# METKA - EGN LTD

FINANCIAL STATEMENTS

31 December 2023

**METKA - EGN LTD**

# FINANCIAL STATEMENTS

Year ended 31 December 2023

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# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Ioannis Antonopoulos (appointed on 15/5/2023)<br>Antis Kaplanis<br>Nikolaos Papapetrou<br>Christos Patsalides<br>Stylianos Palikaras (resigned on 15/5/2023) |
| **Company Secretary:** | Maria Chronia |
| **Independent Auditors:** | Grant Thornton (Cyprus) Limited<br>Certified Public Accountants and Registered Auditors |
| **Registered office:** | Dimitriou Karatasou 15<br>ANASTASIO MEGARO, Floor 6, Flat 602<br>2024, Strovolos, Nicosia<br>Cyprus |
| **Bankers:** | Eurobank Cyprus Ltd<br>Piraeus Bank A.E.<br>UBCI Groupe BNP Paribas<br>National Bank of Greece (Cyprus) Ltd |
| **Registration number:** | HE 343336 |

## METKA - EGN LTD

# MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2023.

**Principal activities and nature of operations of the Company**
The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of solar power products and services.

**Review of current position, future developments and performance of the Company's business**
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

**Principal risks and uncertainties**
The principal risks and uncertainties faced by the Company are disclosed in notes 6, 27 and 31 of the financial statements.

**Existence of branches**
The Company during the year operated additionally through a branch in Tunisia.

On 29 March 2021, the Board of Directors decided to terminate the Company's operations in Iran and to liquidate the Iranian Branch. The liquidation of the branch is still in process.

**Share capital**
There were no changes in the share capital of the Company during the year under review.

**Board of Directors**
The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. With the exception of Mr. Ioannis Antonopoulos, all other Directors were members of the Board of Directors throughout the year ended 31 December 2023. On 15 May 2023, Mr. Stylianos Palikaras resigned from office, and Mr. Ioannis Antonopoulos was appointed as a Director on the same day.

In accordance with the Company's Articles of Association Mr. Ioannis Antonopoulos retires at the next Annual General Meeting and being eligible offers himself for re-election.

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

**Independent Auditors**
The Independent Auditors, Grant Thornton (Cyprus) Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Nikolaos Papapetrou
Director

Nicosia, 30 September 2024

# Independent Auditor's Report to the Members of Metka - EGN Ltd

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## Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of parent company Metka - EGN Ltd (the "Company"), which are presented in pages 6 to 37 and comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Metka - EGN Ltd as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

**Basis for Opinion**

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

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

Grant Thornton

# Independent Auditor's Report to the Members of Metka - EGN Ltd (continued)

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

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

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

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

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

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

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

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

**Report on Other Legal Requirements**

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

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

# Independent Auditor's Report to the Members of Metka - EGN Ltd (continued)

**Other Matter**

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

**Polyvios Polyviou**
Certified Public Accountant and Registered Auditor
for and on behalf of
**Grant Thornton (Cyprus) Limited**
**Certified Public Accountants and Registered Auditors**

Limassol, 30 September 2024

## METKA - EGN LTD

# STATEMENT OF FINANCIAL POSITION
31 December 2023

| | Note | 2023 € | 2022 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **39.681** | 46.225 |
| Intangible assets | | **1.545** | 1.545 |
| Investments in subsidiaries | 7 | **3.838.241** | 4.215.165 |
| Non-current loans receivable | 9 | **6.576.452** | - |
| Deferred tax assets | 15 | **6.039** | 171.362 |
| | | **10.461.958** | 4.434.297 |
| **Current assets** | | | |
| Inventories and work in progress | 10 | **74.466.267** | 25.215.224 |
| Trade and other receivables | 11 | **310.630.018** | 223.667.400 |
| Loans receivable | 9 | **128.511.944** | 58.920.790 |
| Refundable taxes | 18 | **-** | 806.172 |
| Cash at bank and in hand | 12 | **5.917.079** | 33.005.447 |
| | | **519.525.308** | 341.615.033 |
| **Total assets** | | **529.987.266** | 346.049.330 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 13 | **2.000** | 2.000 |
| Share premium | | **999.000** | 999.000 |
| Other reserves | | **(3.634.782)** | (4.113.188) |
| Retained earnings | | **145.850.329** | 55.032.254 |
| **Total equity** | | **143.216.547** | 51.920.066 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 15 | **-** | 10.807 |
| | | **-** | 10.807 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **235.492.953** | 140.587.213 |
| Contract liabilities | 17 | **-** | 11.287.723 |
| Borrowings | 14 | **148.001.852** | 139.235.364 |
| Derivative financial instruments | 8 | **2.605.505** | 3.008.157 |
| Current tax liabilities | 18 | **670.409** | - |
| | | **386.770.719** | 294.118.457 |
| **Total liabilities** | | **386.770.719** | 294.129.264 |
| **Total equity and liabilities** | | **529.987.266** | 346.049.330 |

On 30 September 2024 the Board of Directors of Metka - EGN Ltd authorised these financial statements for issue.

| | | | |
|---|---|---|---|
| ..................................... | ..................................... | ..................................... | ..................................... |
| Ioannis Antonopoulos<br>Director | Antis Kaplanis<br>Director | Nikolaos Papapetrou<br>Director | Christos Patsalides<br>Director |

The notes on pages 10 to 37 form an integral part of these financial statements.

## METKA - EGN LTD

# STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

| | Note | **2023** **€** | 2022 € |
|---|---|---|---|
| **Revenue** | 19 | **130.066.350** | 141.441.987 |
| Cost of sales | 20 | **(105.760.441)** | (139.664.673) |
| **Gross profit** | | **24.305.909** | 1.777.314 |
| Other operating income | 21 | **101.541.591** | 2.258.220 |
| Administration expenses | 22 | **(11.706.700)** | (7.043.160) |
| Other expenses | 23 | **(4.679.499)** | (247.271) |
| **Operating profit/(loss)** | | **109.461.301** | (3.254.897) |
| Finance income | 25 | **3.251.960** | 18.165.447 |
| Finance costs | 25 | **(18.248.563)** | (5.212.545) |
| **Profit before tax** | | **94.464.698** | 9.698.005 |
| Tax | 26 | **(3.646.623)** | 393.363 |
| **Net profit for the year** | | **90.818.075** | 10.091.368 |
| **Other comprehensive income** | | | |
| Exchange difference arising on the translation of foreign branches | | **75.754** | (34.506) |
| Net value gains/(losses) on financial assets | | **402.652** | (6.205.616) |
| **Other comprehensive income for the year** | | **478.406** | (6.240.122) |
| **Total comprehensive income for the year** | | **91.296.481** | 3.851.246 |

The notes on pages 10 to 37 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

| | Share capital € | Share premium € | Other reserve € | Translation reserve € | Retained earnings € | Total € |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **2.000** | **999.000** | **3.197.459** | **(1.070.525)** | **44.940.886** | **48.068.820** |
| **Comprehensive income** | | | | | | |
| Net profit for the year | - | - | - | - | 10.091.368 | 10.091.368 |
| Exchange difference arising on the retranslation of foreign branches | - | - | - | (34.506) | - | (34.506) |
| Net value losses on financial assets | - | - | (6.205.616) | - | - | (6.205.616) |
| Total comprehensive income for the year | - | - | (6.205.616) | (34.506) | 10.091.368 | 3.851.246 |
| **Balance at 31 December 2022/ 1 January 2023** | **2.000** | **999.000** | **(3.008.157)** | **(1.105.031)** | **55.032.254** | **51.920.066** |
| **Comprehensive income** | | | | | | |
| Net profit for the year | - | - | - | - | 90.818.075 | 90.818.075 |
| Exchange difference arising on the retranslation of foreign branches | - | - | - | 75.754 | - | 75.754 |
| Net value gains on financial assets | - | - | 402.652 | - | - | 402.652 |
| Total comprehensive income for the year | - | - | 402.652 | 75.754 | 90.818.075 | 91.296.481 |
| **Balance at 31 December 2023** | **2.000** | **999.000** | **(2.605.505)** | **(1.029.277)** | **145.850.329** | **143.216.547** |

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

**METKA - EGN LTD**

# CASH FLOW STATEMENT

Year ended 31 December 2023

| | Note | **2023** € | 2022 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **94.464.698** | 9.698.005 |
| Adjustments for: | | | |
| Exchange difference arising on the translation and consolidation of foreign branches | | **81.772** | (74.199) |
| Profit from the sale of investments in subsidiaries | 21 | **(86.600.632)** | - |
| Interest income | 25 | **(3.234.180)** | (817.343) |
| Interest expense | 25 | **11.036.669** | 3.609.504 |
| Unrealised exchange (profit)/loss | | **-** | (2.341.003) |
| | | **15.748.327** | 10.074.964 |
| **Changes in working capital:** | | | |
| Increase in inventories | 7&10 | **(36.116.202)** | (2.166.985) |
| Decrease/(increase) in trade and other receivables | | **17.364.776** | (96.750.153) |
| Increase in trade and other payables | | **94.905.740** | 64.077.534 |
| (Decrease)/increasein contract liabilities | | **(11.287.723)** | 11.287.723 |
| **Cash generated from/(used in) operations** | | **80.614.918** | (13.476.917) |
| Tax paid | | **(2.015.000)** | (932.038) |
| **Net cash generated from/(used in) operating activities** | | **78.599.918** | (14.408.955) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of investments in subsidiaries | 7&9 | **(34.665.017)** | - |
| Movement in loans granted (additions/repayments) | 9 | **(73.303.426)** | (21.234.791) |
| Proceeds from sale of investments in subsidiary undertakings | | **4.550.338** | - |
| **Net cash used in investing activities** | | **(103.418.105)** | (21.234.791) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Movement in borrowings (proceeds/repayments) | 14 | **(2.313.460)** | 56.910.259 |
| **Net cash (used in)/generated from financing activities** | | **(2.313.460)** | 56.910.259 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(27.131.647)** | 21.266.513 |
| Cash and cash equivalents at beginning of the year | | **33.000.753** | 11.734.240 |
| **Cash and cash equivalents at end of the year** | **12** | **5.869.106** | 33.000.753 |

The notes on pages 10 to 37 form an integral part of these financial statements.

# 1. Incorporation and principal activities

## Country of incorporation

The Company Metka - EGN Ltd (the ''Company'') was incorporated in Cyprus on 19 May 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Dimitriou Karatasou 15, ANASTASIO MEGARO, Floor 6, Flat 602, 2024, Strovolos, Nicosia, Cyprus.

## Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of solar power products and services.

## Existence of branches

During the year, the Company operated additionally through a branch in Tunisia.

On 29 March 2021, the Board of Directors decided to terminate the Company's operations in Iran and to liquidate the Iranian Branch. The liquidation of the branch is still in process.

# 2. Basis of preparation

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

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's ultimate parent is Metlen Energy & Metals S.A. (formerly known as Mytilineos S.A.), a Company incorporated in Greece which prepares consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements can be viewed at https://www.metlengroup.com

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

# 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

# 4. Significant accounting policies

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

## 4. Significant accounting policies (continued)

### Subsidiary companies

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

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

### Property, plant and equipment

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

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

| | % |
|---|---|
| Furniture, fictures and office equipment | 4-7 years |
| Right-of-use assets | 3 years |

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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

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

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

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

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

# 4. Significant accounting policies (continued)

## Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## Impairment of non-financial assets

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

## Financial assets

## Financial assets - Classification

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

## 4. Significant accounting policies (continued)

### Financial assets (continued)

### Financial assets - Classification (continued)

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

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

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

All other financial assets are classified as measured at FVTPL.

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

### Financial assets - Recognition and derecognition

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

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

### Financial assets - Measurement

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

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

## 4. Significant accounting policies (continued)

## Financial assets (continued)

## Financial assets - Measurement (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

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

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

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

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

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

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

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

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

## 4. Significant accounting policies (continued)

### Financial assets (continued)

### Financial assets - impairment - credit loss allowance for ECL (continued)

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 31, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 31, Credit risk section.

### Financial assets -Reclassification

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

### Financial assets - write-off

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

### Financial assets - modification

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

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

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

## 4. Significant accounting policies (continued)

## Financial assets (continued)

## Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

## Classification as financial assets at amortised cost

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

## Classification as trade receivables

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

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

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. No lifetime expected credit losses and no corresponding allowance for impairment have been recognised during the year. See note 31, Credit risk section.

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

## Financial liabilities - measurement categories

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

## Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

## 4. Significant accounting policies (continued)

### Derivative financial instruments

The Company uses Derivative financial instruments such as Commodity Futures and Currency Forwards in order to mitigate the risk related to its business activities along with the risk related to the funding of such activities.

At inception of the hedging transaction, the Company validates the hedging relationship between the underlying and the hedging instrument as far as its risk management strategy is concerned. The Company also verifies the hedging efficiency from the beginning of the hedging relationship and on a continuing basis.All derivative financial instruments are initially recognized at fair value as at the date of settlement and are valued on a mark - to - market basis on each balance sheet date. The result of this valuation is recognized as an asset when positive and as a liability when negative. When a derivative financial instrument is no longer regarded as hedging instrument any difference in its fair value is recognized in profit and loss.

### Cash flow hedges

The Company enters into Cash Flow Hedging transactions in order to cover the risks that cause fluctuations in its cash flows and arise either from an asset or a liability or a forecasted transaction and the change will affect the results. Examples of Company's cash flow hedges include future foreign currency transactions subject to exchange rate changes. Changes in the carrying amount of the effective part of the hedging instrument are recognized in Equity as "Reserve" while the ineffective portion is recognized in the Income Statement. The amounts accrued in equity are transferred to the income statement in the periods in which the hedged items are recognized in the income statement as in a prospective sale. When a hedging instrument has expired, sold, settled or does not qualify for hedging accounting all accumulated profit or loss recognized in Equity, stays in Equity until the final settlement of the underlying. If the underlying is not expected to be settled, then any profit or loss recognized in Equity is transferred to profit and loss account.

### Offsetting financial instruments

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

### Inventories

Inventories are valued at the lower of acquisition cost and net realizable value. The cost of finished and semi-unfinished products includes all the costs incurred to locate them at their current storage and processing point and consists of raw materials, labor, general industrial costs and packaging costs. The cost of inventories is determined by operating segment and by their nature, using acceptable measurement methods that are consistent with the financial statements' preparation framework. The cost of inventories does not include financial expenses. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. Provision for slow moving or depreciated stocks is made when deemed necessary.

### Share capital

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

# 4. Significant accounting policies (continued)

## Revenue

**Recognition and measurement**

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

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

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

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

**Identification of performance obligations**

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

# 4. Significant accounting policies (continued)

## Revenue (continued)

- **Construction Projects Contracts**

  Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year. The expenses that refer to the contract are recognized when occur. Revenue from construction contracts is recognized based on the stage of completion of the project on the reporting date of the Statement of Financial Position. The completion stage is measured based on the contractual cost that has been realized up to the balance sheet date compared to the total estimated construction cost of each project. When it is likely for the total contract cost to exceed the total income, then the expected loss is directly recognized in the period's results as an expense. For the calculation of the cost realized until the end of the period, any expenses related to future activities regarding the contract are excluded and appear as a project under construction. The total cost that was realized and the profit/loss that was recognized for each contract is compared with the progressive invoices until the end of the period.

  When the realized expenses plus the net profit (less the losses) that have been recognized, exceed the progressive invoices, the difference appears as a receivable from construction contract customers in the account "Customers and other receivables". When the progressive invoices exceed the realized expenses plus the net profit (less the losses) that have been recognized, the balance appears as a liability towards construction contract customers in the account "Suppliers and other liabilities". In cases where initial estimates may change, revenue, costs and / or completion rates are revised. These revisions may lead to increases or decreases in estimated earnings or costs and are presented in the results of the period in which the reasons for the revision are disclosed by the management.

- **Sale of products**

  Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- **Rendering of services**

  Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

## Employee benefits

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

## Finance income

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

# 4. Significant accounting policies (continued)

## Finance costs

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

## Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates, the Euro (€) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

## Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## 4. Significant accounting policies (continued)

### Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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

### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 5. New accounting pronouncements

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

## 6. Critical accounting estimates, judgments and assumptions

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

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

## 6. Critical accounting estimates, judgments and assumptions (continued)

*Critical accounting estimates and assumptions*

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

- **Income taxes**

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

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

- **Recoverability of receivables**

  Allowances for doubtful receivables are based on historical date on recoverability of receivables and take into account the expected credit risk. The method, applied by the Company, facilitates calculating the expected credit losses over the life of its receivables. The methods is used on past experience, but is adapted in order to reflect projections for the future financial condition of customers and economic environment. Balancing historical data and future financial conditions with the expected credit losses requires applying significant estimates. The amount of the allowance is recognized as an expense in other operating expenses in the income statement.

- **Budgeting of construction contracts**

  The accounting treatment of revenues and expenses of a construction contract depends on whether the final result of the contract can be estimated reliably (and is expected to generate profit or loss for the beneficiary). When the result of a construction contract can be estimated reliably then all the respective revenues and expenses related to the contract are recognized during the term of the contract. The Company uses the percentage of completion method to determine the appropriate amount of the respective revenue and expense to be recognized in every period. The percentage of completion is calculated as the contracted cost realized over the total budgeted cost of construction for each project. Therefore, significant management estimates are required with regards to the gross result regarding the completed construction (estimated cost of execution).

## 7. Investments in subsidiaries

| | 2023 € | 2022 € |
|---|---|---|
| Balance at 1 January | **4.215.165** | 3.076.014 |
| Additions | **35.035.017** | 1.139.151 |
| Disposals | **(22.277.100)** | - |
| Transferred to inventories | **(13.134.841)** | - |
| **Balance at 31 December** | **3.838.241** | 4.215.165 |

The details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | 2023 Holding % | 2022 Holding % |
|---|---|---|---|---|
| Sun Challenge S.R.L* | Romania | Engineering, procurement and construction | 0% | 100% |
| Metka EGN USA LLC* | United States of America | | 0% | 100% |
| MYT HOLDCO CLEAN ENERGY S.R.L* | Romania | Solar Energy | 100% | 100% |
| Energy Partners Alpha Solar Srl (Lanca)* | Romania | Solar Energy | 100% | 0% |
| SOLAR REVOLUTION S.R.L. (Kinisi)* | Romania | Solar Energy | 100% | 100% |
| NAPOCA EAST GATE DEVELOPMENT(Letca Noua)* | Romania | Solar Energy | 100% | 0% |
| SOLAR RENEWABLE S.R.L. (Mosteni)* | Romania | Solar Energy | 100% | 100% |
| Galicnord Srl (Melinesti)* | Romania | Solar Energy | 100% | 0% |
| MYT Coste Srl* | Romania | Solar Energy | 100% | 0% |
| MYT AP 1 Srl* | Romania | Solar Energy | 100% | 0% |
| MYT APUZ Srl* | Romania | Solar Energy | 100% | 0% |
| SUNLIGHT VENTURE SRL* | Romania | Solar Energy | 100% | 100% |
| MYT Solar Energy Srl* | Romania | Solar Energy | 100% | 0% |
| MYT Apcos Srl* | Romania | Solar Energy | 100% | 0% |
| Solar MYT GRH2 Srl* | Romania | Solar Energy | 100% | 0% |
| JRD Solar Romania (Mereni)* | Romania | Solar Energy | 100% | 0% |
| Solar Challenge (Mihailesti)* | Romania | Solar Energy | 100% | 100% |
| Giass Solar Energy Sr* | Romania | Solar Energy | 80% | 0% |
| Albert Solar Energy Srl* | Romania | Solar Energy | 80% | 0% |
| VGM Solar Energy Srl* | Romania | Solar Energy | 80% | 0% |
| MYT STRUGA SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| MYT Poland SP. ZOO* | Poland | Solar Energy | 100% | 0% |
| GEROCARNE SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| MYT WITKOW SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| NARBOLIA SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| ORTUCCHIO SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| FALCADE SP. ZOO* | Poland | Solar Energy | 100% | 100% |
| METKA CYPRUS PORTUGAL HOLDINGS* | Portugal | Holding of investments | 100% | 100% |
| METKA-EGN Holdings 1 LTD* | Cyprus | Solar Energy | 100% | 100% |
| METKA-EGN Holdings 3 LTD* | Cyprus | Holding of investments | 100% | 100% |
| METKA-EGN Holdings 4 LTD* | Cyprus | Solar Energy | 0% | 100% |
| METKA-EGN Holdings 2 LTD* | Cyprus | Holding of investments | 100% | 100% |
| SANTIAM INVESTMENT I - VI LTD* | Cyprus | Solar Energy | 90% | 90% |
| Coral Solar* | Spain | Solar Energy | 100% | 100% |
| METKA EGN SOLAR 1,3,6-40* | Spain | Solar Energy | 100% | 100% |
| Desarollos Solares de Tomelloso SL* | Spain | Solar Energy | 100% | 100% |

## 7. Investments in subsidiaries (continued)

| | | | | |
|---|---|---|---|---|
| Estrellar Solar* | Spain | Solar Energy | 100% | 100% |
| MYT BULGARIA EOOD* | Bulgaria | Solar Energy | 100% | 100% |
| MYT HRVATSKA D.o.o.* | Croatia | Solar Energy | 100% | 100% |
| MYT UK HOLDING 1 LIMITED* | England | Solar Energy | 100% | 100% |
| MYT UK HOLDING 2 LIMITED* | England | Solar Energy | 100% | 100% |
| MYT UK HOLDING 3 LIMITED* | England | Solar Energy | 100% | 100% |
| MYT UK HOLDING 4 LIMITED* | England | Solar Energy | 100% | 100% |
| MYT UK HOLDING 5 LIMITED* | England | Solar Energy | 100% | 100% |
| CROOME AIRFIELD SOLAR Limited* | England | Solar Energy | 100% | 100% |
| Falag Holdings Limited* | England | Solar Energy | 100% | 100% |
| METKA EGN TW HOLDINGS LIMITED* | England | Solar Energy | 100% | 100% |
| METKA EGN REGENER8 HOLDING LIMITED* | England | Solar Energy | 100% | 100% |
| METKA EGN RENEWCO HOLDING LIMITED* | England | Solar Energy | 100% | 100% |
| Goresbridge SPV Limited* | Ireland | Solar Energy | 100% | 100% |
| Ballyhale SPV Limited* | Ireland | Solar Energy | 100% | 0% |
| Cahir SPV Limited* | Ireland | Solar Energy | 100% | 0% |
| Carric SPV Limited* | Ireland | Solar Energy | 100% | 0% |
| MYT ECP Ireland* | Ireland | Solar Energy | 100% | 100% |
| Gorey SPV Limited* | Ireland | Solar Energy | 100% | 100% |
| METKA EGN AUSTRALIA PTY LTD* | Australia | Engineering Procurement and Construction | 100% | 100% |
| METKA - EGN GREECE MON. AE | Greece | Solar Energy and Development | 100% | 100% |
| METKA EGN BURKINA FASOS.A.R.L | Burkina Faso | Development of Solar Parks | 100% | 100% |
| METKA EGN CENTRAL ASIA | Uzbekistan | Solar Energy and developement of solar parks | 100% | 100% |
| METKA EGN FRANCE S.R.L | France | Engineering Procurement and Construction | 100% | 100% |
| METKA EGN ITALY S.R.L. | Italy | Development of Solar Parks | 100% | 100% |
| METKA EGN ROM S.R.L. | Romania | Development of Solar Parks | 100% | 100% |
| METKA EGN Singapore Pte. Ltd. | Singapore | Holding of investments | 100% | 100% |
| METKA EGN Singapore Holdings Pte. Ltd. | Singapore | Solar Energy | 100% | 100% |
| METKA EGN SOLAR 2 SOCIEDAD LIMITAD | Spain | Holding of investments | 100% | 100% |
| METKA EGN SOLAR 5 SOCIEDAD LIMITAD | Spain | Holding of investments | 100% | 100% |
| METKA EGN SPAIN HOLDING 2 SL | Spain | Development of Solar Parks | 100% | 100% |
| METKA EGN USA LLC | United States of America | Engineering Procurement and Construction | 0% | 100% |
| METKA-EGN KZ LLP | Kazaknstan | Solar Energy | 100% | 100% |
| METKA EGN Limited | England and Wales | Solar Energy | 100% | 100% |
| METKA-EGN SPAIN S.L.U. | Spain | Engineering Procurement and Construction | 100% | 100% |
| METKA EGN MEXICO S.DE.R.L.C.V | Mexico | Solar Energy | 100% | 100% |

*: These subsidiaries were used as special purpose vehicles for the development of projects that the Company intends to sell and therefore have been classified as inventories (Note 10).

## 8. Derivatives designated as hedging instruments

**Forward foreign currency contract**

| | 2023 € | 2022 € |
|---|---|---|
| **Liabilities** | | |
| Current portion | **2.605.505** | 3.008.157 |
| | **2.605.505** | 3.008.157 |

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts.

## 9. Non-current loans receivable

| | 2023 € | 2022 € |
|---|---|---|
| Balance at 1 January | **58.920.790** | 35.666.804 |
| Net cash movement | **73.303.426** | 21.234.791 |
| Accrued interest | **3.234.180** | 817.343 |
| Exchange difference | **-** | 2.341.003 |
| Loans capitalised as investments | **(370.000)** | (1.139.151) |
| **Balance at 31 December** | **135.088.396** | 58.920.790 |

| | 2023 € | 2022 € |
|---|---|---|
| Loans receivable | **10.584.233** | 7.537.457 |
| Loans to related parties (Note 28.4) | **124.504.163** | 51.383.333 |
| | **135.088.396** | 58.920.790 |
| Less current portion | **(128.511.944)** | (58.920.790) |
| Non-current portion | **6.576.452** | - |

The loans are repayable as follows:

| | 2023 € | 2022 € |
|---|---|---|
| Within one year | **128.511.944** | 58.920.790 |
| Between one and five years | **6.576.452** | - |
| | **135.088.396** | 58.920.790 |

The fair values of non-current receivables approximate to their carrying amounts as presented above.

## 10. Inventories and work in progress

| | 2023 € | 2022 € |
|---|---|---|
| Projects under development | **74.466.267** | 25.215.224 |
| | **74.466.267** | 25.215.224 |

The cost of inventories recognised as expense and included in "cost of sales" amounted to €76.254.010 (2022: €116.728.545).

Inventories are stated at cost.

Projects under development comprise of:

| | 2023 € | 2022 € |
|---|---|---|
| Investment in subsidiaries (Note 7) | **18.081.901** | 4.947.060 |
| Loans/receivables balances to subsidiaries classified as inventories | **-** | 1.788.260 |
| Working capital provided to subsidiaries classified as inventories | **56.384.366** | 18.479.904 |
| **Total** | **74.466.267** | 25.215.224 |

## 11. Trade and other receivables

| | 2023 € | 2022 € |
|---|---|---|
| Trade receivables | **110.082.729** | 25.099.959 |
| Contract retentions | **116.279** | 163.870 |
| Less: credit loss on trade receivables | **(935.703)** | (935.703) |
| Trade receivables - net | **109.263.305** | 24.328.126 |
| Receivables from own subsidiaries (Note 28.3) | **61.647.601** | 40.860.651 |
| Receivables from related parties (Note 28.3) | **91.226.287** | 126.105.672 |
| Deposits and prepayments | **1.098.873** | 1.099.797 |
| Advances to suppliers | **5.360.876** | 17.925.766 |
| Accrued income | **39.233.799** | 11.015.434 |
| Other receivables | **1.103.798** | 719.040 |
| Refundable VAT | **1.695.479** | 1.612.914 |
| | **310.630.018** | 223.667.400 |

The Company does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

| | 2023 € | 2022 € |
|---|---|---|
| Balance at 1 January | **935.703** | 461.486 |
| Impairment losses recognised on receivables | **-** | 474.217 |
| **Balance at 31 December** | **935.703** | 935.703 |

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

## 12. Cash at bank and in hand

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Cash at bank and in hand | **5.917.079** | 33.005.447 |
| | **5.917.079** | 33.005.447 |

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Cash at bank and in hand | **5.917.079** | 33.005.447 |
| Bank overdrafts (Note 14) | **(47.973)** | (4.694) |
| | **5.869.106** | 33.000.753 |

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 31 of the financial statements.

## 13. Share capital

| | 2023 Number of shares | 2023 € | 2022 Number of shares | 2022 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | 2.000 | 2.000 | 2.000 | 2.000 |
| **Issued and fully paid** | | | | |
| Balance at 1 January | 2.000 | 2.000 | 2.000 | 2.000 |
| **Balance at 31 December** | **2.000** | **2.000** | 2.000 | 2.000 |

## 14. Borrowings

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Balance at 1 January | **139.235.364** | 78.714.235 |
| Net cash movement | **(2.270.162)** | 56.911.625 |
| Accrued interest expense | **11.036.650** | 3.609.504 |
| **Balance at 31 December** | **148.001.852** | 139.235.364 |

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| **Current borrowings** | | |
| Bank overdrafts (Note 12) | **47.973** | 4.694 |
| Loans from related parties (Note 28.6) | **147.953.879** | 139.230.670 |
| | **148.001.852** | 139.235.364 |

## 15. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 26). The applicable corporation tax rate in the case of tax losses is 12,5%.

## 15. Deferred tax (continued)

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

The movement on the deferred taxation account is as follows:

**Deferred tax liability**

| | **Temporary tax differences €** |
|---|---|
| Balance at 1 January 2022 | 39.538 |
| Charged/(credited) to: | |
| Statement of comprehensive income (Note 26) | (11.113) |
| Other comprehensive income | (17.618) |
| **Balance at 31 December 2022/ 1 January 2023** | **10.807** |
| Charged/(credited) to: | |
| Statement of comprehensive income (Note 26) | 10.642 |
| Other comprehensive income | (21.449) |
| **Balance at 31 December 2023** | **-** |

**Deferred tax assets**

| | **Temporary tax differences €** |
|---|---|
| Balance at 1 January 2022 | 6.039 |
| Charged/(credited) to: | |
| Statement of comprehensive income (Note 26) | 165.323 |
| **Balance at 31 December 2022/ 1 January 2023** | **171.362** |
| Charged/(credited) to: | |
| Statement of comprehensive income (Note 26) | (165.323) |
| **Balance at 31 December 2023** | **6.039** |

## 16. Trade and other payables

| | **2023 €** | 2022 € |
|---|---|---|
| Trade payables | **27.099.277** | 58.248.608 |
| Prepayments from clients | **58.256** | 3.051.790 |
| Social insurance and other taxes | **379** | 2.024 |
| Accruals | **342.867** | 338.759 |
| Other creditors | **2.244.355** | 4.771 |
| Payables to related parties (Note 28.5) | **205.747.819** | 78.941.261 |
| | **235.492.953** | 140.587.213 |

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

## 17. Contract liabilities

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Unearned revenue | **-** | 11.287.723 |
| | **-** | 11.287.723 |

## 18. Current tax liabilities/(current tax assets)

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Corporation tax | **659.346** | (817.406) |
| Overseas tax | **11.063** | 11.234 |
| | **670.409** | (806.172) |

## 19. Revenue

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Rendering of services | **47.626.500** | 3.196.719 |
| Sales of goods | **9.912.464** | 39.132.598 |
| Work executed | **72.527.386** | 99.112.670 |
| | **130.066.350** | 141.441.987 |

## 20. Cost of sales

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Raw materials and consumables used | **76.254.010** | 116.728.545 |
| Subcontracted work | **14.321.989** | 11.567.431 |
| Services received | **13.432.146** | 1.614.496 |
| Sundry expenses | **1.752.296** | 9.754.201 |
| | **105.760.441** | 139.664.673 |

## 21. Other operating income

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Re-charge of development fees to related companies | **-** | 2.258.220 |
| Legal settlement | **14.940.959** | - |
| Profit from sale of investments in subsidiaries | **86.600.632** | - |
| | **101.541.591** | 2.258.220 |

## 22. Administration expenses

| | 2023 € | 2022 € |
|---|---|---|
| Staff costs | **73.062** | 41.567 |
| Rent | **24.510** | 38.619 |
| Licenses and taxes | **86.788** | 46.746 |
| Water supply and cleaning | **-** | 107 |
| Sundry expenses | **440.825** | 604.206 |
| Telephone and postage | **68** | - |
| Subscriptions and contributions | **48.000** | 185.127 |
| Sundry staff costs | **-** | 60 |
| Auditor's remuneration - current year for the statutory audit of annual accounts | **43.000** | 42.495 |
| Auditor's remuneration - current year - prior years | **12.500** | - |
| Accounting fees | **233.734** | 33.615 |
| Legal fees | **803.054** | 2.857.585 |
| Other professional fees | **8.295.670** | 2.789.083 |
| Fines | **151** | 5.993 |
| Overseas travelling | **1.645.338** | 397.957 |
| | **11.706.700** | 7.043.160 |

## 23. Other expenses

| | 2023 € | 2022 € |
|---|---|---|
| Foreign exchange losses | **-** | 2.158 |
| Other operating expenses | **4.679.499** | 245.113 |
| | **4.679.499** | 247.271 |

## 24. Staff costs

| | 2023 € | 2022 € |
|---|---|---|
| Salaries | **56.525** | 34.965 |
| Social security costs | **16.537** | 6.602 |
| | **73.062** | 41.567 |

## 25. Finance income/(costs)

| | 2023 € | 2022 € |
|---|---|---|
| Interest income | **3.234.180** | 817.343 |
| Exchange profit | **17.780** | 17.348.104 |
| **Finance income** | **3.251.960** | 18.165.447 |
| Net foreign exchange losses | **(6.898.845)** | (11.106) |
| Interest expense | **(11.036.669)** | (3.609.504) |
| Sundry finance expenses | **(313.049)** | (1.591.935) |
| **Finance costs** | **(18.248.563)** | (5.212.545) |
| **Net finance (costs)/income** | **(14.996.603)** | 12.952.902 |

# 26. Tax

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Corporation tax - current year | **3.176.152** | - |
| Corporation tax - prior years | **315.600** | - |
| Overseas tax | **306** | (240.229) |
| Defence contribution - current year | **(116)** | 1.076 |
| Deferred tax - charge/(credit) (Note 15) | **154.681** | (154.210) |
| **Charge/(credit) for the year** | **3.646.623** | (393.363) |

**Cyprus:**

The company is subject to corporation tax on its taxable profits at the rate of 12,5%. The profits of the Company's foreign branches are excluded from the Company's taxable profits and are not subject to corporation tax in Cyprus.

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

**Iran**

The Company's branch in Iran is subject to corporation tax in Iran on its taxable profits at the rate of 25%.

**Tunisia**

The Company's branch in Tunisia is subject to corporation tax in Tunisia on its taxable profits at the rate of 15%.

# 27. Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

## 27. Operating Environment of the Company (continued)

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any actions in case the crisis becomes prolonged.

## 28. Related party transactions

The Company is controlled by Metlen Energy & Metals S.A (formerly known as Mytilineos S.A.), incorporated in Greece, which is listed in Athens Stock Exchange and owns 100% of the company's shares.

The following transactions were carried out with related parties:

**28.1 Revenue and other income**

| | Nature of transactions | **2023 €** | 2022 € |
|---|---|---|---|
| **• Subsidiaries** | | **-** | - |
| Interest income included in finance income / (costs) (Note 25) | Finance | **1.248.921** | 479.335 |
| Revenue included in constructions/ sale of products (Note 19) | Trade | **10.184.410** | 39.204.280 |
| Revenue included in constructions/ rendering of services (Note 19) | Trade | **14.646.269** | 33.111 |
| Re-charge of development fees included in Other operating income (Note 21) | Operating | **-** | 2.258.220 |
| **• Other related parties** | | **-** | - |
| Interest income included in finance income / (costs) (Note 25) | Finance | **1.985.259** | 338.008 |
| Revenue included in constructions/ sale of products (Note 19) | Trade | **-** | 50.235.741 |
| Revenue included in constructions/ rendering of services (Note 19) | Trade | **70.256.854** | 2.622.899 |
| | | **98.321.713** | 95.171.594 |

# 28. Related party transactions (continued)

**28.2 Purchases of goods and services**

| | Nature of transactions | 2023 € | 2022 € |
|---|---|---|---|
| **• Subsidiaries** | | **-** | - |
| Interest expense included in finance income / (costs) (Note 25) | Finance | **4.881.234** | 329.745 |
| Purchases of services included in cost of sales | Trade | **420.000** | 945.000 |
| **• Controlling parties** | | **-** | - |
| Interest expense included in finance income / (costs) (Note 25) | Finance | **6.151.211** | 3.279.311 |
| Other finance expenses included in finance income / (costs) (Note 25) | Finance | **-** | 1.294.203 |
| Purchases of services included in cost of sales | Trade | **3.824.875** | 1.540.190 |
| **• Other related parties** | | **-** | - |
| Interest expense included in finance income / (costs) (Note 25) | Finance | **4.205** | - |
| | | **15.281.525** | 7.388.449 |

**28.3 Receivables from related parties (Note 11)**

| | Nature of transactions | 2023 € | 2022 € |
|---|---|---|---|
| Subsidiaries | Finance | **61.647.601** | 40.860.651 |
| Subsidiaries | Trade | **42.209.115** | 32.736.838 |
| Controlling parties | Trade | **-** | 398.707 |
| Other related parties | Finance | **43.061.872** | 39.766.863 |
| Other related parties | Trade | **5.955.300** | 53.203.264 |
| | | **152.873.888** | 166.966.323 |

The balances with related parties are interest free and unsecured.

**28.4 Loans to related parties (Note 9)**

| | 2023 € | 2022 € |
|---|---|---|
| **• Subsidiaries** | **-** | - |
| Loans to subsidiaries - Principal EUR | **44.452.351** | 5.228.724 |
| Loans to subsidiaries - Interest EUR | **972.267** | 84.602 |
| Loans to subsidiaries - Principal USD | **18.014.564** | 9.629.609 |
| Loans to subsidiaries - Interest USD | **554.568** | 366.309 |
| Loans to subsidiaries - Principal AUD | **271.620** | 732.397 |
| Loans to subsidiaries - Interest AUD | **-** | 25.854 |
| Loans to subsidiaries - Principal SGD | **-** | 38.669 |
| Loans to subsidiaries - Interest SGD | **-** | 2.570 |
| **• Other related parties** | **-** | - |
| Loans to related parties - Principal EUR | **51.932.906** | 8.349.639 |
| Loans to related parties - Interest EUR | **1.577.142** | 16.385 |
| Loans to related parties - Principal USD | **6.598.542** | 26.586.366 |
| Loans to related parties - Interest USD | **130.203** | 321.622 |
| Loans to related parties - Principal GBP | **-** | 587 |
| | **124.504.163** | 51.383.333 |

The interest rate on the loans to related companies ranges from 4,0% - 6,4%, and the loans are payable on demand.

# 28. Related party transactions (continued)

### 28.5 Payables to related parties (Note 16)

| | Nature of transactions | 2023 € | 2022 € |
|---|---|---|---|
| Subsidiaries | Finance | **42.745.180** | 33.447.449 |
| Subsidiaries | Trade | **27.967.776** | 25.255.719 |
| Controlling parties | Finance | **112.270.715** | 900.811 |
| Controlling parties | Trade | **7.818.146** | 3.741.888 |
| Other related parties | Finance | **3.899.867** | - |
| Other related parties | Trade | **11.046.135** | 15.595.394 |
| | | **205.747.819** | 78.941.261 |

The balances with related parties are interest free and unsecured.

### 28.6 Loans from related parties (Note 14)

| | 2023 € | 2022 € |
|---|---|---|
| • **Subsidiaries** | **-** | - |
| Loans from subsidiaries - Principal USD | **5.578.819** | 5.659.946 |
| Loans from subsidiaries - Interest USD | **5.039.503** | 329.745 |
| Loans from subsidiaries - Principal EUR | **763.705** | 3.000.392 |
| Loans from subsidiaries - Interest EUR | **180.054** | - |
| • **Controlling parties** | **-** | - |
| Loans from related parties - Principal EUR | **130.240.587** | 126.961.276 |
| Loans from related parties - Interest EUR | **6.151.210** | 3.279.311 |
| | **147.953.878** | 139.230.670 |

The interest rate on the loans to related companies ranges from 4,0% - 4,5%, and the loans are payable on demand.

# 29. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023.

# 30. Commitments

As at 31 December 2023 and 31 December 2022, the Company had the following commitments guaranteed by letters of credit issued by the Company's bank to suppliers:

| | 2023 € | 2022 € |
|---|---|---|
| Letters of guarantee in GBP | **-** | 4.405.335 |
| Letters of guarantee in EUR | **7.555.084** | 7.697.684 |
| | **7.555.084** | 12.103.019 |

## 31. Financial risk management

## Financial risk factors

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

**31.1 Credit risk**
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions including outstanding receivables.

*(i) Risk management*

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

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

*(ii) Impairment of financial assets*

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

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

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

**Cash and cash equivalents**

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

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

## 31. Financial risk management (continued)

### 31.1 Credit risk (continued)

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

**Cash and cash equivalents (continued)**

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

| Company internal credit rating | External credit rating | 2023 | 2022 |
|---|---|---|---|
| | | € | € |
| Performing | BBB - B | **5.264.977** | 27.071.100 |
| Performing | CCC - C | **651.898** | 5.934.144 |
| **Total** | | **5.916.875** | 33.005.244 |

The ECL on current accounts is considered to be NIL, unless the bank is subject to capital controls.

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

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

| **31 December 2023** | Carrying amounts | Contractual cash flows | 1 year or less |
|---|---|---|---|
| | € | € | € |
| Trade and other payables | 29.745.133 | 29.745.133 | 29.745.133 |
| Payables to related parties | 205.747.819 | 205.747.819 | 205.747.819 |
| Loans from own subsidiaries | 147.953.879 | 155.734.340 | 155.734.340 |
| | **383.446.831** | **391.227.292** | **391.227.292** |

| 31 December 2022 | Carrying amounts | Contractual cash flows | 1 year or less |
|---|---|---|---|
| | € | € | € |
| Trade and other payables | 61.645.952 | 61.645.952 | 61.645.952 |
| Payables to related parties | 78.941.261 | 78.941.261 | 78.941.261 |
| Loans from own subsidiaries | 139.230.670 | 144.799.897 | 144.799.897 |
| | **279.817.883** | **285.387.110** | **285.387.110** |

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

# 31. Financial risk management (continued)

### 31.3 Currency risk (continued)

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **€** | € | **€** | € |
| United States Dollars | **(165.130.782)** | (119.282.306) | **181.819.832** | 123.697.120 |
| Australian Dollars | **-** | - | **5.203.091** | 5.064.682 |
| British Pounds | **(9.797.672)** | (177.972) | **12.195.027** | 10.479.358 |
| Canadian Dollars | **(325.284)** | (10.388) | **-** | - |
| Chilean Pesos | **(1.132.490)** | (95.392) | **-** | - |
| Other | **(4.358)** | (1.688) | **237.824** | 58.518 |
| | **(176.390.586)** | (119.567.746) | **199.455.774** | 139.299.678 |

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

| | Equity | | Profit or loss | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **€** | € | **€** | € |
| United States Dollars | **-** | - | **(1.517.186)** | (401.347) |
| Australian Dollars | **-** | - | **(473.008)** | (460.426) |
| British Pounds | **-** | - | **(217.941)** | (936.490) |
| Canadian Dollars | **-** | - | **29.571** | 944 |
| Chilean Pesos | **-** | - | **102.954** | 8.672 |
| Other | **-** | - | **(21.223)** | (5.166) |
| | **-** | - | **(2.096.833)** | (1.793.813) |

### 31.4 Capital risk management

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

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

# 32. Events after the reporting period

As explained in note 27 the geopolitical situation in Eastern Europe remains intense with the continuation of the conflict between Russia and Ukraine. Furthermore, during October 2023 a conflict has also commenced in Israel and the Gaza Strip. As at the date of authorising these financial statements for issue, both conflicts continue to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the above mentioned conflicts, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2024 which relate to new developments that occurred after the reporting period.