# ELLAKTOR VALUE PLC ANNUAL REPORT

## For the year ended 31 December 2021

**ELLAKTOR VALUE PLC**
11th Floor, 200 Aldersgate Street, London, EC1A 4HD
Company Registration No: 12327399

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# Strategic Report

The Directors present their Strategic Report on Ellaktor Value Plc ("the Company") for the year ended 31 December 2021.

## Review of the business

The Company is a public limited company, with registered number 12327399 and is incorporated and domiciled in London, United Kingdom ("UK"). The Company was incorporated for the issuance and placement of Senior Notes of a nominal amount of € 600 million with a 6.375% coupon, maturity in 2024. In January 2020, the Company issued another € 70 million with a 6.375% coupon and maturity in 2024. It is a 100% subsidiary of Ellaktor S.A., a Company registered in Greece, and parent company of Ellaktor Group. Ellaktor Group is a leading diversified infrastructure group, headquartered in Greece with core activities in Constructions, Renewables, Concessions, Environment and Real Estate.

Senior Notes are designated to be repaid from the cash flows of Ellaktor's Restricted Group formatted for the purposes of the Offering of the Notes. The Restricted Group is a diversified group which includes Renewables, Concessions (with the exception of the Moreas Concession) and Environment sectors of Ellaktor Group. The Restricted Group benefits from:

- strong, visible and stable cash flows mainly on account of the fixed price Power Purchase Agreements for the next 17-year period for renewables and from long term toll road concession contracts, that are able to support the Notes;
- a fully developed portfolio of high quality operational assets, critical to everyday life in Greece; and
- leading market positions in robust core end markets with attractive industry dynamics.

On 5 December 2019, the Restricted Group of ELLAKTOR S.A., through its wholly-owned subsidiary, Ellaktor Value Plc completed the issue and placement of Senior Notes of a nominal amount of €600 million with a 6.375% coupon, maturity in 2024 and issue price of 100.000% ("Offering of the Notes") in order to diversify its sources of financing and gain access to the international debt capital markets. Subsequently on 23 January 2020, Ellaktor Value Plc issued and placed additional Senior Notes of a nominal amount of €70 million with a 6.375% coupon, maturity in 2024 and issue price of 102.500%. The Notes were listed on the International, Berlin, Frankfurt, Munich and Stuttgart Stock Exchanges. On 06 August 2021, the Company announced the change of the Stock Exchange of the First-Class Bonds with a total nominal value of €670 million with an interest rate of 6.375% and maturing in 2024 ("Bonds") to the Vienna MTF (Multilateral Trading Mechanism) from The International Stock Exchange.

## Recent Developments

The recent energy crisis, the depth and breadth of which is evolving to be greater than initially estimated, especially after the military operations in Ukraine, contributes to a further climate of uncertainty regarding the impact of the inflationary pressures which have already been exerted on consumption, investment, and consequently, on economic development. The energy crisis, which was initially attributed to increased demand as a result of Greece's recovery from the Covid-19 pandemic and on account of the EU policy to mitigate the effects of the climate crisis, subsequently worsened due to geostrategic reasons and has become significant due to recent military operations in Ukraine.

## Strategic Report (continued)

The Group does not have any exposure to Russian, Belarus and Ukraine markets so its business were not and is not expected to be affected directly in the foreseeable future. Looking at the data available so far, the energy crisis does not appear to have had a significant impact on the Group's activities, other than the Construction sector. Due to the nature of this sector, it is expected to be more affected by the energy crisis and the resulting price increases in energy and construction materials. At this stage, the negative consequences of the inflation have been partly offset by the appropriate legislative initiatives (price escalation mechanism and upfront 5% bonus). Additional measures from the Government are expected on similar lines. With regard to the Ellaktor Group, the following significant events took place during 2021 and up to the date of the signing of this Financial Statements.

On 1 January 2021, the Alimos Marina Concession was launched for a period of 40 years, with the right of mutual extension for another 10 years. The purpose of the concession project is the upgrading the Alimos Marina to one of the most modern marinas in the Balkans. The total investment will amount to €100 million.

During the period from January to December 2021, with the gradual lifting of movement restriction measures that was imposed by the Greek Government to limit the spread of the COVID-19 pandemic, the traffic on the Attiki Odos increased by 16.83% as compared to the corresponding period during 2020 and traffic on the other highways also increased as compared to the corresponding period in 2020. For the first 6 months in 2022, traffic in Attiki Odos increased by 28% as compared to the corresponding 2021 period.

The Group renewed all the waste management plant contracts which were expired during the year. Additionally, through joint venture vehicles, the Group contracted projects with a total contract value of €75.6 million (share: €49 million). The Group operates 5 municipal waste treatment plants, with a capacity exceeding 700,000 tons per year, 2 clinical waste treatment plants and 4 power generation projects utilising landfill biogas with a total installed capacity exceeding 33 MW.

Subsequent to the year end, the Construction sector has reduced its losses, achieving a break-even EBITDA as of 30 June 2022. In 2021, the sector's EBITDA was negative €75.4 million (2020: negative €156.3 million). Construction backlog as of 31 December 2021 was €1.6 billion (2020: €1.6 billion) based on signed contracts. The construction backlog includes major infrastructure projects in Greece and Romania.

Based on the framework agreement between Reggeborgh and Motor Oil (Hellas) dated on 6 May 2022, Motor Oil Hellas (MOH) acquired 29.9% of the share capital of the Ellaktor Group, becoming one of the major shareholders. This resulted in a change of control event (please refer to Note 15 for further details). Furtherly, Ellaktor Group Renewables Sector (RES) will be spined off as a separate Group, based on the non-binding offer from MOH to acquire 75% of the shares of this Group (RES). The Board of Directors of the Ellaktor Group, after a successful evaluation of the offer in question by a financial consultant, convened an Extraordinary General Meeting of its shareholders on 25 August 2022 and approved the spin-off of Ellaktor RES. The total consideration for the transaction has been determined at €794.5 million, which is split between €683.3 million settled in cash and €111.2 million by contributing in-kind, i.e. 14% shareholding in the new formatted company. Successful completion of the transaction is conditional upon all other approvals required by law, including approval by the Hellenic Competition Commission.

On 1 August 2022, the Company issued an offer to purchase the outstanding Secured Senior Notes notice pursuant to Section 4.09 of the Indenture because a Change of Control (as defined in the Indenture) has occurred in connection with the Change of Control Transaction. A change of control has occurred as a consequence of the

## Strategic Report (continued)

operation of a Framework Agreement between Reggeborgh and Motor Oil (on 6 May 2022). Pursuant to Section 4.09 of the Indenture, when a Change of Control (as defined in the Indenture) occurs, the Issuer is required to make an offer to purchase any or all of a Holder's Notes. The redemption of the Notes is expected to be effected by either using the proceeds from the bank financing raised for the purposes of the above transaction or from the equity proceeds from the MOH. On 22 September 2022, Ellaktor Value PLC announced €497.2m in aggregate principal amount of Notes have been validly tendered and accepted for repurchase.

### Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of all stakeholders in their decision making. Stakeholders of the Company are mainly the bondholders and UK Authorities. There are no employees employed by the Company. The Directors have regard to the interests of the Company's stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith, the Directors' decisions consider what is most likely to promote is the preparation of an annual report which demonstrates clearly and fairly the Company's financial overview, risks, uncertainties and business developments.

The following statements summarize how Directors have fulfilled their duties concerning the matters described in Section 172 of the Companies Act 2006:

With respect to subsections (a), (b), (c), (e) and (f):

**Risk management**
The board regularly reviews and manages potential risks arising through the Groups' business operations. Steps are taken wherever possible to mitigate such risks. Details of our key risks can be found on page 6 of these financial statements.

**Our people and business relationships**
Since the Company is a treasury entity, there are neither any employees nor any ongoing relationships with any customers or suppliers. Hence, the only stakeholders in consideration are bondholders and UK authorities. The Directors in their decisions ensured that the use of the Company's assets will continue covering administrative and other expenses of the Company in the long-term. Furthermore, the Directors acted within the framework set by Company's Compliance Policies, Code of conduct and Code of Ethics, which create a culture of high ethical and professional standards in the relationship with all stakeholders and in the conduct of business. The board provides to bondholders all the necessary updates for the progress and the operations of the Company. The bondholders of the Company are treated the same in terms of up-to-date information and interaction, with the ultimate shareholders of the Group.

**Shareholders**
The shareholders of the Company is the parent entity, Ellaktor S.A. The board of Ellaktor Value plc provides all the necessary information and updates of the Company's operations to parent company's board. Through press releases, conference calls, announcements of important events and quarterly presentations, Ellaktor Group's board has committed to openly engaging with group's ultimate shareholders focusing on business updates and strategic objectives as well as on the developing of strong channels of communication, which will enable shareholders to clearly understand the strategy, provide feedback and issue any question or concern.

# Strategic Report (continued)

**Community and Environment**
With regards to subsection (d) the Company's operations have no direct impact on the community or environment though the operations of the Ellaktor Group has direct impact.

## Principal risks and uncertainties

### i. Macroeconomic conditions in Greece

After a significant recession of 9.0% in 2020, the Greek economy has shown strong economic recovery in 2021, exceeding initial expectations. Real GDP grew by 8.3% year-on-year in 2021, one of the strongest annual growth rates in the Eurozone for the same period. The strong annual recovery was positively supported by growth in private consumption, which reached 7.2% for the year in 2021, as well as by rising investment, which grew by 19.3% in 2021 exceeding 2019 levels by 18.8% due to heavy investment in equipment, technology products and construction activity, as well as by a substantial increase in exports. The improvement of the economic climate, good progress in industry, commercial trade and construction activity, as well as improvement in the labor market, despite strong inflationary pressures, appear to be supporting the growth of the Greek economy. At the same time, inflation approached 5% towards the end of 2021, due to extremely high natural gas prices. In 2022, Harmonized inflation is expected to reach 8.9%, according to the European Commission (European Economic Forecast, Summer 2022), whereas the Bank of Greece (Monetary Policy Report, June 2022) foresees an increase of 7.6% y-o-y in the current year. The Group's response to those challenges is addressed in "ii. Impact of the energy crisis, inflation and Covid 19 pandemic" section below.

The recovery of economic activity continued during the second quarter of 2022, as real GDP, according to the European Commission (European Economic Forecast, Summer 2022), is expected to increase by 4% y-o-y in 2022 and further by 2.4% in 2023. Moreover, the Bank of Greece has revised downwards its projections for GDP growth in 2022, to 3.2% (Monetary Policy Report, June 2022), from 3.8% in April (Governor's Annual Report) due to the uncertainty deriving from the continuation of the war in Ukraine, the energy supply disruption and the consequent further increase in energy prices and prices in general. The Economic Sentiment Indicator (ESI), which is a leading indicator of economic activity, dropped to 104.3 units in June, from 114.4 units in February, due to the increased uncertainty arising from the Russian invasion of Ukraine, remaining however, above the European Union average (102.5 units).

The Recovery and Resilience (RRF) funds absorption and the optimism about tourism performance maintain resilient growth dynamics. Despite the uncertainty that prevails for the previously mentioned reasons, the outlook remains particularly positive in the medium term, due to the expected absorption of funds in the context of the Recovery and Resilience Facility (RRF) - the centerpiece of the recovery plan of the European Union (Next Generation EU), with the aim to deal with the negative impact of the pandemic-as well as the implementation of structural reforms that will establish a business-friendly environment. Risks however, may also arise from delays in the absorption of the RRF funds, which would deteriorate business sentiment.

In addition, the main driver of the growth of the Greek economy is expected to be the good performance of tourism, the country's exports, but also the country's significant disbursements from RRF. From the latter, Greece is expected to receive €31 billion, of which €18 billion are grants and €13 billion are loans, while in addition it will receive almost €40 billion from the Multiannual Financial Framework through the National Strategic Reference Framework (NSRF) and Common Agriculture Policy during the period 2021-2027. The Greek government has stated that infrastructure is one of the priority sectors for channelling the above funds.

## Strategic Report (continued)

On 28 February 2022, the European Commission announced its positive preliminary assessment of the first payment request submitted by Greece on 29 December 2021, after reaching all the relevant milestones and targets, for an amount of €3.6 billion, of which €1.7 billion is to be made available in grants and the remaining €1.9 billion will be in loans, under the Recovery and Resilience Mechanism (RRM). Greece has already received a total of €3.96 billion in pre-financing since the beginning of August (€2.31 billion for grants and €1.65 billion for loans). In addition, as of the beginning of January 2022, 103 projects have been approved under the Recovery Fund, with a total budget of over €6 billion.

The outlook for the Greek economy is particularly positive, given that in the coming years it will benefit from the use of European financial resources, the implementation of reforms under the National Recovery and Resilience Plan, the revision of fiscal rules under the Stability and Growth Pact, favorable liquidity conditions, as well as the recovery of the European economy. According to the European Commission's latest simulations, GDP is expected to grow by 2.1-3.3% per year until 2026, as a result of the combined effect of RRF grants and loans. It is emphasized that simulations in the European Commission's Enhanced Surveillance Report (September 2021) do not include the potential positive impact of the structural reforms envisaged in the plan. Future development will also be supported by the new European Union funding cycle.

Risk factors that may affect the positive outlook for the Greek economy outlined above mainly relate to the continuation or further deterioration of the continued inflationary pressures, disruption of supply chain stability, as well as wider geopolitical developments. In particular, the Russia-Ukraine crisis creates additional risks and uncertainty, affecting, inter alia, energy prices as well as the prices of agricultural products, resulting in the possible continuation of inflationary pressures with higher intensity and a longer time horizon than initially foreseen. This may have consequences for both consumption and international trade.

The Management of Ellaktor Group keeps the situation and its possible consequences on the Group under constant review, in order to ensure that all feasible and necessary measures and actions are promptly taken to minimize any negative effects, as well as to capitalize on positive developments.

### ii. Impact of the energy crisis, inflation and Covid 19 pandemic

Government mass vaccination programmes that began in 2021 reduced the severity of infections, both in terms of hospitalisations and symptoms, and resulted in the global easing of travel restrictions that had been adopted by governments to contain Covid-19, led to an increase in economic activity.

On the other hand, the recent energy crisis, the depth and breadth of which is evolving to be greater than initially estimated, especially after the military operations in Ukraine, contributes to a further climate of uncertainty regarding the impact of the inflationary pressures which have already been exerted on consumption, investment, and consequently, economic development. The energy crisis, which was initially attributed to increased demand as a result of the Country's recovery from the Covid-19 pandemic and EU policy to mitigate the effects of the climate crisis (regulatory interventions on distributed CO2 allowances), subsequently worsened due to geostrategic reasons (Nord Stream 2) and has become significant due to recent military operations in Ukraine. As a result, energy markets (particularly in Europe) have been affected, and there have been rapid increases in the price of the raw material for energy (natural gas) which are reflected in electricity prices. This, in turn, fuels inflation in production costs and the costs of transporting goods.

## Strategic Report (continued)

As mentioned above, the energy crisis does not appear to have had a significant impact on the Group's activities, other than the Construction sector due to the nature of this sector. However, Ellaktor Group has either signed or been declared as a preferred bidder in major infrastructure and concession projects financed by European and domestic funds which are expected to further strengthen the Group's liquidity and cash position. The significant increase in prices for materials and energy will continue to be a challenge for all Group companies despite legislative regulations and compensatory measures adopted by the Government. As the need for the absorption of the above funds is important for the development of the Greek economy, it is considered imperative but also imposed, as there are specific absorption deadlines. The Ellaktor Group's Management estimates that additional measures will be taken which will contribute to dealing with price increases in materials and energy and general inflation.

**iii. Business risk**

The Company is the finance vehicle of Ellaktor Group for the issuance and placement of Senior Notes of total €670 million. The repayment of the Notes and the respective interest will be performed through the cash flows of Restricted Group. The business risk of the Company is aligned with the business risk of the Restricted Group and more specifically Concessions, Renewables and Waste Management business.

**iv. Foreign exchange risk**

The Company and the Restricted Group do not face a significant foreign exchange risk.

## Review of Key Figures

**i. Overall Results**

Operating results for the year under consideration were losses of €11.73 million (2020 - €15.0 million).

Net finance income amounted to income €0.73 million (2020 - €0.62 million) driven mainly from the interest on Bond Premium of €0.42 million (2020 - €0.44 million).

The Company reported a loss before tax of €11.0 million (2020 – loss of €14.34 million) and after tax of €11.13 million (2020 – loss of €14.43 million).

**ii. Balance Sheet**

Total borrowings as at 31 December 2021 amounted to €664.4 million (2020 - €662.4 million). The increase relates mainly to the amortization of issuance fees. Of total borrowings (€664.4 million), €662.9 million (2020 - €660.5 million) represents the bond loan issued of principal amount of €670.0 million less unamortized issuance expenses of €7.1 million (2020 - €9.5 million) plus the unamortized premium of €1.5 million (2020 - €1.9 million) which arose on the second lot of bond loan issue of €70.0 million.

Long term financial assets of €638.8 million (2020: €648 million) as at 31 December 2021 include the intercompany loan provided to the parent company, Ellaktor S.A. of nominal value of €672.3 million (2020 - €672.3 million) less bond loans expenses invoiced to the parent company of €7.1 million (2020: €9.5 million) and an expected credit loss provision of €26.4 million (2020: €14.8 million). Short term financial assets of €2.0 million (2020: €2.0 million) related to a current receivable from the parent company Ellaktor SA.

## Strategic Report (continued)

Total cash and cash equivalents as at 31 December 2021 amounted to €0.06 million (2020 - €0.12 million) and other current financial liabilities of €2.0 million (2020 - €2.0 million) relate mainly to accrued interest on bond liability.

Finally, the negative equity of €25.5 million (2020 - €14.4 million) is the result of the expected credit loss recognized upon the intercompany receivable and does not translate to operating cash losses.

**iii. Cash Flows**

Summary statement of cash flows (in EUR):

| | 01-Jan–21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| **Cash and cash equivalents at beginning of the year** | **118,532** | - |
| Net Cash Flows from operating activities | (366,464) | (152,530) |
| Net Cash Flows from investing activities | 43,026,331 | (617,023,424) |
| Net Cash flows from financing activities | (42,716,684) | 617,294,486 |
| **Cash and cash equivalents at the end of the year** | **61,715** | **118,532** |

**Approved by the Board of Directors and signed on its behalf by:**

Dimosthenis Revelas

**Director**

**24 November 2022**

# Directors' report

The Directors present their Report and the audited financial statements of the Company, registered number 12327399, for the year ended 31 December 2021.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. The Directors, in order to achieve the Company's targets, implement actions such as, closely monitoring the Company's activities, scheduling regular Board Meetings, adopting compliance policies, obtaining tax/legal advice when necessary, and in general making all necessary actions to promote the Company's and its stakeholders' interests. During the underlying year of this report, the Company had no employees.

## Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

| | Date of | |
|---|---|---|
| **Name** | **Appointment** | **Resignation** |
| Anastasios Kallitsantsis | 21.11.2019 | 27.01.2021 |
| Georgios Poulopoulos | 22.05.2020 | 16.06.2021 |
| Aristeidis Xenofos | 27.01.2021 | 21.05.2021 |
| Efthymios Bouloutas | 21.05.2021 | 09.07.2021 |
| Dimosthenis Revelas | 16.06.2021 | |
| Vasiliki Niatsou | 09.07.2021 | |

## Secretary

Maples Fiduciary Services (UK) Limited
11th Floor, 200 Aldersgate Street, London, EC1A 4HD

## Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place, London, WC2N 6RH

## Registered office

11th Floor, 200 Aldersgate Street, London, EC1A 4HD

# Directors' report (continued)

## Future Developments

The Company's activities are expected to change on account of the bond loan repayment which is described in the Recent Developments section of the Strategic report. Thereafter, the Company will only incur the necessary administrative costs. The Directors have no intention to liquidate the Company as it will be used as a vehicle for future possible issuance of new financing from international markets.

## Dividends

The Directors do not recommend the payment of a dividend (31 December 2020: € nil), due to negative equity as at 31 December 2021 of €25.5 million.

## Qualifying third-party indemnity provisions

The Directors of the Company did not benefit from third party qualifying indemnity insurance provisions during the year and up to the date of approval of financial statements.

## Directors' remuneration

No remuneration was received by the Directors for the year ended 31 December 2021 (31 December 2020: € nil).

## Going Concern

The proceeds from the prospective spin-off of and eventual disposal of the RES segment of Ellaktor Group are designated to be used for the repayment of Senior Notes. As of the approval date of these financial statements, 74.2% of the Notes amounting to €497.16 million plus a 1% premium (€4.97 million), has been repaid to Bondholders using the bridge financing obtained from domestic banks. The rest of the Senior Notes amounted to €172.84 million are expected to be redeemed at a later stage and after 15 December 2022 when the Group has the option to redeem these Notes at a price of 101.594% per Note as per Indenture's provisions. The redemption is expected to be effected by either using the proceeds from the bank financing or from the equity proceeds from the RES transaction (MOH). The Directors have no intention to liquidate the Company in the next 12 months from the date of the signing of these financial statements as the Company will be used as a vehicle for future possible issuance of new financing from international markets.

Until the total repayment of the Senior Notes and as far as the Construction sector is concerned, the main focus of the Directors is the impact of the accumulated losses of Construction on other business sectors liquidity (Concessions, Waste Management and Renewables all together the Restricted Group). In the recent years, exposure of other sectors to potential risks and uncertainties of the Construction segment have been significantly reduced through by limiting the assumption of guarantees and other liabilities related to the activities of Construction. Therefore, the risk of undertaking by the Group of the significant liabilities of the Construction sector that would potentially affect the smooth operation of the Group is considered by the Management to be limited. Moreover, the Construction financing from Restricted Group is governed by specific limitations included in the Indenture. Management and Shareholders have also taken additional actions such as the significant reduction of

# Directors' report (continued)

the segment's loss making activities abroad and Ellaktor Group share capital increase by €120.5 million in cash, in August 2021, of which €98 million were diverted to Construction in order to cover its financial needs.

Management continuously assesses the conditions and potential effects on the Group's operations in order to ensure that it will continue as a going concern. In addition, management continues to monitor the situation regarding COVID-19 and energy crisis and their potential impact on the Group's operations in order to ensure that the going concern principle continues to apply.

The Group's management receives information from its business segments regarding the estimated operating performance and future cash flows and based on this information, has prepared action plans to optimize the management of the available liquidity and future cash flows for the timely settlement of business segments' liabilities. In addition to its main planning, management considers various scenarios and alternative solutions, though, for example, evaluation of its assets. Based on the above, management assesses that it has ensured the going concern basis of accounting and, as a result, financial statements have been prepared on this basis.

## Post balance sheet events

Post balance sheet events are disclosed in Note 15 to these financial statements.

## Financial instruments

Note 3.1 to the financial statements provide details on the Company's financial risk management policies and related exposures.

## Political and charitable contributions

The Company made neither political nor charitable contributions during the year (31 December 2020: € nil).

## Independent Auditors

A resolution for the appointment of PricewaterhouseCoopers LLP as auditors for the year ended 31 December 2021 was taken at the shareholders Annual General Meeting held on 25 November 2021. A further resolution concerning the appointment of auditors will be proposed at the next Annual General Meeting.

## Internal control and risk management over financial reporting

The Company has in place, internal control and risk management systems in relation to the Company's financial reporting process and the process for preparation of the financial statements. These systems include policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with the International Financial Reporting Standards; require representatives of the businesses to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the year; and review and reconcile reported data. The Directors are responsible for monitoring these internal control and risk management systems.

# Directors' report (continued)

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

The company has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Approved by the Board of Directors and signed on its behalf by:**

Dimosthenis Revelas

**Director**
**24 November 2022**

# Independent auditors' report to the members of Ellaktor Value Plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Ellaktor Value Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2021; the income statement, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2.1 to the financial statements, the company, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview

Audit scope

- The audit was over a wholly owned standalone entity.

- Support was received from PwC Greece to conduct work and report to PwC UK on the findings.
- PwC UK remained responsible for the overall direction and supervision of the work as well as financial statement disclosures.

Key audit matters

- Expected credit losses on the intercompany loan receivable

Materiality

- Overall materiality: 430,000 EUR (2020: 440,000 EUR) based on 1% of interest expense.
- Performance materiality: 322,500 EUR (2020: 330,000 EUR).

## The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

| **Key audit matter** | **How our audit addressed the key audit matter** |
|---|---|
| *Expected credit losses on the intercompany loan receivable*<br>The total value of the receivable from related parties is EUR 665.20 million (2020: EUR 662.79 million), against which an Expected Credit loss (ECL) provision of EUR 26.43 million (2020: EUR 14.82 million) has been recognised (refer note 3.1 and 5 of the financial statements).<br><br>The ECL provision has been recognised representing the credit risk of the counterparty. Despite there being a downgrade in the credit rating of the bond, influenced by the downgrade of the Group credit rating, the Directors believe that contradictory evidence existed at the balance sheet date, which corroborates the fact that there has been no significant increase in the credit risk associated with the Bond loan receivable. This is largely driven by the improved trading performance of the group following the Covid-19 pandemic. As a result, the ECL provision is equal to the losses expected to accrue over the next twelve months.<br><br>The Directors have considered multiple data points to determine the key inputs to the ECL provision. A probability weighted recovery scenario analysis has been performed where potential ECLs were considered under multiple scenarios at the balance sheet date. These scenarios were weighted according to their likelihood of occurrence. The Directors have also disclosed the sensitivities in the financial statements, if the ECL was to be calculated based on the | We have evaluated the methodology followed by the Directors in determining the ECL provision as at 31 December 2021. We are satisfied that the approach is supportable under the requirements of IFRS 9 Financial Instruments.<br><br>We have tested the mathematical accuracy of the ECL provision and have performed detailed testing over the underlying data and information used in the ECL analysis including but not limited to verifying:<br>• the appropriateness and the feasibility of the recovery scenarios prepared by the Directors;<br>• various assumptions and judgements utilised by the Directors in preparing these recovery scenarios. This includes:<br>    • EBITDA multiplier used for determining the enterprise value of various businesses;<br>    • Discount rates used; and<br>    • basis for the probability assigned to each scenario;<br>• authenticity of the third-party source data from where the information was gathered to |

| | |
|---|---|
| downgraded credit rating and the ECL based on the discount at which the bond was traded in the market as at the balance sheet date.<br><br>On account of the size of the ECL and the significant estimation uncertainty and subjectivity involved in determining the appropriate level of the provision to be recognised, we identified this as a key audit matter. | perform the ECL sensitivity based on market valuation of the bond and the credit rating;<br>• the underlying receivable amount on which the provisioning percentage is being applied back to the contracts; and,<br>• market factors surrounding the macroeconomic trading environment and the impact this may have on the Restricted and Unrestricted Groups.<br><br>We have performed a sensitivity analysis to understand what impact that reasonable changes in the assumptions could have on the overall ECL provision and verified this back to the accounting estimate disclosure.<br><br>We have no issues to report in respect of this work and are satisfied that the judgements applied, the impairment charges recorded and disclosures within the financial statements are appropriate. |

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

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## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| *Overall company materiality* | 430,000 EUR (2020: 440,000 EUR). |
| *How we determined it* | 1% of interest expense |
| *Rationale for benchmark applied* | We believe that the key business of the company is raising debt to lend onto other group entities. Accordingly, the costs of raising finance is of most interest to those using these financial statements. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to 322,500 EUR (2020: 330,000 EUR) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above 21,500 EUR (2020: 22,000 EUR) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- reviewing the cash flow forecasts prepared by the Directors and the assumptions within the same, evidencing that sufficient cash is available to meet the cash outflow requirements of the Company for 12 months from the date of signing of the financial statements;
- evaluating the appropriateness of the letter of support issued by the Parent Company (the Restricted group) to support the entity to meet its cash flow requirements for at least 12 months from the date of the letter;
- discussing with those charged with governance on the future plans for the entity, given the subsequent bond redemption; and
- reviewing the minutes of the meetings of the board of Directors.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to applying management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board meeting minutes;
- Assessing management estimates for any bias or inconsistencies.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Other required reporting

## Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 November 2022

## Statement of Financial Position

| | Note | 31-Dec-21 | 31-Dec-20 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Financial assets | 5 | 638,767,019 | 647,967,294 |
| | | **638,767,019** | **647,967,294** |
| **Current assets** | | | |
| Financial assets | 5 | 1,999,320 | 1,998,502 |
| Income tax receivable | | 22,027 | - |
| Cash and cash equivalents | 6 | 61,715 | 118,532 |
| | | **2,083,062** | **2,117,034** |
| **Total assets** | | **640,850,081** | **650,084,328** |
| **EQUITY** | | | |
| **Equity attributable to shareholders** | | | |
| Share capital | 7 | 58,340 | 58,340 |
| Accumulated losses | | (25,558,365) | (14,429,271) |
| | | **(25,500,025)** | **(14,370,931)** |
| **Total equity** | | **(25,500,025)** | **(14,370,931)** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 8 | 664,383,335 | 662,394,106 |
| | | **664,383,335** | **662,394,106** |
| **Current liabilities** | | | |
| Financial liabilities | 8 | 1,966,771 | 1,969,969 |
| Current income tax liabilities | | - | 91,184 |
| | | **1,966,771** | **2,061,153** |
| **Total liabilities** | | **666,350,106** | **664,455,259** |
| **Total equity and liabilities** | | **640,850,081** | **650,084,328** |

The notes on pages 26 to 44 form an integral part of these combined financial statements.

The Financial Statements on pages 21 to 44 were approved by the Board of Directors on 24 November 2022 and signed on behalf of the Board by:

Dimosthenis Reveldis

# Income Statement

| | Note | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|---|
| Administrative expenses | 9 | (129,900) | (132,289) |
| Provision for impairment of financial assets | 3.1 | (11,605,481) | (14,824,215) |
| Other gain and losses | 10 | 72 | (4,877) |
| **Operating results** | | **(11,735,309)** | **(14,961,381)** |
| Financial income | 11 | 43,443,125 | 45,591,239 |
| Financial expenses | 11 | (42,716,684) | (44,967,945) |
| **Loss before income tax** | | **(11,008,868)** | **(14,338,087)** |
| Income Tax | 12 | (120,226) | (91,184) |
| **Net loss** | | **(11,129,094)** | **(14,429,271)** |

The notes on pages 26 to 44 form an integral part of these combined financial statements.

*All amounts are in €, except otherwise stated*

## Statement of Comprehensive Income

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| **Net loss** | **(11,129,094)** | **(14,429,271)** |
| Other comprehensive income/(loss) | - | - |
| **Total comprehensive loss** | **(11,129,094)** | **(14,429,271)** |

The notes on pages 26 to 44 form an integral part of these combined financial statements.

## Statement of Changes in Equity

| | Note | Share capital | Accumulated losses | Total equity |
|---|---|---|---|---|
| **21 November 2019** | | - | - | - |
| Net loss for the period | | - | (14,429,271) | **(14,429,271)** |
| **Total comprehensive loss for the period** | | **-** | **(14,429,271)** | **(14,429,271)** |
| Issue of share capital | 7 | 58,340 | - | **58,340** |
| **31 December 2020** | | **58,340** | **(14,429,271)** | **(14,370,931)** |
| | | | | |
| **1 January 2021** | | **58,340** | **(14,429,271)** | **(14,370,931)** |
| Net loss for the year | | - | (11,129,094) | **(11,129,094)** |
| **Total comprehensive loss for the year** | | **-** | **(11,129,094)** | **(11,129,094)** |
| **31 December 2021** | | **58,340** | **(25,558,365)** | **(25,500,025)** |

The notes on pages 26 to 44 form an integral part of these combined financial statements.

## Statement of Cash Flows

| | Note | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss before income tax | | (11,008,868) | (14,338,087) |
| *(Less)/plus adjustments for:* | | | |
| Amortization of debt issuance costs | 9 | (2,405,206) | (2,530,752) |
| Amortization of costs recharged to related parties | 9 | 2,405,206 | 2,530,752 |
| Provision for impairment of Other Receivables | 3.1 | 11,605,481 | 14,824,215 |
| Interest income | 11 | (43,443,125) | (45,591,239) |
| Interest and related expenses | 11 | 42,716,684 | 44,967,944 |
| *(Less)/plus working capital adjustments or adjustments related to operating activities:* | | | |
| Increase in accounts receivable | | - | (1,998,502) |
| Decrease in liabilities (excl. borrowings) | | (3,199) | 1,983,139 |
| Tax payments | | (233,437) | - |
| ***Net cash flows used in operating activities (a)*** | | **(366,464)** | **(152,530)** |
| **Investing activities** | | | |
| Interest received | | 43,026,331 | 43,237,333 |
| Issuance costs recharged to related parties | | - | 12,039,243 |
| Loans granted to related parties | | - | (672,300,000) |
| ***Net cash flows generated from investing activities (b)*** | | **43,026,331** | **(617,023,424)** |
| **Financing activities** | | | |
| Issue of ordinary shares | | - | 58,340 |
| Interest and related expenses paid | | (42,716,684) | (43,069,611) |
| Debt issuance costs in relation to bond loans | | - | (12,039,243) |
| Proceeds from issued loans and debt issuance costs | | - | 672,345,000 |
| ***Net cash flows used in financing activities (c)*** | | **(42,716,684)** | **617,294,486** |
| **Cash and cash equivalents at the beginning of the year** | | **118,532** | **-** |
| Net (decrease)/increase in cash and cash equivalents during the year (a)+(b)+(c) | | (56,817) | 118,532 |
| **Cash and cash equivalents at the end of the year** | | **61,715** | **118,532** |

The notes on pages 26 to 44 form an integral part of these financial statements.

# Notes to the financial statements

## 1 General Information

Ellaktor Value Plc is a Public Limited Company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' report.

Ellaktor Value Plc was incorporated for the issuance and placement of Senior Notes of a nominal amount of €670 million with a 6.375% coupon, maturity in 2024. It is a 100% subsidiary of Ellaktor Group. Ellaktor Group is a leading diversified infrastructure group, headquartered in Greece with core activities in Constructions, Renewables, Concessions, Environment and Real Estate.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivatives) which are measured at fair value.

The main accounting principles applied for the preparation of these financial statements are presented below. These principles have been applied with consistency for all the financial periods presented, except stated otherwise.

The preparation of the financial statements under IFRS requires Management to exercise judgement and use accounting estimates in implementing the accounting policies adopted. The areas involving a higher degree of judgment or complexity, or other assumptions and estimates have a significant impact on the financial statements are mentioned in Note 4.

### 2.2 New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1 January 2021. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

**Standards and Interpretations effective for the current financial year**

No standard and/or Interpretation is applicable for the Company.

**Standards and Interpretations effective for subsequent periods**

**IAS 1 (Amendment) 'Classification of liabilities as current or non-current'** (effective for annual periods beginning on or after 1 January 2023)

## Notes to the financial statements (continued)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

**IAS 1 (Amendments) 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Disclosure of Accounting policies'** (effective for annual periods beginning on or after 1 January 2023)

The amendments require companies to disclose their material accounting policy information and provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have not yet been endorsed by the EU.

**IAS 8 (Amendments) 'Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates'** (effective for annual periods beginning on or after 1 January 2023)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments have not yet been endorsed by the EU.

**Annual Improvements to IFRS Standards 2018–2020** (effective for annual periods beginning on or after 1 January 2022)

*IFRS 9 'Financial instruments'*

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

### 2.3 Going concern

The proceeds from the prospective spin-off of and eventual disposal of the RES segment of Ellaktor Group are designated to be used for the repayment of Senior Notes. As of the approval date of these financial statements, the 74.2% of the Notes amount to € 497.16 million plus a 1% premium (€ 4.97 million), has been repaid to Bondholders using the bridge financing obtained from domestic banks. The rest of the Senior Notes amounted to € 172.84 million are expected to be redeemed at a later stage and after 15 December 2022 when the Group has the option to redeem these Notes at a price of 101.594% per Note as per Indenture's provisions. The redemption is expected to be effected by either using the proceeds from the bank financing or from the equity proceeds from the RES transaction (MOH). The Directors have no intention to liquidate the Company in the next 12 months from the date of the signing of these financial statements as the Company will be used as a vehicle for future possible issuance of new financing from international markets.

Until the total repayment of the Senior Notes and as far as the Construction sector is concerned, the main focus of the Directors is the impact of the accumulated losses of Construction on other business sectors liquidity (Concessions, Waste Management and Renewables all together the Restricted Group). In the recent years, exposure of other sectors to potential risks and uncertainties of the Construction segment have been significantly reduced through by limiting the assumption of guarantees and other liabilities related to the activities of Construction. Therefore, the risk of undertaking by the Group of the significant liabilities of the Construction sector that would potentially affect the smooth operation of the Group is considered by the Management to be limited. Moreover, the Construction financing from Restricted Group is governed by specific limitations included in the

# Notes to the financial statements (continued)

Indenture. Management and Shareholders have also taken additional actions such as the significant reduction of the segment's loss making activities abroad and Ellaktor Group share capital increase by €120.5 million in cash, in August 2021, of which €98 million were diverted to Construction in order to cover its financial needs.

Management continuously assesses the conditions and potential effects on the Group's operations in order to ensure that it will continue as a going concern. In addition, management continues to monitor the situation regarding COVID-19 and energy crisis and their potential impact on the Group's operations in order to ensure that the going concern principle continues to apply.

The Group's management receives information from its business segments regarding the estimated operating performance and future cash flows and based on this information, has prepared action plans to optimize the management of the available liquidity and future cash flows for the timely settlement of business segments' liabilities. In addition to its main planning, management considers various scenarios and alternative solutions, though, for example, evaluation of its assets. Based on the above, management assesses that it has ensured the going concern basis of accounting and, as a result, financial statements have been prepared on this basis.

## 2.4 Foreign currency translation

**Functional and presentation currency**
The Company's functional and presentational currency is Euros.

**Transactions and balances**
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

## 2.5 Financial instruments

***Initial recognition and subsequent measurement of financial assets***
The classification of financial assets at initial recognition is based on the contractual cash flows of the financial assets and the business model within which the financial asset is held.

The Company initially assesses a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not measured at fair value through profit or loss. The transaction costs of financial assets measured at fair value through profit or loss are expensed.

## Notes to the financial statements (continued)

In accordance with the provisions of IFRS 9, debt instruments are subsequently measured at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss. In order to classify and evaluate a financial asset at amortized cost or at fair value through other comprehensive income cash flows that are 'solely payments of principal and interest' must be generated on the outstanding capital balance. This evaluation is known as the SPPI ('solely payments of principal and interest') criterion and is made at the level of an individual financial instrument.

The classification and measurement of debt instruments is as follows:
I. Debt instruments measured at amortized cost are acquired under a business model, the purpose is to retain them in order to collect the contractual cash flows, while at the same time meeting the SPPI criterion. Financial assets in this category are subsequently measured using the effective interest rate method (EIR) and are subject to impairment testing. Any profit or loss that arises when the asset ceases to be recognized, is modified or impaired is recognized immediately in the income statement.

II. Equity instruments at fair value through the statement of comprehensive income. This category includes only equity instruments which the Company intends to hold for the foreseeable future and has irrevocably decided to classify them in this manner upon initial recognition or transition to IFRS 9. Equity instruments at fair value through the statement of comprehensive income are not subject to impairment. Dividends from such investments continue to be recognized in the income statement, unless they represent recovery of the investment cost.

For investments that are traded on an active market, fair value is calculated based on market bid prices. For investments for which there is no active market, fair value is determined by valuation techniques, unless the range of rational estimates of fair value is significantly large and the probable accuracy of the various estimates cannot reasonably be assessed, when valuation of such investments at fair value is prohibited. The purchase or sale of financial assets that require the delivery of assets within a timeframe provided for by a regulation or market assumption is recognized at the settlement date (i.e., the date when the asset is transferred or delivered to the Company).

III. Financial assets classified at fair value through profit or loss are initially recognized at fair value, with profits or losses arising from the valuation being recognized in the income statement. Profits and losses arising from changes in the fair value of financial assets classified at fair value through profit or loss are recognized in the income statement in the line "Other profits / (losses)".

***Impairment of financial assets***
At each financial reporting date, the Company assess whether the value of a financial asset or group of financial assets has been impaired as follows:

The Company recognize a provision for impairment against expected credit losses for all financial assets that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between all contractual cash flows payable under the contract and all cash flows that the Company expects to receive, discounted at the approximate initial effective interest rate.

Expected credit losses are recognized in two stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the financial entity quantifies the provision for a loss with respect to the financial instrument in question at an amount equivalent to expected credit losses accruing over the next 12 months. If the credit risk of a financial instrument has increased significantly since initial recognition, the financial

# Notes to the financial statements (continued)

entity quantifies the provision for a loss with respect to the financial instrument in question at an amount equivalent to expected credit losses over its lifetime, regardless of when the default occurred.

***Derecognition of financial assets***

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

• the rights to the inflow of cash resources have expired,

• the Company retains the right to receive cash flows from that asset but has also undertaken to pay them to third parties in full without undue delay in the form of a transfer agreement, or

• the Company has transferred the right to receive cash flows from that asset while at the same time it either (a) has materially transferred all the risks and rewards accruing therefrom or (b) has not materially transferred all risks and rewards, but has transferred control of the specific asset.

When the Company transfers the rights to receive cash flows from an asset or concludes a transfer agreement, it reviews the extent to which it retains the risks and rewards of ownership of the asset. When the Company neither transfers nor materially retains all the risks and rewards accruing from the transferred asset and retains control of the asset, then the asset is recognized to the extent that the Company continues to participate in the asset. In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability is measured on a basis reflecting the rights and obligations retained by the Company.

Continued participation, which takes the form of a guarantee on the transferred asset is recognized at the lower of the carrying amount of the asset and the maximum amount of the received consideration that the Company could be required to repay.

***Initial recognition and subsequent measurement of financial liabilities***

All financial liabilities are initially measured at their fair value less transaction costs, in the case of loans and liabilities.

***Derecognition of financial liabilities***

A financial liability is derecognized when the obligation arising from the liability is cancelled or expires. When an existing financial liability is replaced by another from the same lender but under substantially different terms or the terms of an existing liability are significantly changed, such exchange or amendment is treated as a derecognition of the initial liability and recognition of a new one. The difference in the respective book values is recognized in the income statement.

***Offsetting of financial receivables and liabilities***

Financial receivables and liabilities are offset and the net amount is presented in the Statement of Financial position only where the Company holds the legal right to do so and intends to offset them on a net basis against one another or to claim the asset and settle the obligation at the same time. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 2.6 Cash and cash equivalents

Cash and cash equivalents include cash, short-term deposits and short-term investments of up to 3 months, with high liquidity and low risk.

# Notes to the financial statements (continued)

## 2.7 Share capital

Share capital consists of the ordinary shares of the Company.
Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

## 2.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that some or all of the facility will not be drawn down, the fee is classified as prepayment for liquidity services and is recognized in the income statement over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has the right to defer the settlement of the obligation for at least 12 months from the balance sheet date.

## 2.9 Current and deferred income tax

Income tax for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or equity, respectively.

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as presented in the financial statements. The deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither the accounting nor the taxable gains or losses. Deferred income tax is calculated based on the tax rates and tax legislation effective on the balance sheet date and expected to be effective when the deferred tax assets will be realized or deferred tax liabilities will be settled.

Deferred tax assets are recognized to the extent that there could be future taxable profit in order to use the temporary difference that gives rise to the deferred tax assets.

Deferred tax assets and liabilities are offset only if the offsetting of tax assets and liabilities is permitted by law and provided that deferred tax assets and liabilities are determined by the same tax authority to the taxpayer or different taxpayers and there is the intention to proceed to settlement through offset.

## 2.10 Interest income and expenses

Interest income and expense is recognized using the effective interest rate method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash

# Notes to the financial statements (continued)

flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate. The Company's income relates to interest income from the parent company.

Interest expense primarily comprises interest expense on borrowings. Cash flows relating to interest expense are classified as a financing activity in the statement of cash flows.

Interest income primarily comprises interest income on intercompany loan receivable. Cash flows relating to interest income are classified as an investing activity in the statement of cash flows.

## 3 Financial risk management

### 3.1 Financial risk factors

The Company's exposure to financial risks is interrelated with the Restricted Group's exposure to a variety of financial risks, such as market risks (foreign exchange risk, interest rate risk, etc.), credit risk and liquidity risk. All those factors may influence the ability of the Restricted Group to settle its obligations towards the bond holders which comprise of the semiannual interest payment and in the long run the repayments of Notes' nominal value.

Risk management is monitored by the financial division of Ellaktor Group and more specifically by the central Financial Management Division and is determined by directives, guidelines and rules approved by the Board of Directors with regard to interest rate risk, credit risk, the use of derivative and non-derivative instruments and the short-term investment of cash.

**(a) Market Risk**

Market risk is related to the business and geographical sectors where the Restricted Group operates. Indicatively, the Restricted Group is exposed to risk from the change in the conditions prevailing mainly in Greece. The recent lock downs imposed by the Government impacted the Concession sector revenues during 2020 however there was traffic reach at pre-covid levels during 2021 and 2022. The Environment sector remained unaffected as the the provision of waste management services could not be affected by covid 19. The waste management subsidiaries managed to absorb the recent inflation through the price escalation terms included in their service contracts. Renewables remained unaffected from both covid-19 and prices increase. Overall, there are no highly sensitive market risks for the Restricted Group. The focus is on the Greek economy prospects, ie GDP trends which historically affect the traffic in concession motorways and financial condition of the Greek State which is the main customer of the Environment sector of Ellaktor's Restricted Group. Renewables market risk is now remote for the Group due to the prospective spin-off.

The Group's departments are closely monitoring the trends in the market and plan actions for timely and efficient adjustment to the conditions prevailing.

**i) Foreign exchange risk**

The Company does not face a significant foreign exchange risk.

## Notes to the financial statements (continued)

**ii) Interest rate risk**

The Company's direct exposure to interest rate risk is remote as the Bond Loan has a fixed rate. In addition, the risk is mitigated by matching the fixed interest rate payable to bondholders with fixed interest rate receivable from parent company, Ellaktor SA.

Any possible exposure to interest rate risk regards only with Restricted Group's exposure to such risk which may influence any future transactions (except interest) between Ellaktor Value Plc and Restricted Group. More specifically, Restricted Group's assets include significant interest bearing items, including sight deposits, short-term bank deposits and EIB bonds. The Group is exposed to risk from fluctuations of interest rates, mainly arising from bank loans of Renewables Sector which include a floating rate.

As regards long-term borrowings, the Group's management systematically and constantly monitors interest rate fluctuations and assesses the need to take relevant positions to hedge risks or to issue fixed rate debt, when and if necessary.

**(b) Credit risk**

Credit risk is the risk that the counterparty will cause a financial loss to the Company by failing to meet its contractual obligations. Concentration of credit risk for the Company is identified in the receivables from parent company, Ellaktor S.A. and furtherly Restricted Group as well as cash and cash equivalents. The Company defines as default, the non-payment of interest and capital.

**i) Risk management**

The main financial asset of the Company is the receivables from parent company. Those receivables are interrelated with the bond loan agreement between the Company and Ellaktor S.A. as parent and any interest accrual generated as a result of the aforementioned agreement. The repayment of the bond loan receivable and its associated interest will be performed through the cash flows of Restricted Group. As a result credit risk is managed on a group basis. The Group monitors its receivables very carefully, and where credit risk is identified, an assessment is performed in accordance with established policies and procedures and an appropriate impairment provision is recognized.

For the Restricted Group, the concentration of credit risk is from the Greek State. The risk lies in the likelihood of delays in payments to electricity producers and waste management services providers by the several competent authorities (all under the Greek State) which however have not been observed until the signing date of this financial statements. Concession receivables are limited as sales to customers are required to be settled in cash or using major credit cards (toll fees), mitigating credit risk.

Cash and cash equivalents potentially involve credit risk as well. In order to manage this credit risk, the Group sets limits to the degree of exposure for each financial institution, within the scope of the policies of the Board of Directors.

The Bonds issued are guaranteed by ELLAKTOR S.A., AKTOR Concessions S.A. and HELECTOR S.A. which are the parent companies of Renewables (electricity producers), Concessions and Waste management business sectors of Ellaktor Group.

# Notes to the financial statements (continued)

**ii) Impairment of financial assets**

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

- Bond loan receivable from related parties
- Accrued interest from related parties
- Other receivables from related parties
- Cash and cash equivalents

Accrued interest, other receivables from related parties as well as cash and cash equivalents are also subject to the impairment requirements of IFRS 9, however the identified impairment loss was immaterial.

**Bond loan receivable from related parties**

An Expected Credit Loss provision (ECL) has been recognised in the financial statements against the intercompany receivables (almost equal to the carrying amount of the external Bond loan) which is outstanding from the Restricted Group (RG), representing the credit risks involved in recovering this from the RG. The downgrade in the credit rating of the Group in early 2021 [S&P: CCC+/Negative (2020: B-/Negative) and Fitch: B/Negative (2020: B+/Negative)] was influenced by the FY20 results of the Group. However, the Ellaktor Group as a whole and in particular, the RG managed to improve their results in 2021 as compared to 2020.

The credit rating of the Group is impacted by the Restricted Group and the construction sector. This resulted in the default application of this rating to the external bonds of Ellaktor Value Plc. During the previous years, the construction sector ('Unrestricted Group') yielded losses and this was financed by the Restricted Group subsidiaries, before and after the issuance of Senior Notes. After the issuance of Senior Notes, the financing of the construction sector is subject to restrictions per the Offering Memorandum terms hence this credit risk is restricted as the funds are serviced by the RG to the construction sector based on the limits specified within the Offering Memorandum.

From the beginning of 2021 until September 2022, the market value of the Bond experienced a steady increasing trend, except from the drop in March and April 2022 (due to the Ukraine conflict negatively impacting all the markets). In May 2022, the Group attracted a high-profile energy Group, Motor Oil Hellas, as major investor. The Group and Motor Oil agreed to the sale of the Ellaktor Renewables segment to Motor Oil. This is expected to be completed by the end of 2022 and would result in a complete redemption of the bond loan by utilising the proceeds from the sale noting 74.2% of the bond loans were already redeemed in September 2022 facilitated through bridge financing from domestic banks. Refer to the additional information disclosed in Note 15, "Events after reporting date". Additionally, there were no defaults in servicing the interest payments to the bond holders in the past 2 years.

Despite the downgrade in the credit rating during the year, management believes that the contradictory evidences that existed on the balance sheet date would corroborate the fact that there has been no significant increase in the credit risk associated with the Bond loan receivable as at 31 December 2021. The credit rating of the Group is not reflective of the credit rating of the RG and the rating as at the balance sheet date had not been updated to reflect improved trading of the Group as a whole. Hence, the Bond loan receivable stands at stage 1 (12-month credit loss) as per IFRS 9 categorization and a 12-month credit loss has been determined as detailed below. To calculate this ECL, a probability weighted approach involving three recovery scenarios has been considered based on their respective likelihood of occurrence as at the balance sheet date. This includes weighing of various strategic options that are available and feasible to the Group and involves a combination of disposal of various profit-making sectors of the group as well as various refinancing options available to the RG. Management made various assumptions and judgements in arriving at the expected losses under these scenarios including the timeframe.

## Notes to the financial statements (continued)

Based on this assessment, the estimated expected credit loss rate for 12 months is 3.93%, producing a loss allowance of €26.43 million as of 31 December 2021.

This ECL is lower when compared with the ECL that would be produced using a market rate i.e. the discount at which the bond loan was traded at 31 December 2021 (€34.34 million and a loss rate of 5.11%). This rate is influenced by various market factors which not only includes credit risk, but also interest rate risks and other market factors influencing the ongoing market valuation. An ECL purely based on the external credit rating of CCC+ (S&P) would be €45.81 million representing a 6.81% loss rate which includes the adverse credit risks and the challenges of the construction sector as detailed above. The range of the various outcomes is shown in the table below:

| Particulars | Based on Probability weighted scenarios | Based on Bond market value | Based on Credit rating |
|---|---|---|---|
| ECL rates | 3.93% | 5.11% | 6.81% |
| Expected Credit loss | €26.43 million | €34.34 million | €45.81 million |

Recognising the range of possible outcomes, given the expected full redemption of the bond loan and other factors considered above, management believes the credit risk associated with the bond loan receivable as at 31 December 2021 is therefore more appropriately estimated based on the probability weighted recovery scenarios.

As at December 31 2021, parent company (Ellaktor SA) guarantees relating to various construction projects were substantially completed and in August 2021, the shareholders of Ellaktor Group financed the construction sector with the amount of €98 million through a respective share capital increase. Therefore, this additional funding support that the construction sector received and the restrictions on providing further financing to the Unrestricted Group supporting the fact the ECL rate associated with the bond loan receivable is at a lower rate than the discount in the market and the loss rate based on the credit rating.

Taking into account the above, the loss allowance was determined as follows for bond loan receivable from related parties (parent Company):

| | 31-Dec-2021 | 31-Dec-2020 |
|---|---|---|
| Expected credit loss rate for 12 months | 3.931% | 2.205% |
| Nominal amount - Bond loan receivable from related parties | 672,300,000 | 672,300,000 |
| Issuance costs recharged to related parties | (7,103,285) | (9,508,491) |
| **Gross carrying amount - Bond loan receivable from related parties** | **665,196,715** | **662,791,509** |
| Loss allowance on nominal amount | (26,429,696) | (14,824,215) |
| **Net carrying amount - Bond loan receivable from related parties** | **638,767,019** | **647,967,294** |

# Notes to the financial statements (continued)

The loss allowances for bond loan receivable from related parties reconcile to the opening loss allowances as follows:

| | |
|---|---|
| **Balance as of 21 November 2019** | - |
| Increase in loan loss allowance recognized in Income Statement during the period | 14,824,215 |
| **Closing loss allowance at 31 December 2020** | **14,824,215** |
| | |
| **Opening loss allowance at 1 January 2021** | **14,824,215** |
| Increase in loan loss allowance recognized in Income Statement during the year | 11,605,481 |
| **Closing loss allowance at 31 December 2021** | **26,429,696** |

**(c) Liquidity risk**

To manage liquidity risk, the Group regularly budgets and monitors the progress of its financial and other cash liabilities and ensures the availability of cash and cash equivalents as well as the available credit facilities in order to meet its needs, including the capabilities of intra-corporate lending and dividend distribution.

Below is an analysis by maturity of the Company's financial liabilities (including principal and interest payments) based on contractual undiscounted cash flows:

| **31 December 2021** | **Total** | **Up to 1 year** |
|---|---|---|
| Bond loan* | 670,000,000 | 670,000,000 |
| Interest on bond loan* | 33,595,033 | 33,595,033 |
| Premium payments for early redemption* | 7,726,687 | 7,726,687 |
| Accrued interest | 1,898,333 | 1,898,333 |
| Accrued expenses | 53,212 | 53,212 |
| Other liabilities | 15,226 | 15,226 |
| **Total** | **713,288,491** | **713,288,491** |

*The above table represents the maturity of the Company's financial liabilities after considering the redemption of the bond in 2022. As of the approval date of this financial statements, the 74.2% of the Notes amount to € 497.16 million including a 1% premium (€ 4.97 million), has been repaid to Bondholders using the bridge financing obtained from Eurobank. The rest of the Senior Notes amounted to € 172.84 million are expected to be redeemed at a later stage and after 15 December 2022 when the Group has the option to redeem these Notes at a price of 101.594% (total premium € 2.76 million) per Note as per Indenture's provisions.

| **31 December 2020** | **Total** | **Up to 1 year** | **1 to 2 years** | **2 to 5 years** |
|---|---|---|---|---|
| Bond loan | 670,000,000 | - | - | 670,000,000 |
| Interest on bond loan | 170,850,000 | 42,712,500 | 42,712,500 | 85,425,000 |
| Accrued interest | 1,898,333 | 1,898,333 | - | - |
| Accrued expenses | 60,000 | 60,000 | - | - |
| Other liabilities | 11,636 | 11,636 | - | - |
| **Total** | **842,819,969** | **44,682,469** | **42,712,500** | **755,425,000** |

## Notes to the financial statements (continued)

Bond loan is presented on a gross proceeds basis, i.e., direct expenses of €7.1 million (2020 - € 9.5 million) are not included. Premium of €1.5 million (2020 - €1.9 million) is not presented as it is amortized over the bond loan lifetime. Interest payments are made on Semi-annually basis, in arrears on June 15 and December 15 of each year, commenced on 15 June 2020.

### 3.2 Capital management

The Company monitors as capital, the value of its share capital and its retained profits. The Company's objective in managing capital is to maintain its ability to continue as a going concern. The Company manages the capital structure and may make adjustments to it in response to changes in economic conditions and the risk profile of its markets and underlying assets. The Company may adjust its capital needs by determining the amount of profit to retain and the level of debt to maintain.

The table below presents cash and non-cash flows:

| | Total long-term borrowings | Accrued Interest (*) | Cash and cash equivalents | Total |
|---|---|---|---|---|
| **Balance as of 1 January 2021** | **(662,394,106)** | **(1,898,333)** | **118,532** | **(664,173,907)** |
| **Cash movements** | | | | |
| Decrease in cash and cash equivalents | - | - | (56,817) | **(56,817)** |
| Interest payment | - | 42,712,500 | - | **42,712,500** |
| **Non-cash movements** | | | | |
| Amortization of debt issuance costs | (2,405,206) | - | - | **(2,405,206)** |
| Accounting interest expense | - | (42,712,500) | - | **(42,712,500)** |
| Interest income on premium | 415,977 | - | - | **415,977** |
| **Balance as of 31 December 2021** | **(664,383,335)** | **(1,898,333)** | **61,715** | **(666,219,952)** |

| | Total long-term borrowings | Accrued Interest (*) | Cash and cash equivalents | Total |
|---|---|---|---|---|
| **Balance as of 21 November 2019** | - | - | - | - |
| **Cash movements** | | | | |
| Increase in cash and cash equivalents | - | - | 118,532 | **118,532** |
| Proceeds from issued loans and debt issuance costs | (672,345,000) | - | - | **(672,345,000)** |
| Interest payment | - | 43,068,438 | - | **43,068,438** |
| Debt issuance costs in relation to bond loans | 12,039,243 | - | - | **12,039,243** |
| **Non-cash movements** | | | | |
| Amortization of debt issuance costs | (2,530,752) | - | - | **(2,530,752)** |
| Accounting interest expense | - | (44,966,771) | - | **(44,966,771)** |
| Interest income on premium | 442,403 | - | - | **442,403** |
| **Balance as of 31 December 2020** | **(662,394,106)** | **(1,898,333)** | **118,532** | **(664,173,907)** |

* Excludes bank and other interest charges

# Notes to the financial statements (continued)

## 3.3 Fair Value estimation

The tables below show the fair values and the carrying amounts of financial assets and liabilities measured at amortised cost in the balance sheet. The Company uses the below fair value hierarchy for fair value estimation:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

| **Financial Assets - 31 December 2021** | **Carrying Amount** | **Estimated fair value** |
|---|---|---|
| Loans to related parties (amounts due after more than one year) | 638,767,019 | 638,118,406 |
| Other receivables -Related parties (amounts due in one year) | 1,999,320 | 1,999,320 |
| Cash and cash equivalents | 61,715 | 61,715 |
| | **640,828,054** | **640,179,441** |

| **Financial Assets - 31 December 2020** | **Carrying Amount** | **Estimated fair value** |
|---|---|---|
| Loans to related parties (amounts due after more than one year) | 647,967,294 | 630,352,179 |
| Other receivables -Related parties (amounts due in one year) | 1,998,502 | 1,998,502 |
| Cash and cash equivalents | 118,532 | 118,532 |
| | **650,085,328** | **632,469,213** |

| **Financial Liabilities - 31 December 2021** | **Carrying Amount** | **Estimated fair value** |
|---|---|---|
| Total long-term borrowings (Amounts due after more than one year) | 664,383,335 | 635,776,400 |
| Other financial liabilities (amounts due in one year) | 1,966,771 | 1,966,771 |
| | **666,350,106** | **637,743,171** |

| **Financial Liabilities - 31 December 2020** | **Carrying Amount** | **Estimated fair value** |
|---|---|---|
| Total long-term borrowings (Amounts due after more than one year) | 662,394,106 | 630,194,630 |
| Other financial liabilities (amounts due in one year) | 1,969,969 | 1,969,969 |
| | **664,364,075** | **632,164,599** |

Total long-term borrowings represent the Senior Notes issued by the Company. The estimated fair value of liabilities from such Senior Notes is determined by the market price of the Notes multiplied by the nominal amount of the Notes and included within Level 1 of the fair value hierarchy.

The same method is used to estimate the fair value for the back-to-back intragroup bond loan (Loans to related parties) included in the Company's financial assets. This bond loan is included within the Level 2 of the fair value hierarchy.

The fair value of Other receivables – Related parties, Cash and cash equivalents and Other financial liabilities approximates the carrying amount.

# Notes to the financial statements (continued)

## 4 Critical accounting estimates and judgements made by management

### 4.1 Expected Credit Loss

Financial Instruments (IFRS 9) specifies an expected credit loss framework for the recognition of impairment. 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 Restricted Group's past history and existing market conditions and data. Details of the key assumptions and inputs used are disclosed in the tables above (note 3).

## 5 Financial assets

| | Note | 31-Dec-21 | 31-Dec-20 |
|---|---|---|---|
| Bond loan receivable from related parties | 13 | **665,196,715** | **662,791,509** |
| Provision for impairment on loans | 3.1 | (26,429,696) | (14,824,215) |
| **Net bond loan receivable from related parties** | | **638,767,019** | **647,967,294** |
| Other receivables from related parties | 13 | 87,000 | 87,000 |
| Accrued interest from related parties | 13 | 1,912,320 | 1,911,502 |
| **Total** | | **640,766,339** | **649,965,796** |
| | | | |
| Non-current assets | | 638,767,019 | 647,967,294 |
| Current assets | | 1,999,320 | 1,998,502 |
| **Total** | | **640,766,339** | **649,965,796** |

On 12 December 2019, the Company entered into a Bond Loan agreement with its parent company Ellaktor S.A. in respect of the onward lending of the Bond funding. Under the terms of the agreement, the maximum amount of the Bond Loan is €600,000,000. Subsequently, the Company entered into a further bond loan agreement on 30 January 2020 for the amount of €70,000,000 and €2,300,000 on 17 December 2020. The loan is unsecured and attracts interest at a rate of 6.375% per annum payable six monthly until the maturity date. The Bond Loans mature on 15 December 2024. Net Issuance costs of €7.1 million (actual gross costs of €12 million less their cumulative amortization of € 4.9 million), (2020 - €9.5 million), were offset against the total nominal amount of the loan of €672.3 million.

In respect to Provision for impairment on loans, please refer to Note 3.1 (b) which sets out information about the impairment of financial assets and the group's exposure to credit risk.

## 6 Cash and cash equivalents

The full cash balance of €61,715 (2020 - €118,532) relates to sight deposits.

# Notes to the financial statements (continued)

## 7 Share capital

| | 31-Dec-21 | 31-Dec-20 |
|---|---|---|
| **Authorised:** | | |
| 50,000 ordinary shares of £ 1 each | £ 50,000 | £50,000 |
| **Allotted and fully paid:** | | |
| 50,000 ordinary shares of £ 1 each | **€58,340** | **€58,340** |

## 8 Financial liabilities

### 8.1 Borrowings

| | 31-Dec-21 | 31-Dec-20 |
|---|---|---|
| Bond loan | 662,896,715 | 660,491,509 |
| Premium on pricing | 1,486,620 | 1,902,597 |
| **Total long-term borrowings** | **664,383,335** | **662,394,106** |

On 6 December 2020, Ellaktor Value PLC issued Senior Notes of a Nominal Amount of €600.0 million with a 6.375% coupon, at an issuance price of 100.000% due in 2024. The proceeds from the Offering were used (i) to repay certain indebtedness of Ellaktor and its subsidiaries, Aktor Concessions S.A. and Aktor S.A., (ii) to pay fees and expenses associated with the Offering and (iii) for general corporate purposes. On 31 December 2019, the book value of the Senior Notes is reduced by the amount of direct expenses related to the transaction.

On 23 January 2020, Ellaktor Value PLC successfully proceeded with pricing of the international issue and distribution of first class (senior) bonds with a total nominal value of €70.0 million with a 6.375% interest rate, maturing in 2024. The proceeds from the Issue were intended (i) to finance capital expenses related to the renewable energy sources and concessions activities, which have been planned for 2020, (ii) to pay related fees and expenses, and (iii) for general corporate purposes.

The above pricing resulted to 102.5% coverage, i.e., €1.75 million additional gross proceeds plus accrued and unpaid interest from the Original Issue Date of €595 thousands. From the total additional gross proceeds of €2.345 million a cumulative interest of €858.4 thousands (2020 - €442.4 thousands) is deducted resulting to the amount of €1.5 million (31.12.2020 - €1.9 million) disclosed in the borrowing table above.

Direct expenses of €7.1 million (actual gross costs of €12 million less their cumulative amortization of € 4.9 million), (2020 - €9.5 million), were offset against the total nominal amount of the loan of €670 million.

### 8.2 Other financial liabilities

| | 31-Dec-21 | 31-Dec-20 |
|---|---|---|
| Accrued interest | 1,898,333 | 1,898,333 |
| Accrued expenses | 53,212 | 60,000 |
| Other liabilities | 15,226 | 11,636 |
| **Total** | **1,966,771** | **1,969,969** |
| | | |
| Financial liabilities (current) | 1,966,771 | 1,969,969 |

| | | |
|---|---|---|
| **Total** | **1,966,771** | **1,969,969** |

# Notes to the financial statements (continued)

## 9 Administrative expenses

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| Amortization of debt issuance costs | 2,405,206 | 2,530,752 |
| Amortization of costs recharged to related parties | (2,405,206) | (2,530,752) |
| Other third parties fees and expenses | 129,574 | 128,207 |
| Other expenses | 326 | 4,082 |
| **Total** | **129,900** | **132,289** |

The audit fee for the period amounted to €60 thousands (2020 - €60 thousands). No non-audit services were provided to the Company.

## 10 Other gain and losses

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| Net effect from foreign exchange gains/(losses) | 72 | (4,877) |
| **Total** | **72** | **(4,877)** |

## 11 Financial income and financial expenses

| | Note | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|---|
| **Finance income** | | | |
| Interest income | 13 | 43,027,149 | 45,148,836 |
| Interest income on premium | 8 | 415,976 | 442,403 |
| **Total finance income** | | **43,443,125** | **45,591,239** |
| | | | |
| **Finance costs** | | | |
| Interest on Bond Loan | | (42,712,500) | (44,966,771) |
| **Interest expenses** | | **(42,712,500)** | **(44,966,771)** |
| Miscellaneous bank charges | | (2,389) | (1,174) |
| Other charges | | (1,795) | - |
| **Other finance costs** | | **(4,184)** | **(1,174)** |
| | | | |
| **Total finance income/(costs)** | | **726,441** | **(623,294)** |

Finance income and costs are derived from the financial instruments held at amortized cost.

# Notes to the financial statements (continued)

## 12 Income tax

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| **Corporation tax** | | |
| Current year charge/(credit) | 120,226 | 91,184 |
| **Total current tax** | **120,226** | **91,184** |
| | | |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | - | - |
| Adjustments in respect of prior years | - | - |
| **Total deferred tax** | - | - |
| | | |
| **Taxation on profit/(loss) on ordinary activities** | **120,226** | **91,184** |

Factors affecting tax charge for the year.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| **Loss before tax** | **(11,008,868)** | **(14,338,087)** |
| Expected tax at the UK rate of 19% | (2,091,685) | (2,724,237) |
| | | |
| *Adjustments for:* | | |
| Expenses not deductible for tax purposes | 2,211,911 | 2,815,421 |
| **Total tax charge for the year** | **120,226** | **91,184** |

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. This is substantively enacted before the balance sheet date, and hence is applicable in the measurement of deferred tax balances at the balance sheet date.

## 13 Related party transactions

| | 1-Jan-21 to 31-Dec-21 | 21-Nov-19 to 31-Dec-20 |
|---|---|---|
| **Income** | | |
| Interest income from parent Company | 43,027,149 | 45,148,836 |
| Amortization of costs recharged to related parties | 2,405,206 | 2,530,752 |
| **Total** | **45,432,355** | **47,679,588** |

## Notes to the financial statements (continued)

| **Financial Assets** | **31-Dec-21** | **31-Dec-20** |
|---|---|---|
| Bond loan receivable from related parties | 665,196,715 | 662,791,509 |
| Accrued interest from related parties | 1,912,320 | 1,911,502 |
| Other receivables from related parties | 87,000 | 87,000 |
| **Total Financial Assets** | **667,196,035** | **664,790,011** |

All related party transactions and balances relate to the parent Company, i.e., Ellaktor SA. The Bond loan receivable from related parties, amounted to € 665,196,715 (2020 - € 662,791,509), is presented before the ECL impairment provision €26,429,696 (2020 - €14,824,215), refer to Note 5 above.

### 14 Controlling parties

The immediate parent company is Ellaktor S.A. Ellaktor S.A. is a company incorporated in Greece, with its registered office at 25 Ermou Street, Nea Kifisia, 14564 Athens. Ellaktor Group is the only group to consolidate these financial statements. Copies of the Ellaktor consolidated financial statements can be obtained from the website https://ellaktor.com/en/finances/annual-financial-report/

### 15 Events after the reporting date

1) On 6 May 2022, Motor Oil Hellas (MOH) acquired 29.9% of the share capital of Ellaktor Group, thus becoming the second largest shareholder. On the same date, Reggeborgh and Motor Oil entered into a framework agreement governing certain aspects of their relationship as the Company's two largest shareholders (the "Framework Agreement"). The primary objective of the Framework Agreement is to procure, among other things, that the Company sell and transfer a 75% shareholding in all assets of the Company's RES segment. Under the Framework Agreement, Reggeborgh agrees to vote its shares in support of Motor Oil receiving customary minority protections, including to enable Motor Oil to nominate a minimum of two members of the Board of Directors of the Company and to require the consent of Motor Oil or its designated directors in respect of approving certain reserved matters such as changes to the articles of association of the Company, corporate transformations, related party transactions, share capital increases or decreases, loan incurrences, capital expenditures, sale of assets and granting of security. A Change of Control has occurred as a consequence of the operation of the Framework Agreement.

2) Ellaktor SA will proceed with a hive down of the Ellaktor RES sector to a newly incorporated company, wholly-owned (100%) by Ellaktor SA.

3) On 1 August 2022, the Company issued an offer to purchase (the outstanding Secured Senior Notes) notice pursuant to Section 4.09 of the Indenture because a Change of Control (as defined in the Indenture) has occurred in connection with the Change of Control Transaction. The change of control transaction was the acquisition of the share capital of the Ellaktor Group by MOH (on 6 May 2022). Pursuant to Section 4.09 of the Indenture, when a Change of Control (as defined in the Indenture) occurs, the Issuer is required to make an offer to purchase any or all of a Holder's Notes. The redemption of the Notes is expected to be effected by either using the proceeds from the bank financing raised for the purposes of the above transaction or from the equity proceeds from the MOH.

4) The Extraordinary General Meeting of shareholders on 25 August 2022 approved the spin-off of Ellaktor RES. The total consideration for the transaction has been determined at €794.5 million, which is split between €683.3 million settled in cash and €111.2 million by contributing in-kind, i.e. 14.7% shareholding in the new formatted company. Successful completion of the transaction is conditional upon all other approvals required by law, including approval by the Hellenic Competition Commission.

## Notes to the financial statements (continued)

5) On 22 September 2022 the Company repaid the 74.2% of the Notes amount to € 497.16 million plus a 1% premium (€ 4.97 million) to Bondholders using the bridge financing obtained from domestic banks. The rest of the Senior Notes amounted to € 172.84 million are expected to be redeemed at a later stage and after 15 December 2022 when the Group has the option to redeem these Notes at a price of 101.594% per Note as per Indenture's provisions.

Except from the above event, there have been no subsequent events since 31 December 2021 and afterwards, that significantly affect the understanding of these Financial Statements and should be disclosed.