(249.073)
<b>Net profit for the year before tax</b>		<b>4.324.306</b>	7.432.141

## TERNA ENERGY OVERSEAS LIMITED

### OPERATING EXPENSES

31 December 2021

	2021 €	2020 €
<b>Administration expenses</b>		
Staff salaries	6.504	-
Social security costs	969	-
Rent	3.600	19.968
Professional licence fee	146.620	293.103
Annual levy	-	350
Sundry expenses	976	-
Subscriptions and contributions	636	683
Certification and legalisation expenses	-	60
Auditors' remuneration - current year	-	7.500
Auditors' remuneration - prior years	-	3.200
Accounting fees	1.500	3.000
Legal fees	20.406	60.927
Other professional fees	-	10.800
Directors' fees	1.000	1.000
Overseas travelling	1.466	3.152
Travelling	8.857	21.037
Consulting expenses	-	136.010
Other expenses	-	200
Third party expenses	14.576	14.030
Depreciation	8.889	26.667
	<b>215.999</b>	<b>601.687</b>

## TERNA ENERGY OVERSEAS LIMITED

### FINANCE COSTS

31 December 2021

	2021 €	2020 €
<b>Finance costs</b>		
<b>Interest expense</b>		
Bank interest expense	5.542	-
<b>Sundry finance expenses</b>		
Bank charges	52.655	23.288
	<b>58.197</b>	<b>23.288</b>
<b>Net loss from foreign exchange transactions</b>		
	2021 €	2020 €
Realised exchange profit/(loss)	102	(38.438)
Unrealised exchange loss	(121.445)	(210.635)
	<b>(121.343)</b>	<b>(249.073)</b>

# TERNA ENERGY OVERSEAS LIMITED

## COMPUTATION OF WEAR AND TEAR ALLOWANCES

31 December 2021

Year	%	COST			ANNUAL ALLOWANCES				Net value 31/12/2021 €
		Balance 01/01/2021 €	Additions for the year €	Disposals for the year €	Balance 31/12/2021 €	Balance 01/01/2021 €	Charge for the year €	On disposals €	Balance 31/12/2021 €
-	-	400.000	-	(400.000)	-	240.001	8.889	(248.890)	-
		400.000	-	(400.000)	-	240.001	8.889	(248.890)	-

**Helicopter - cost**

Helicopters

## TERNA ENERGY OVERSEAS LIMITED

### BALANCING STATEMENT OF CAPITAL ALLOWANCES

31 December 2021

<u>Description of fixed asset</u>	<u>Cost</u>	<u>Annual allowances</u>	<u>Written down value</u>	<u>Sale proceeds</u>	<u>Balancing addition/ (deduction)</u>
	€	€	€	€	€
Sale of Aircraft- Agusta A-109 C	400.000	(248.890)	151.110	333.195	182.085
<b>Total</b>	<b>400.000</b>	<b>(248.890)</b>	<b>151.110</b>	<b>333.195</b>	<b>182.085</b>

## TERNA ENERGY OVERSEAS LIMITED

### COMPUTATION OF CORPORATION TAX

31 December 2021

	Page	€	€
Net profit per income statement	36		4.324.306
<b>Add:</b>			
Balancing addition	40	182.085	
Depreciation (helicopter)		8.889	
Legal fees		20.406	
Net foreign exchange loss		121.343	
Annual levy		350	
Overseas travelling		1.466	
Professional license fee (helicopter expenses)		146.620	
Rent (parking for helicopter)		3.600	
Disallowance of non-statutory expenses		<u>55.559</u>	
			<u>540.318</u>
			4.864.624
<b>Less:</b>			
Annual wear and tear allowances	40	8.889	
Gain from sale of property, plant and equipment		182.085	
Foreign Dividends		1.037.141	
Notional interest deduction		<u>649.642</u>	
			<u>(1.877.757)</u>
<b>Chargeable income for the year</b>			<u><b>2.986.867</b></u>
<b>Calculation of corporation tax</b>			
	Income	Rate	Total
	€	%	€ c
<b>Tax at normal rates:</b>			
Chargeable income as above	<u>2.986.867</u>	12,50	373.358,38
Tax paid provisionally	<u>1.760.000</u>		(220.000,00)
Credit claimed in respect of foreign tax			<u>(214.276,13)</u>
<b>TAX REFUNDABLE</b>			<u><b>(60.917,75)</b></u>