

Información financiera anual 2019

En Sofía, a 8 de julio de 2019

Muy Señores Nuestros,

En virtud de lo previsto en el artículo 17 del Reglamento (UE) n° 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 6/2018 del Mercado Alternativo Bursátil (MAB), ponemos en su conocimiento la siguiente información relativa a la sociedad AKILES CORPORATION SE.

Índice

1. Hitos principales 2019.
2. Objetivos principales 2020.
3. Análisis de los Estados Financieros consolidados de AKILES CORPORATION SE correspondientes al ejercicio 2019.
4. Impacto del Covid-19.
5. Estados Financieros consolidadas e individuales de AKILES CORPORATION SE a 31 de diciembre de 2019.
6. Informe sobre estructura organizativa y sistema de control interno.

AKILES CORPORATION SE

D. José Óscar Leiva Méndez

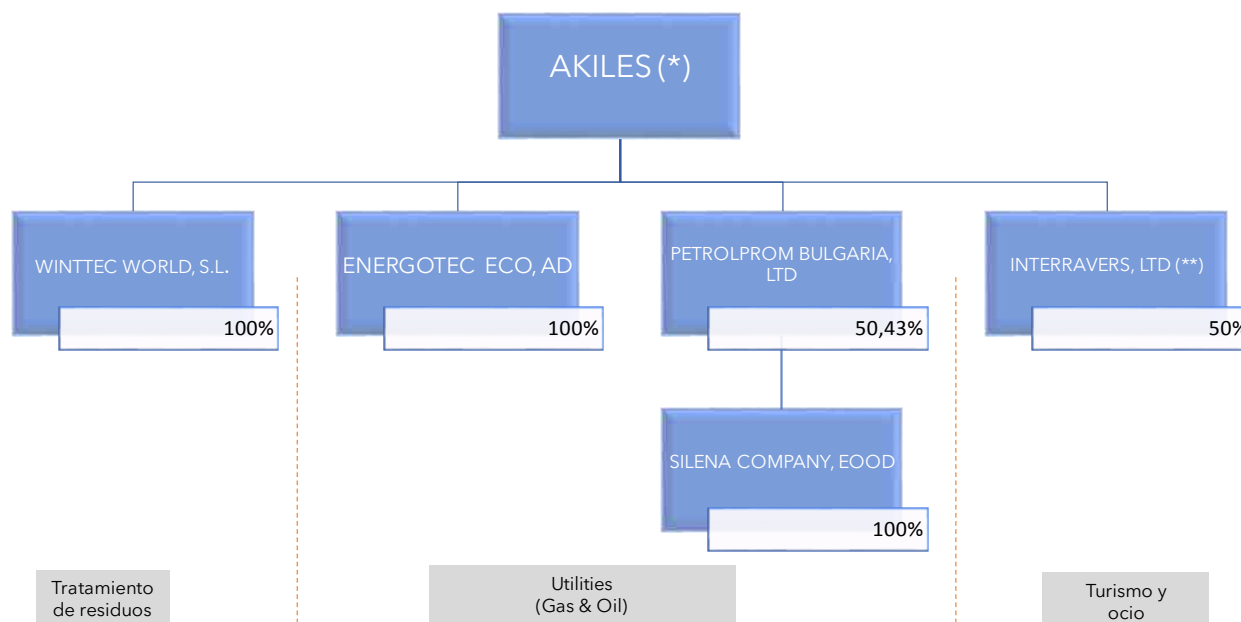
Presidente

WWW.AKILES.EU

1. Hitos principales acontecidos en 2019 y hasta la fecha del informe anual.

Durante el ejercicio 2019 la Compañía ha avanzado en sus dos principales objetivos estratégicos:

- o La negociación sobre la reestructuración de la deuda que permitiera sanear el balance para garantizar el futuro del grupo.
 - El 9 de junio de 2019 la Compañía publicó un Hecho Relevante explicando que había alcanzado un acuerdo con los bonistas, sujeto a la incorporación de ciertas compañías, para la reestructuración de su deuda (mayoritaria en el balance) en el marco del plan de reestructuración y reorientación global de la Compañía.
 - Toda vez que las adquisiciones corporativas se han incorporado al grupo a un ritmo más lento del esperado, tanto por la lentitud del proceso a nivel negocial y jurídico primero, como por los efectos que ha tenido la pandemia COVID-19 sobre las decisiones de todos los agentes involucrados en los últimos meses, se mantiene todavía abierta la negociación con los bonistas, pendiente de alcanzar un nuevo acuerdo de refinanciación de acuerdo al nuevo plan estratégico de la Compañía en las nuevas circunstancias.
- o La reorientación estratégica hacia la conformación de un holding diversificado en base al crecimiento inorgánico en los sectores energía y turismo, bajo la nueva denominación e imagen corporativa de AKILES CORPORATION (Hecho Relevante de fecha 6 de noviembre de 2019).
 - El 16 de agosto la Compañía publicó un hecho relevante explicitando los acuerdos alcanzados por la Junta General de Accionistas celebrada la víspera, y que incluían diversos acuerdos de capitalización de deudas procedentes en parte de la incorporación al grupo de participaciones empresariales en diversas Compañías.
 - Posteriormente, reforzó su Consejo de Administración con personas relevantes en los sectores target (Hecho Relevante de 6 de noviembre de 2019).
 - Tal como se reflejó posteriormente en el Documento de Ampliación de Capital que se publicó el 17 de abril de 2020 en el mercado, algunas operaciones se renunciaron a favor de otras, resultando el siguiente organigrama a fecha:



(*) También cuelgan todavía de la matriz las sociedades búlgaras en venta (las más destacadas son Karlovo Biomass, EOOD, Heat Biomass, EOOD, Biomass Distribution, EOOD) y las sociedades Eqttec Bulgaria, EOOD, la sociedad griega Winttec Greece, IKE y la española TNL, S.L. que se encuentran inactivas.

(**) La operación de Interravers está en revisión y es probable su cancelación.

- AKILES mantiene la actividad histórica del grupo en materia de tratamiento de residuos, habiendo reducido la de ingeniería a una mera participación financiera minoritaria (a fecha de hoy prácticamente nula participación) y liquidando o disponiendo para la venta los activos de gasificación.
- Adicionalmente, ha invertido en la Compañía Petrolprom Bulgaria LTD para tener presencia en la distribución de combustibles en el área de los Balcanes y Grecia de manera creciente, siendo Energotec Eco AD la mercantil del grupo predispuesta para aunar toda la actividad de éste en el sector de Gas&Oil y Biofuels.
- Por último, en sector turístico la única inversión en curso a fecha del presente documento es la del hotel en desarrollo por la sociedad participada al 50% Interravers Ltd. Dada la inversión pendiente en dicho hotel, y la coyuntura sobrevenida de pandemia, la Compañía está reconsiderando esta inversión.

2. Objetivos principales para 2020

AKILES deberá consolidarse en 2020 como un grupo industrial (i) con EBITDA positivo, (ii) generador de caja y (iii) diversificado en tres sectores:

- o *Infraestructuras* => A través de la consolidación de operaciones comerciales en cartera, poniendo en valor la tecnología y el know-how acumulado por el grupo todos estos años.
- o *Gas & Oil* y *Biofuels* => A través de la incorporación progresiva de redes de distribución de combustible en los Balcanes y Grecia, y valorando oportunidades de integración horizontal y vertical en el sector.
- o *Turismo & Ocio* => A través de inversiones oportunísticas en Compañías que requieren un desarrollo estratégico o financiero en el que el grupo pueda aportar valor añadido.

Para ello AKILES deberá consolidar el proceso de reestructuración de su balance y que pivota en torno a cuatro ejes principales:

- o La incorporación de nuevas compañías al grupo que generen ingresos y ebitda recurrente.
- o La actualización de un nuevo acuerdo con los principales bonistas, y que depende de la actualización del plan estratégico derivada del nuevo entorno.
- o La resolución de la deuda viva que UBB había concedido al grupo para el desarrollo de sus plantas de gasificación en Bulgaria.
- o La consecución de new money para la financiación del circulante y el desarrollo del plan estratégico del grupo.

AKILES pretende acabar el ejercicio 2020 como un grupo con un balance saneado, plenamente centrado en el incremento de operaciones en los tres sectores target de esta nueva etapa, y en la generación de valor para sus accionistas, bonistas, y cuantos han contribuido y contribuyen al desarrollo del grupo.

3. Análisis de los Estados Financieros de AKILES CORPORATION SE correspondientes al ejercicio 2019.

AKILES CORPORATION			
Consolidated income statement (thousand €)	2019	2018R*	Variation
Revenue	3.856	2.602	48%
Other revenues	-	-	N/A
Work performed by the entity and capitalized	-	-	N/A
Cost of goods sold	- 3.227	- 1.094	195%
Raw materials and consumables used, and expenses for hired services	- 741	- 1.838	-60%
Employee benefit expenses	- 823	- 2.252	-63%
Depreciation and amortization	- 168	- 450	-63%
Goodwill impairment	- 288	- 4.687	-94%
Impairment loss on trade receivables	-	- 467	-100%
Loans written-off	- 113	- 1.709	-93%
Other expenses	- 688	- 1.312	-48%
Results from operating activities excluding impairments on assets	- 2.192	- 11.207	-80%
Impairment of tangible and intangible assets	- 4.279	- 7.820	-45%
Impairment loss on remeasurment of assets held for sale	- 7.000	- 285	2356%
Results from operating activities including impairments on assets	- 13.471	- 19.312	-30%
Net finance costs	- 3.514	- 2.564	37%
Share of loss of equity accounted investees	- 531	- 474	12%
Impairment of investments	- 980	- 2.109	-54%
Loss on disposal of associates	- 3.229	-	N/A
Gain on disposal of subsidiaries	457	8.842	-95%
Gain on bargain purchases	10	-	N/A
Result before income tax	- 21.258	- 15.617	36%
Income tax	- 103	- 441	-77%
Net result of the year from continuing operations	- 21.361	- 16.058	33%
Profit for the year from discontinued operations	-	21	-100%
Net result for the year	- 21.361	- 16.037	33%
Other comprehensive results for the year, net of tax	7	35	-80%
Total comprehensive resultado for the year	- 21.354	- 16.002	33%

* 2018 data have been reexpressed

WWW.AKILES.EU

Análisis de la cuenta de resultados consolidada del ejercicio 2019.

La información correspondiente al ejercicio precedente 2018 ha sido re-expresada fundamentalmente por ajustes en el registro de las operaciones realizadas en el área de tratamiento de residuos, y con un impacto menor tanto en resultados como en balance.

La cifra de ingresos ha crecido sustancialmente, fundamentalmente debido a la consolidación de Petrolprom.

La Compañía ha optado por seguir dotando deterioros derivados de su actividad histórica, fundamentalmente relativos a las plantas de gasificación que mantiene dispuestos para su venta en Bulgaria.

Ello explica el resultado negativo de -21,3 MM € en el ejercicio, en aras de que el ejercicio 2020 pueda iniciarse una nueva etapa con el balance más limpio y centrada en las nuevas actividades.

Análisis del balance consolidado del ejercicio 2019

A nivel de activo el grupo ha reducido notablemente los activos, que se han deteriorado en gran medida tal como se refleja en la cuenta de resultados.

Ello avoca a que la situación de los fondos propios consolidados sea negativa en -5,58 MM €. Éste, entre otros factores, ha merecido una mención sobre la incertidumbre material en relación con el principio de empresa en funcionamiento por parte del auditor en su informe relativo a la información financiera consolidada, en la que refiere que la actividad futura de la empresa depende de las contribuciones en especie y de completar los acuerdos de los tenedores de bonos.

La reversión de esta situación y subsiguiente viabilización del grupo, requiere la consecución de la reestructuración de la deuda pendiente de realizar – fundamentalmente principales bonistas y UBB –, la incorporación de más compañías en el grupo y la consecución de *new money* para la puesta en valor del balance reestructurado con el desarrollo del plan estratégico actualizado.

AKILES CORPORATION			
Balance Sheet (thousand €)	2019	2018R*	Variation (%)
Asset			
Non current Assets	14.498	17.485	-17%
Current Assets	12.604	22.301	-43%
Total Assets	27.102	39.786	-32%
Liabilities			
Non Current Liabilities	1.098	16.714	-93%
Current Liabilities	31.588	13.664	131%
Equity	- 5.584	9.408	-159%
Total Equity and Liabilities	27.102	39.786	-32%

** 2018 data have been reexpressed*

4. Impacto del Covid-19.

AKILES y sus negocios se han visto significativamente afectadas por la pandemia Covid-19. Los ingresos generados en las actividades del grupo relacionadas con el sector de Oil & Gas, se han visto significativamente reducidos por la drástica caída del consumo en la primera mitad del ejercicio 2020. De modo similar, las ventas del área de gestión de residuos, que tienen por clientes principales mayormente a ayuntamientos y a organismos públicos, se han visto también prácticamente paralizadas.

Por otra parte, las negociaciones relativas a la estructura financiera de la empresa con inversores actuales y potenciales, así como con los tenedores de los bonos, se han visto pospuestas durante todos estos meses. Asimismo, las prácticas de trabajo ordinario del grupo se han tenido que adecuar a las indicaciones de las autoridades en materia sanitaria y laboral.

El efecto adverso podría perdurar con la situación económica de deterioro global que parece anticiparse, por lo que la dirección del grupo permanece comprometida con potenciales acciones futuras que puedan hacerse necesarias u obligatorias en aras de garantizar la seguridad de sus empleados, clientes y Partners.

5. Estados Financieros consolidadas e individuales de AKILES CORPORATION SE a 31 de diciembre de 2019.

AKILES CORPORATION SE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

PAGE

Director's report	-
Independent Auditor's Report	-
Directors and other Officers	1
Consolidated statement of profit or loss and other comprehensive income	2-3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5-6
Consolidated statement of cash flows	7-8
Notes to the consolidated financial statements	9 – 69

AKILES CORPORATION SE

DIRECTOR'S REPORT

The Board of Directors presents its consolidated report on the activities of AKILES CORPORATION SE (the Company) and its subsidiaries (the Group) for the year ended 2019.

Incorporation and principal activities

Incorporation of the parent company

Akiles Corporation SE (previously called Ebioss Energy SE) or the "Company" is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012, the name was changed from TETEVEN BIOMASS EOOD to EBIOSs ENERGY EOOD. The financial statements as at 31 December 2019 consolidate the individual financial statements of the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

On 1 October 2012 Ebioss Energy EOOD was transformed into Ebioss Energy OOD and on the same date the share capital of Ebioss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	100	2,423,550	24,236	12,392

The increase of the share capital of the Ebioss Energy OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

Subsidiary	Fair value in EUR'000
Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Plovdiv Biomass	979
United Biomass	1,090
Total:	12,392

AKILES CORPORATION SE

DIRECTOR'S REPORT

Incorporation of the parent company (continued)

On 12 December 2012 Ebioss Energy OOD was transformed into joint stock company Ebioss Energy AD. On 21 December 2012, according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022 thousand. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of extraordinary general meeting of the shareholders of Ebioss Energy AD, held on 13th of February 2017 the Company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSSE has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where EUR 1= BGN 1,95583) and the nominal value of the shares was changed into EUR 1 each, according to the requirements of the Regulation. All the other corporate characteristics of the Company remain unchanged.

On 6 November 2019 Ebioss Energy SE was renamed to Akiles Corporation SE and the share capital of the Company was increased from EUR 20,918 thousand to EUR 27,368 thousand through in-kind contribution of receivables, which were conferred in the capital of the Company by the following shareholders:

a) in-kind contribution of receivables of EF FACET DISCRETIONARY PORTFOLIOS, investment company with variable capital, registered in UK with company number IC000836, which receivables from the Company originate from a Bond Conversion Agreement dated 10.07.2019 and are at the amount of EUR 1,850 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of EF FACET DISCRETIONARY PORTFOLIOS of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190802181621-3/15.08.2019.

b) in-kind contribution of receivables of Omarov Abdullagadzhi Omarovich which receivables are towards the Company and under Agreement for transfer of shares as of 29.03.2019, which receivables are at the amount of EUR 4,500 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Omarov Abdullagadzhi Omarovich of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705180005-3/15.08.2019.

c) in-kind contribution of receivables of Stanislav Raynov Novakov, which receivables are towards the Company and under Agreement for transfer of shares as of 03.04.2019, which receivables are at the amount of EUR 100 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Stanislav Raynov Novakov of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, which is prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705183600-4/15.08.2019.

AKILES CORPORATION SE

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pellets and sale and management of waste collection systems.

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, food industry retail sales, waste container production etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020.

As of 31 December 2019 and 31 December 2018, the following subsidiaries of Akiles Corporation SE were included in the consolidated financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 31.12.2019	% ownership 31.12.2018
Heat Biomass EOOD	Bulgaria	100%	100%
Karlovo Biomass EOOD	Bulgaria	100%	100%
Tvarditsa Biomass EOOD	Bulgaria	100%	100%
Nova Zagora Biomass EOOD	Bulgaria	100%	100%
Plovdiv Biomass EOOD	Bulgaria	100%	100%
United Biomass EOOD	Bulgaria	100%	100%
Biomass Distribution EOOD	Bulgaria	100%	100%
Brila EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	100%	100%
Energotec Eco AD	Bulgaria	100%	43%
Syngas Italy S.L.R.	Italy	-	100%
Wintec World SL (former Addom SL)	Spain	100%	100%
TNL World EOOD	Bulgaria	100%	100%
TNL SL	Spain	80%	80%
PetrolProm Bulgaria OOD	Bulgaria	50.43%	-
Silena Company EOOD	Bulgaria	50.43%	-

Control over Eqtec plc and its subsidiaries - Eqtec Iberia SL, Newry Biomass No. 1 Limited, React Biomass Limited, Reforce Energy Limited, Pluckanes Windfarm Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited, Moneygorm Wind Turbine Limited, Eqtec No. 1 Limited, Plymouth Biomass Limited, Clay Cross Biomass Limited, Altילו Wind Turbine Limited was lost on 6 August 2018 following the emission of new shares by Eqtec plc. The newly emitted shares were fully subscribed by the NCI (shareholders other than Ebioss Energy SE). Respectively those companies were consolidated till that date.

Control over Winttec SGPS SA and its subsidiaries - TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda was lost on 3 October 2018. Respectively those companies were consolidated till that date.

Energotec Eco AD was consolidated during 2018 since Akiles Corporation SE exercises control over this company. Despite holding less than 50% of the voting rights, Akiles Corporation SE exercises control by nominating 3 out of the 4 board members. In 2019 Akiles Corporation SE acquired the remaining shares of Energotec Eco AD and as at 31 December 2019 owns 100% of this subsidiary.

On 3 June 2019 Akiles Corporation SE acquired 50.43% of PetrolProm Bulgaria OOD, a company specialized in oil and gas retail business, for the price of EUR 540 thousand. The parties have agreed the liability to the seller will be settled through emission and subscription of 540,000 new shares from the capital of Akiles Corporation SE.

AKILES CORPORATION SE

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities (continued)

During the first half of 2019 the shareholding of Akiles Corporation SE in Eqtec plc has decreases from 37.48% to less than 20%. Akiles Corporation SE has lost its significant influence over Eqtec plc and the latter is no longer considered an associated company. The remaining participation of 450,595,698 shares as at 31 December 2019 was valued with reference to the market price at AIM on the London Stock Exchange which was 0.115 GBX/share.

On 9 August 2019 the affiliated company of Akiles Corporation SE – PetrolProm Bulgaria OOD acquired 100% of the share capital of Silena Company EOOD from the former owner Silvana Rumenova Taseva. The acquisition of the quotas was made at a nominal value, comprising 10 quotas of 2 BGN nominal value each. The change in the capital was reflected in the Bulgarian Trade register on 4 September 2019. After the acquisition of the capital of Silena Company EOOD by PetrolProm Bulgaria OOD, the seller of the corporate quotas Silvana Taseva remained as managing director of the acquired company. As of 20 March 2020 Sofia Yordanova is appointed as managing director.

Control over Syngas Italy SLR was lost on 24 October 2019 when the Company was declared bankrupt by the Italian court.

2. Review of current position, future developments and significant risks

The Group's development to date, financial results and position are presented in the consolidated financial statements. For the period 1 January 2019 – 31 December 2019 the financial result of the Group is net loss in the amount of EUR 21 361 thousand from which EUR 13 thousand is attributable to Non-controlling interests. Net equity including Non-controlling interests of EUR 358 thousand is a negative value amounting to EUR 5 584 thousand. As of 31 December 2019 the earnings per share are a negative value of EUR 0.971.

3. Analysis of key, financial and non-financial, performance indicators relevant to the business operations of the Group

The Company management periodically review its gearing and liquidity ratios which are indicators of financial stability.

Gearing ratio (total liabilities / total equity)

31.12.2019	31.12.2018
-5,85	3,23

Liquidity ratio (current assets / current liabilities)

31.12.2019	31.12.2018
0,40	1,63

4. Events after the reporting period

At the end of 2019, Chinese news emerged for the first time about COVID-19 (Coronavirus) when a limited number of unknown virus cases were reported to the World Health Organization. During the first months of 2020, the virus spread globally and accelerated its negative impact. On March 11, 2020, after cases of new Coronavirus disease (COVID-19) strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria because of the Coronavirus (COVID-19). State of emergency was declared in Spain as well. In connection with the pandemic and the related impact for the Group, a significant non-adjusting event has occurred until the date of issuance of these financial statements.

The pandemic has had significant impact on the global economy - principally through lockdowns worldwide, social distancing, closed businesses and unprecedented stock market declines. Global health concerns related to

AKILES CORPORATION SE

DIRECTOR'S REPORT

4. Events after the reporting period (continued)

COVID-19 outbreak has dramatically increased economic uncertainty. The pandemic has forced state authorities worldwide to implement numerous measures to try to contain the virus, such as travel restrictions, quarantines and business shutdowns. These measures have significantly reduced consumer spending and restricted business operations and may remain in place for a long period of time continuing to adversely affect the business activity of the companies internationally.

Respectively, Akiles Group and its business activities have been significantly affected by this pandemic. The revenues generated from petrol and petrol related products have been significantly reduced due to very low consumer spending in the 1st half of 2020. Similar is the impact on the sale of waste management solutions by our subsidiaries in Spain as many of the clients are municipalities and the public tenders have been paralyzed. The negotiations for financing with current and potential investors and bondholders have been delayed over this period. The Group had to modify its business practices including business travel, remote working for our employees, cancellation of physical participation in business meetings, etc. The management of the Group is committed to undertake further actions if necessary or as may be required by state authorities to ensure safety of our employees, customers and business partners.

Even after the COVID-19 outbreak is over the Group may continue to experience materially adverse consequences on its business activity as a result of the global economic crisis including any recession that has occurred or may occur in the future. Therefore, the overall impact on the Group's business activity and its financial performance will depend on future developments, which are highly uncertain and currently cannot be predicted. However, the Management has been actively working to minimize the negative impact, to seek additional financing and to follow the Group's business strategy. The management of Akiles Group will continue to monitor the development of the situation and the effect on all aspects of the Group's activities.

In view of this, the management believes that the Group's ability to continue as a going concern will not be impaired due to the impact of the coronavirus pandemic on its future financial positions and its operating results.

On 9 January 2020 a garnishment over the quotas in the capital of Silena Company, owned by PetrolProm Bulgaria OOD, was imposed. The injunction order is requested by a creditor of PetrolProm – PETROL AD. The creditor has unpaid receivables against PetrolProm at the amount of EUR 11 thousand as at the date of imposition of the injunction order, arising from commercial agreement for delivery of petroleum products. The management of PetrolProm Bulgaria OOD undertakes to perform full payment of the due amounts within the second half of 2020.

On 3 April 2020 the Executive Director of Akiles Corporation terminated unilaterally and on the grounds of art. 306, para. 5 of the Bulgarian Commerce Act, due to continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 03.04.2019 which Akiles has signed with Stanislav Novakov for acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this unilateral termination of the contractual relations with Stanislav Novakov, Akiles returned to him the ownership over 50% of the shares capital of HM Hotels JSC.

There are no other significant non-adjusting events or any adjusting events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

5. Future development of the Group

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, real estate, retail sales etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020. The Company also plans to acquire new companies within the segment of petrol, petrol-related products and biodiesel.

AKILES CORPORATION SE

DIRECTOR'S REPORT

6. Activities in the field of research and development

The patent "System for waste management" requested on 23.05.2017 has been officially inscribed on 24.05.2020 on the name of WINTTEC WORLD SL

In 2018 a request has been made to transfer the applications for inscription of the patents from TNL SL, Spain to WINTTEC WORLD SL, Spain which was approved on 26 April 04 2019.

Development costs in progress as at 31 December 2019 represent licences, contracts, permits, designs, etc. related to development phase of the following seven projects for construction and operation of plants:

- Thermal plant and pelletization plant of Tvarditsa Biomass EOOD
- Thermal plant and pelletization plant of Plovdiv Biomass EOOD

7. Information concerning acquisitions of own shares required under the procedure provided for in Art. 187e of the Commerce Act

As of 31.12.2019 the Company does not own own shares.

8. Existence of branches of the Group companies

The Company does not have branches in 2019 and 2018.

9. Company's financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The policy sets limits for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from third parties.

The carrying amount of Group's financial assets represent the maximum exposure to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

AKILES CORPORATION SE

DIRECTOR'S REPORT

(c) Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Group's exposure to currency risk is relatively small since its all financial assets and liabilities are denominated in BGN or EUR. According to the local currency legislation of the parent company, the rate of the BGN is fixed to the EUR at EUR 1 = BGN 1,95583.

The Group's management does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

Interest rate risk

Interest rate risk is the risk that interest bearing assets and liabilities may change in value, because of fluctuations of the market interest rates.

Capital management

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year.

Fair value of financial assets and liabilities

The carrying values of the Group's financial assets and liabilities, not measured at fair value, approximate their fair values.

CORPORATE GOVERNANCE STATEMENT

1. Code of Corporate Governance

The Group has issued a Code of Corporate Governance approved by Jose Oscar Leiva Mendez. The Group strictly follows this Code of Corporate Governance. This document is published on the official website of Akiles Corporation SE.

2. System of internal control and management of risks

Internal control is defined as a process integrated into the Group's activities and executed by the Board of Directors, the Audit Committee, by management and employees.

The Group has established adequate and effective internal control, which is continuous process integrated in all of the Group's activities and is designed to achieve:

- compliance with legislation
- compliance with internal rules and contracts
- reliability and completeness of financial and operational information
- economy, efficiency and effectiveness of the activities
- protection of assets and information

AKILES CORPORATION SE

DIRECTOR'S REPORT

Everyone in the Group has a certain responsibility with regard to internal control. The Group has created adequate organizational structure to ensure segregation of duties, proper division of responsibilities and adequacy of reporting levels. The control functions of the participants in the internal control system are regulated in the job descriptions of the persons concerned. There is commitment to competence at each working place and there are strict requirements for the knowledge and skills needed for each position. The management has set the values of integrity and ethical behavior through Code of conduct.

Risks relevant to financial reporting include external and internal events, transactions, and circumstances that may arise and have a negative impact on the entity's ability to initiate, record, and process financial data. The management applies a conservative approach to identifying the business risks that are material for the preparation of the financial statements, assesses their significance and likelihood of their occurrence, and decides how to address these risks, how to manage them, and how to evaluate the results reliably.

3. Information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers;

- **significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;**

As of 31 December 2019 the major shareholders in the Company are: Omarov Abdullagadzi Omarovich – 16,44% and Elektra Holding AD – 9 %.

- **holders of any securities with special control rights and a description of those rights**

No securities with special control rights exist.

- **any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of 30.4.2004 EN Official Journal of the European Union L 142/19 votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities**

No restriction of voting rights exist in articles of association.

- **the rules governing the appointment and replacement of board members and the amendment of the articles of association;**

The appointment and replacement of board members and the amendment of the articles of association can be done only through decision of General Shareholders meeting.

- **the powers of board members, and in particular the power to issue or buy back shares**

With the last revision of articles of association of the Company dated 13.02.2017 the Board of Directors is entrusted with the powers, within five-year term, as from the date of approval of the General meeting, acting with own discretion and having the right to specify all the parameters of the respective emission, to increase the capital of the Company up to maximum amount of EUR 50 million through issuing of new shares or through conversion of bonds into shares. The Board of Directors does not have specific rights in relation to buy back of shares.

4. Information regarding composition and functioning of the administrative, managerial and supervisory bodies and their committees, as well as description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience

AKILES CORPORATION SE

DIRECTOR'S REPORT

As of 31.12.2019 the Group's management bodies are the following:

1. Board of Directors with the following members:

- Jose Oscar Leiva Mendez
- Carlos Cuervo Arango Martinez
- Juan Molins Monteys
- Onorfe Servera Andreu

The Board of Directors conduct regular meetings at least once in three months to review the results of the Group, to evaluate business risks and to discuss future prospects for development of the Group.

The Group has appointed an Audit Committee to supervise the financial reporting and ensure the independence of the appointed auditors.

In respect to the members of the management/supervisory bodies the Group applies the policy of diversity regarding gender, age, education and professional background. This is to ensure that the members have been appointed based on their expertise and capacity to contribute to the achievement of the Group's objectives.

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the consolidated financial statements for the year ended 2019.

The Directors also confirm that applicable accounting standards have been followed and that the consolidated financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As of 31 December 2019 Managing Director is Jose Oscar Leiva Mendez.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

Sofia, 30 June 2020



INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Akiles Corporation SE

Address: 49 Bulgaria Blvd, Floor 11-12
Sofia 1404, Bulgaria

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Akiles Corporation SE and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Qualified Opinion

During 2019 the Group acquired controlling share in PetrolProm OOD which subsequently acquired 100% Silena Company OOD (hereafter referred as the "PetrolProm subsidiaries"). The share of revenue from the PetrolProm subsidiaries in the consolidated statement of profit or loss and other comprehensive income amounts to EUR 2 135 thousand, their share in the consolidated total assets is EUR 1 985 thousand and the amount of net profit is EUR 131 thousand. The PetrolProm subsidiaries report under the national GAAP for statutory purposes and are currently in process of transition to IFRS and implementation of the Group's financial

reporting and control procedures. The current accounting information is not aligned with IFRS and we did not receive accurate and complete financial information for the financial position and performance of the subsidiaries, aligned with the reporting framework of the Group, for the period since acquisition. We were unable to confirm or verify by alternative means the financial information is under the requirements of IFRS. As a result, we were unable to determine whether any adjustments were necessary in respect of the Group's share of PetrolProm's and Silena Company's revenue and expenses for the year since acquisition and the elements making up the consolidated statement of financial position, consolidated changes in equity and the consolidated cash flow statement.

The Group lost control over its foreign subsidiary Eqtec PLC on 6 August 2018 and the Group's investment in Eqtec PLC was recognised as associate accounted for by the equity method carried at EUR 7 259 thousand on the consolidated statement of financial position as at 31 December 2018. In its consolidated financial statements, the Group has recognised revenue amounting to EUR 758 thousand and net loss amounting to EUR 2 295 thousand for the period before the date of loss of control, as well as Profit on disposal amounting to EUR 6 261 thousand. In addition, the Group's share of Eqtec PLC's net loss for the period after loss of control amounts to EUR 474 thousand and it is also included in the Group's income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the revenue and expenses, as well as the gains and losses related to the Group's investment in Eqtec PLC for the year because we were not able to obtain full access to the financial information, management and the auditors of Eqtec PLC. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss, attributable to the owners of the parent amounting to EUR 21,348 thousand during the year ended 31 December 2019, as of that date the Group's accumulated loss amounts to EUR 48 353 thousand and the Group reports negative total equity amounting to EUR 5 226 thousand. As stated in note 3, these events and conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The future activity of the Company depends on the in-kind contributions and completing the bondholders' agreements as presented in note 3. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 33 Events after the reporting period to the separate financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activity worldwide as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, at this stage it is practically impossible to make a reliable assessment and measure of the potential effect of the pandemic on the business activities of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of highest significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters. In addition, to the matters described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How this matter was addressed during the audit
<p>Loans and borrowings - presentation and disclosure;</p> <p>Bonds issued as at 31 December 2019: EUR 17 206 thousand (31 December 2018: EUR 17 619 thousand).</p> <p>Loans from financial, non-financial institutions and related parties as at 31 December 2019: EUR 9 330 thousand (31 December 2018: EUR 8 301 thousand), disclosed in Note 24 and Note 28 to the consolidated financial statements.</p> <p>Based on our understanding of the Company's activities, we have identified as a key audit matter the liabilities on issued bonds and loans from financial, non-financial institutions and from related parties and the compliance with financial terms attached to them.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • review of the internal procedures and supporting documents related to the commitments; • analysis and other analytical procedures related to the structure and composition of the loans and borrowings; • recalculation of the initial recognition and subsequent measurement of debt at amortized cost using the effective interest rate; • review of the prospectuses, offering memorandums, loan and other debt agreements, paying particular attention to covenant conditions and default cases; • receipt of a confirmation letter from the custodian bank and reconciliation of the nominal value of the bond obligations in the

Key Audit Matters	<i>How this matter was addressed during the audit</i>
<p>Loans and bonds issued are a key matter in our audit, as the debt represents 79% of the Company's liabilities as at 31 December 2019 (31 December 2018: 85%). In addition, the Group has outstanding overdue interest liability on the issued bonds and bank loan from UBB amounting to EUR 2 163 thousand and EUR 370 thousand respectively. This represents an event of default and all payments could become subject of early repayment on discretion of the bondholders, respectively the bank.</p>	<p>accounting registers as of December 31, 2019 to the data from the received letter;</p> <ul style="list-style-type: none"> • review of information on events after the reporting period and confirmation letter from the major bondholder; • review of the completeness, appropriateness and adequacy of the disclosures in the consolidated financial statements regarding the presentation of loans and borrowings as per the requirements of IFRS, adopted by EU.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared by the management in accordance with Chapter VII of the Bulgarian Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon unless explicitly stated in our report and to the extent stated in our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information 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 Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee ("Those charged with governance") are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act 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 consolidated financial statements.

As part of our 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the Group audit.
- We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual management report we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the

existence, form and contents of the other information have been carried out in order to conclude whether the other information includes the elements and disclosures in accordance with Chapter Seven of the Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act, applicable in Bulgaria.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the management report for the reporting period is consistent with the consolidated financial statements for the same reporting period;
- (b) the management report is prepared in accordance with the applicable legal requirements.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the corporate governance statement, being a component of the annual management report.

Additional reporting concerning the audit of Consolidated financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of Bulgarian Public Offering of Securities Act

Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of Public Offering of Securities Act

Related party transactions are disclosed in Note 30 "Related party transactions and balances" to the consolidated financial statements. Based on the performed audit procedures on related party transactions as part of our audit of consolidated financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying consolidated financial statements for the year ended on 31 December 2019, in all material respects, in accordance with the requirements of IAS 24 "Related Party Disclosures". The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the consolidated financial statements as a whole, not for issuing a consolidated opinion only on related party transactions.

Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act

Our responsibilities for audit of the consolidated financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Consolidated Financial Statements“, include assessment whether the consolidated financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the consolidated financial statements for the year ended on 31 December 2019, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Group, which are material to the consolidated financial statements, were taken into consideration for the purposes of issuing an auditor's opinion on the consolidated financial statements as a whole, not for issuing a consolidated opinion only on the significant transactions.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Crowe Bulgaria Audit EOOD was appointed as statutory auditor of the financial statements of Akiles Corporation SE for the year ended on 31 December 2019 by the Board of Directors' meeting, held on 15.08.2019, for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended on 31 December 2019 has been made for second year.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Group in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Group in addition to the statutory audit, which have not been disclosed in the management report or consolidated financial statements.

For Crowe Bulgaria Audit EOOD
Audit firm

Georgi Kaloyanov
Managing Partner, Registered auditor responsible for the audit

8 July 2020
Sofia, Bulgaria



AKILES CORPORATION SE

DIRECTORS AND OTHER OFFICERS

Executive Director:

Jose Oscar Leiva Mendez

Registered Seat

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Address for correspondence

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Legal Consultant

Angel Panayotov
49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Bank

BNP Paribas Securities Services, Spain
Gestion de Patrimonios Mobiliarios Sociedad de Valores S.A., Spain
UniCredit Bulbank AD, Bulgaria
United Bulgarian Bank, Bulgaria
Raiffeisen Bank AD, Bulgaria
Banco de Sabadell S.A., Spain
Banco Popular Portugal S.A., Spain
Banco Bilbao Vizcaya Argentaria S.A., Spain
CaixaBank S.A., Spain
Banco Santander Totta S.A., Portugal
Andbank, Spain

Auditor

Crowe Bulgaria Audit EOOD
55 6-ti Septemvri Str.
Sofia 1142
Bulgaria

AKILES CORPORATION SE

31 December 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year end 31 December	Note	2019 EUR'000	2018 EUR'000 Restated
Revenue	5	3,856	2,602
Raw materials and consumables used	6	(298)	(663)
Cost of goods sold	7	(3,227)	(1,094)
Expenses for hired services	8	(443)	(1,175)
Employee benefit expenses	9	(823)	(2,252)
Depreciation and amortization	13,14	(168)	(450)
Impairment of tangible and intangible assets	13,14	(4,279)	(7,820)
Impairment loss on remeasurement of assets held for sale	19.1	(7,000)	(285)
Goodwill impairment	15	(288)	(4,687)
Impairment loss on trade receivables	28	-	(467)
Loans written-off	10	(113)	(1,709)
Other expenses	11	(688)	(1,312)
Loss from operating activities		(13,471)	(19,312)
Finance income	12	7	35
Finance costs	12	(3,521)	(2,599)
Net finance costs		(3,514)	(2,564)
Share of loss of equity accounted investees	16	(531)	(474)
Impairment of investments	16	(980)	(2,109)
Loss on disposal of associates	16	(3,229)	-
Gain on disposal of subsidiaries	15	457	8,842
Gain on bargain purchases	15	10	-
Loss before income tax		(21,258)	(15,617)
Income tax expense	25	(103)	(441)
Loss for the year from continuing operations		(21,361)	(16,058)
Profit for the year from discontinued operations	19.2	-	21
Loss for the year		(21,361)	(16,037)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of land, net of tax		-	1
		-	1
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation differences		-	34
Reclassification of foreign currency differences on loss of significant influence		7	-
		7	34
Other comprehensive loss for the year, net of tax		7	35
Total comprehensive loss for the year		(21,354)	(16,002)

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Minaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Note	2019 EUR'000	2018 EUR'000 Restated
Loss attributable to:			
Owners of the parent		(21,348)	(14,248)
Non-controlling interests		(13)	(1,789)
Loss for the year		(21,361)	(16,037)
Total comprehensive loss attributable to:			
Owners of the parent		(21,341)	(14,213)
Non-controlling interests		(13)	(1,789)
Total comprehensive loss for the year		(21,354)	(16,002)
Basic loss per share (EUR)	23	(0.971)	(0.682)

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019 EUR'000	31 December 2018 EUR'000 Restated
Assets			
Property, plant and equipment	13	4,394	3,227
Intangible assets	14	3,373	5,407
Goodwill	15	1,038	699
Investments in associates	16	-	7,259
Other investments	17	5,209	115
Trade and other receivables	18	62	62
Loans provided		19	-
Deferred tax assets	25	403	716
Non-current assets		14,498	17,485
Inventory	20	204	468
Trade and other receivables	18	2,175	940
Cash and cash equivalents	21	186	87
Loans provided		129	246
		2,694	1,741
Assets classified as held for sale	19	9,910	20,560
Current assets		12,604	22,301
Total assets		27,102	39,786
Equity			
Share capital	22.1	27,368	20,918
Share premium	22.2	15,614	15,614
Revaluation surplus		145	150
Translation reserve		-	(7)
Accumulated loss		(48,353)	(27,005)
Equity attributable to owners of the parent		(5,226)	9,670
Non-controlling interests		(358)	(262)
Total equity		(5,584)	9,408
Liabilities			
Loans and borrowings	24	754	15,898
Deferred tax liabilities	25	344	578
Provisions	27	-	238
Non-current liabilities		1,098	16,714
Loans and borrowings	24	25,904	10,023
Trade and other payables	26	5,658	3,163
Contract liabilities	5	-	478
Income tax payable	25	26	-
Current liabilities		31,588	13,664
Total liabilities		32,686	30,378
Total equity and liabilities		27,102	39,786

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Revaluation surplus EUR'000	Translation reserve EUR'000	Accumulated loss EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Restated balance at 1 January 2019	20,918	15,614	150	(7)	(27,005)	9,570	(262)	9,408
Total comprehensive loss	-	-	-	-	(21,348)	(21,348)	(13)	(21,361)
Loss for the Year	-	-	-	7	-	7	-	7
Other comprehensive loss	-	-	-	-	5	-	-	-
Reclassification	-	-	(5)	-	-	-	-	-
Total comprehensive loss	-	-	(5)	7	(21,343)	(21,341)	(13)	(21,354)
Transactions with owners of the Company								
<i>Contributions and distributions</i>								
Share capital increase	6,450	-	-	-	-	6,450	-	6,450
Total contributions and distributions	6,450	-	-	-	-	6,450	-	6,450
Changes in ownership interests								
Acquisition of subsidiaries with non-controlling interest (note 15.3 and 15.4)	-	-	-	-	-	-	(76)	(76)
Changes non-controlling interest without a change in control (note 15.5)	-	-	-	-	(5)	(5)	(7)	(12)
Total changes in ownership interests	-	-	-	-	(5)	(5)	(83)	(88)
Total transactions with owners of the Company	6,450	-	-	-	(5)	6,445	(83)	6,362
Balance at 31 December 2019	27,368	15,614	145	-	(48,353)	(5,226)	(358)	(5,584)

On 30.06.2020 the Board of Directors of Akiles Corporation SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Audited according to the audit report dated 08.07.2020.

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing Partner
Registered auditor responsible for the audit



Preparer (Sonia Mihaylova):

AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Translation reserve EUR'000	Accumulated loss EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Restated balance at 1 January 2018	20,918	15,662	(74)	149	(41)	(12,366)	24,248	(1,788)	22,460
Adjustment on initial application of IFRS 9	-	-	-	-	-	(10)	(10)	-	(10)
Adjusted balance at 1 January 2018	20,918	15,662	(74)	149	(41)	(12,376)	24,238	(1,788)	22,450
Total comprehensive loss	-	-	-	-	-	(14,248)	(14,248)	(1,789)	(16,037)
Restated loss for the year	-	-	-	1	34	-	35	-	35
Other comprehensive loss	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	1	34	(14,248)	(14,213)	(1,789)	(16,002)
Transactions with owners of the Company									
<i>Contributions and distributions</i>									
Own shares acquired	-	(475)	(1,052)	-	-	-	(1,527)	-	(1,527)
Own shares sold	-	427	1,126	-	-	-	1,553	-	1,553
Subsidiary capital increase	-	-	-	-	-	-	-	543	543
Total contributions and distributions	-	(48)	74	-	-	-	26	543	569
Changes in ownership interests									
Disposal of subsidiaries with non-controlling interests (note 15.1 and 15.2)	-	-	-	-	-	-	-	2,391	2,391
Changes non-controlling interest without a change in control (note 15.2)	-	-	-	-	-	(381)	(381)	381	-
Total changes in ownership interests	-	-	-	-	-	(381)	(381)	2,772	2,391
Total transactions with owners of the Company	-	(48)	74	-	-	(381)	(355)	3,315	2,960
Restated balance at 31 December 2018	20,918	15,614	-	150	(7)	(27,005)	9,670	(262)	9,408

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm

Georgi Kabayanov, Managing partner

Registered auditor responsible for the audit



AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December**

	Note	2019 EUR'000	2018 EUR'000 Restated
Loss before income tax from continuing operations		(21,258)	(15,117)
Adjustments to loss:			
Depreciation and amortisation		168	450
Interest expense		2,037	2,532
Other finance costs		45	67
Loss on share lending		46	-
Share of loss of equity accounted investees		531	474
Interest income		(7)	(22)
Goodwill impairment		288	4,687
Impairment losses and write-offs		12,548	12,683
Investment loss		1,310	-
Gain on disposal of subsidiaries		(457)	(9,342)
Loss on disposal of associates		3,229	-
Gain on bargain purchases		(10)	-
Changes in provisions		-	91
Net exchange rate (gains)/losses		83	(13)
Loss from sale of property, plant and equipment		140	27
Other non-cash items		-	(2)
Cash flows from operations before working capital changes		(1,307)	(3,485)
Change in:			
Inventories		291	273
Trade and other receivables		(878)	(432)
Trade and other payables		767	(72)
Other cash flow from operating activities			
Interest paid		(198)	(852)
Other finance costs paid		(45)	(67)
Income tax paid		-	(19)
Exchange rates (gains)/losses realized		(48)	-
Net cash flows used in operating activities		(1,418)	(4,654)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(5)	(91)
Proceeds from sale of property, plant and equipment		7	3
Proceeds from sale of investments-		430	-
Acquisition of intangible assets		(4)	(9)
Loans granted		(121)	(136)
Loans repaid		113	-
Cash acquired/disposed through acquisition/disposal of subsidiaries		315	(544)
Net cash flows used in investing activities		735	(777)

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



The notes on pages 9 to 69 are an integral part of these consolidated financial statements.

AKILES CORPORATION SE

31 December 2019

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	2019 EUR'000	2018 EUR'000 Restated
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans from related party		(67)	(83)
Proceeds on loans from related party		1	187
Proceeds from sale of own shares		-	1,553
Repurchase of own shares		-	(1,527)
Proceeds from bank borrowing		1,173	3
Repayment of bank borrowing		(873)	(1,056)
Proceeds on third party loans		800	6,688
Repayment of third party loans		(204)	(2,089)
Transaction costs related to bank and other borrowings		-	(185)
Payment of finance lease liabilities		(48)	(22)
Net cash flows from financing activities		782	3,469
Net increase/(decrease) in cash and cash equivalents		99	(1,962)
Cash and cash equivalents at 1 January		87	2,049
Cash and cash equivalents at 31 December	21	186	87

On 30.06.2020 the Board of Directors of AKILES CORPORATION SE authorised these consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Preparer (Sonia Mihaylova):

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

1. Incorporation and principal activities

Incorporation of the parent company

Akiles Corporation SE (previously called Ebioss Energy SE) or the "Company" is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012, the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD. The financial statements as at 31 December 2019 consolidate the individual financial statements of the Parent company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

On 1 October 2012 Ebioss Energy EOOD was transformed into Ebioss Energy OOD and on the same date the share capital of Ebioss Energy OOD was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, distributed to the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
Sungroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	100	2,423,550	24,236	12,392

The increase of the share capital of the Ebioss Energy OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

Subsidiary	Fair value in EUR'000
Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Plovdiv Biomass	979
United Biomass	1,090
Total:	12,392

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

1. Incorporation and principal activities (continued)

Incorporation of the parent company (continued)

On 12 December 2012 Ebioss Energy OOD was transformed into joint stock company Ebioss Energy AD. On 21 December 2012, according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to Sungroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022 thousand. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of extraordinary general meeting of the shareholders of Ebioss Energy AD, held on 13th of February 2017 the Company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the Company was denominated in Euro (the conversion of the registered capital was made according to the official fixed exchange rate of the Bulgarian National Bank, where EUR 1= BGN 1,95583) and the nominal value of the shares was changed into EUR 1 each, according to the requirements of the Regulation. All the other corporate characteristics of the Company remain unchanged.

On 6 November 2019 Ebioss Energy SE was renamed to Akiles Corporation SE and the share capital of the Company was increased from EUR 20,918 thousand to EUR 27,368 thousand through in-kind contribution of receivables, which were conferred in the capital of the Company by the following shareholders:

- a) in-kind contribution of receivables of EF FACET DISCRETIONARY PORTFOLIOS, investment company with variable capital, registered in UK with company number IC000836, which receivables from the Company originate from a Bond Conversion Agreement dated 10.07.2019 and are at the amount of EUR 1,850 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of EF FACET DISCRETIONARY PORTFOLIOS of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190802181621-3/15.08.2019.
- b) in-kind contribution of receivables of Omarov Abdullagadzhi Omarovich which receivables are towards the Company and under Agreement for transfer of shares as of 29.03.2019, which receivables are at the amount of EUR 4,500 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Omarov Abdullagadzhi Omarovich of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705180005-3/15.08.2019.
- c) in-kind contribution of receivables of Stanislav Raynov Novakov, which receivables are towards the Company and under Agreement for transfer of shares as of 03.04.2019, which receivables are at the amount of EUR 100 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Stanislav Raynov Novakov of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, which is prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705183600-4/15.08.2019.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

1. Incorporation and principal activities (continued)

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pellets, sale and management of waste collection systems, trade and distribution of oil & gas.

At present the Group is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, food industry retail sales, waste container production etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020.

As of 31 December 2019, and 31 December 2018, the following subsidiaries of Akiles Corporation SE were included in the consolidated financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 31.12.2019	% ownership 31.12.2018
Heat Biomass EOOD	Bulgaria	100%	100%
Karlovo Biomass EOOD	Bulgaria	100%	100%
Tvarditsa Biomass EOOD	Bulgaria	100%	100%
Nova Zagora Biomass EOOD	Bulgaria	100%	100%
Plovdiv Biomass EOOD	Bulgaria	100%	100%
United Biomass EOOD	Bulgaria	100%	100%
Biomass Distribution EOOD	Bulgaria	100%	100%
Brila EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	100%	100%
Energotec Eco AD	Bulgaria	100%	43%
Syngas Italy S.L.R.	Italy	-	100%
Wintec World SL (former Addom SL)	Spain	100%	100%
TNL World EOOD	Bulgaria	100%	100%
TNL SL	Spain	80%	80%
PetrolProm Bulgaria OOD	Bulgaria	50.43%	-
Silena Company EOOD	Bulgaria	50.43%	-

Control over Eqtec plc and its subsidiaries - Eqtec Iberia SL, Newry Biomass No. 1 Limited, React Biomass Limited, Reforce Energy Limited, Pluckanes Windfarm Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited, Moneygorm Wind Turbine Limited, Eqtec No. 1 Limited, Plymouth Biomass Limited, Clay Cross Biomass Limited, Altlow Wind Turbine Limited was lost on 6 August 2018 following the emission of new shares by Eqtec plc. The newly emitted shares were fully subscribed by the NCI (shareholders other than Ebioss Energy SE). Respectively those companies were consolidated till that date.

Control over Winttec SGPS SA and its subsidiaries - TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda was lost on 3 October 2018. Respectively those companies were consolidated till that date.

Energotec Eco AD was consolidated during 2018 since Akiles Corporation SE exercises control over this company. Despite holding less than 50% of the voting rights, Akiles Corporation SE exercises control by nominating 3 out of the 4 board members. In 2019 Akiles Corporation SE acquired the remaining shares of Energotec Eco AD and as at 31 December 2019 owns 100% of this subsidiary.

On 3 June 2019 Akiles Corporation SE acquired 50.43% of PetrolProm Bulgaria OOD, a company specialized in oil and gas retail business, for the price of EUR 540 thousand. The parties have agreed the liability to the seller will be settled through emission and subscription of 540,000 new shares from the capital of Akiles Corporation SE.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

1. Incorporation and principal activities (continued)

Principal activities (continued)

During the first half of 2019 the shareholding of Akiles Corporation SE in Eqtec plc has decreased from 37.48% to less than 20%. Akiles Corporation SE has lost its significant influence over Eqtec plc and the latter is no longer considered an associated company. The remaining participation of 450,595,698 shares as at 31 December 2019 was valued with reference to the market price at AIM on the London Stock Exchange which was 0.115 GBX/share.

On 9 August 2019 the affiliated company of Akiles Corporation SE – PetrolProm Bulgaria OOD acquired 100% of the share capital of Silena Company EOOD from the former owner Silvana Rumenova Taseva. The acquisition of the quotas was made at a nominal value, comprising 10 quotas of 2 BGN nominal value each. The change in the capital was reflected in the Bulgarian Trade register on 4 September 2019. After the acquisition of the capital of Silena Company EOOD by PetrolProm Bulgaria OOD, the seller of the corporate quotas Silvana Taseva remained as managing director of the acquired company. As of 20 March 2020 Sofia Yordanova is appointed as managing director.

Control over Syngas Italy SRL was lost on 24 October 2019 when the Company was declared bankrupt by the Italian court.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). They were authorized for issue by the Company's Board of Directors on 30 June 2020.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 4.

Details of the Group's accounting policies are included in Note 35.

3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key source of uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 4B.

A. Going concern basis of accounting

The consolidated financial statements of Akiles Corporation SE as at 31 December 2019 have been prepared on the basis of the going concern concept. The Group's financial result for the period is a loss amounting to EUR 21,348 thousand mainly due to impairments related of Group's assets. As at 31 December 2019 the accumulated loss amounts to EUR 48,353 thousand and the Group reports negative net assets amounting to EUR 5,226 thousand.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

4. Use of judgements and estimates (continued)

Going concern basis of accounting (continued)

The Group is in a delay with covering interest payments amounting to EUR 2,163 thousand in relation to its unsecured corporate bonds issued. The non-payment of these liabilities (interests) represents an event of default and the bond liabilities amounting to EUR 17,206 thousand could become immediately payable upon discretion of the bondholders. The Group is also in delay with interest and other penalty interest and taxes amounting to EUR 543 thousand as well as overdue principal amounting to EUR 840 thousand in relation to bank loan received from United Bulgarian Bank.

The non-payment of these liabilities (principal and interests) represents an event of default and the total amount of EUR 4,370 thousand could become immediately payable upon discretion of the bank.

The management believes that the current and future planned activities of the Company as well as the funds to be secured will enable the Company to continue its operations and settle its obligations in the ordinary course of business and has taken the below listed actions to improve the financial position and performance of the Company.

On 7 June 2019 Akiles Corporation SE signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12,056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4,000 will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Akiles Corporation SE should always be less than 10%. This amount could be increased to up to EUR 6,000 under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Akiles Corporation SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100,000,000 shares that Akiles Corporation SE holds in EQTEC plc, first rank pledge over 100% of the shares that Akiles Corporation SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Akiles for the total amount of EUR 21,260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Akiles Corporation SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Company has committed to meet certain financial performance criteria.

The terms of this agreement and subsequent annex to it was to complete the pre-conditions up to 15 December 2019. However, as of the date of this report the management of the Group is still in negotiations with the bondholders.

On 9 August 2019 PetrolProm Bulgaria OOD, a subsidiary of Akiles Corporation SE, acquired 100% of the share capital of Silena Company EOOD from the former owner, Silvana Rumenova Taseva. The acquisition of the quotas was made at a nominal value, comprising 10 quotas of 2 BGN nominal value each. The change in the capital was reflected in the Bulgarian Trade register on 4 September 2019. After the acquisition of the capital of Silena Company EOOD by PETROLBULGARIA OOD, the seller of the corporate quotas Silvana Taseva remained as managing director of the acquired company. As at 20 March 2020 Sofia Yordanova was appointed as managing director.

The management is currently negotiating the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD and in parallel is actively seeking business partners to move the installation of the power plants to Greece where feed-in tariffs are applicable.

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, real estate, retail sales etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020. The Company also plans to acquire new companies within the segment of petrol, petrol-related products and biodiesel.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

4. Use of judgements and estimates (continued)

Going concern basis of accounting (continued)

The management believes that due to the current EU regulations the sale of biodiesel would significantly increase in the years to come.

The Board of directors has prepared business plans based on their best estimation of the cash flows of the Company in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters.

The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned capital increase through in-kind contributions with preliminary agreements signed.

Having considered the business plans, the directors have a reasonable expectation that Akiles Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual consolidated financial statements.

B. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different level in a fair value hierarchy based on the inputs in the valuation techniques, as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13 *Property, plant and equipment*
- Note 14 *Intangible assets*
- Note 15 *Acquisition and disposal of subsidiaries*
- Note 19 *Assets classified as held for sale and discontinued operations*
- Note 28 *Financial instruments*

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

4. Changes in significant accounting policies

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying asset and lease liability representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach under which the lessee measures the lease liability at the date of initial application as the present value of the remaining lease payments. The comparative information for 2018 has not been restated – i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are described below.

A. Definition of a lease

Previously the Group determined at contract inception whether an agreement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration.

B. As a lessee

The Group leases office premises.

As a lessee, the Group previously classified leases as operating or finance leases based on the assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use and lease liabilities for short term lease contracts. The Group recognises the lease payments associated with any such leases as an expense on a straight-line basis over the lease term.

The Group presents the right-of-use assets in "property, plant and equipment". The Group presents lease liabilities separately in the statement of financial position.

i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured as cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

4. Changes in significant accounting policies (continued)

B. As a lessee (continued)

ii. Transition

Previously, the Group classified property leases as operating lease under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group applied the exemption not to recognise right-of-use asset and lease liabilities for leases with less than 12 months of lease term.

C. Impacts on the financial statements

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised EUR 124 thousand of right-of-use assets and EUR 124 thousand lease liability as at 1 January 2019.

Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expenses.

5. Revenue

A. Revenue streams

The Group revenue primarily relates to sale of production and goods by the newly acquired subsidiaries and the services and products sold by the subsidiaries that provide waste management solutions.

	Continuing operations		Discontinued operation (see Note 19.2)		Total	
	2019	2018	2019	2018	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Revenue from contracts with customers	3,813	2,452	-	106	3,813	2,558
Other revenue	43	150	-	-	43	150
Total revenue	3,856	2,602	-	106	3,856	2,708

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

5. Revenue (continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major business lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

Major business lines	Construction and Management of Biomass Power Plants		Sale and management of waste collection systems		Gas and oil trading	Total	
	2019	2018	2019	2018	2019	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Sales of production	-	-	-	-	1,283	1,283	-
Sales of goods	-	4	-	1,567	861	861	1,571
Rendering of services	-	617	1,692	264	(23)	1,669	881
	-	621	1,692	1,831	2,121	3,813	2,452

C. Contract balances

The following table provides information about contract liabilities from contracts with customers.

<i>In thousands of EUR</i>	31 December 2019	31 December 2018
Contract liabilities	-	(478)
	-	(478)

The contract liabilities as at 31 December 2018 primarily relate to advanced consideration received for contracts of the Spanish subsidiaries of the Group where revenue is recognised over time.

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Sale of goods	The Group operates retail points for sale of oil & gas products. The customers gain control over the goods at the point of sale. No discounts, loyalty points or returns are provided.	Revenue is recognised at the point in time when sale is accomplished.
Sale of production	Customers gain control over oil, gas and related production when the goods are shipped to the customers' warehouses.	Revenue is recognised at the point in time when sale is accomplished.
Engineering and construction services	The services are related to waste management solutions.	Revenue is recognised over time as the services are provided. The stage of completion is determined by analysing the completed work.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

6. Raw materials and consumables used

Raw materials and consumables represent mainly materials utilized in the production process of the subsidiaries dealing with gas and oil production and sales.

7. Cost of goods sold

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Gas and oil related	1,722	-
Cost of sales for waste management subsidiaries	1,505	1,090
Materials sold	-	4
	3,227	1,094

8. Expenses for hired services

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Professional services	252	505
Rents and utilities	45	197
External transport services	38	18
Telephone expenses	15	47
Advertising expenses	3	19
Other expenses for hired services	90	389
	443	1,175

The remuneration for independent financial audit of the Group for 2019 amounts to EUR 35 thousand. No tax consultations or other services not related to the audit were provided during the year. This disclosure is in compliance with the requirements of Art. 30 of the Accounting Act.

9. Employee benefit expenses

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Wages and salaries	717	1,909
Compulsory social security contributions	106	321
Accrued expenses for unused paid leave	-	11
Others	-	11
	823	2,252

10. Loans written off

Following the disposal of Winttec SGPS on 3 October 2018, the Winttec company and its subsidiaries entered into liquidation. Respectively the management does not consider the loans granted to Winttec SGPS and TNL SA repayable and has made a decision to write the amounts off.

	2019 EUR'000	2018 EUR'000
Winttec Greece IKE	113	-
TNL SA	-	1,032
WINTTEC SGPS SA (former TNL SGPS)	-	677
	113	1,709

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

11. Other expenses

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Stock exchange and investors related expenses	171	464
Other impairments and write offs	180	293
Insurance	5	60
Loss on sale of assets	140	32
Others	192	463
	688	1,312

12. Finance income and costs

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Interest income	7	22
Net exchange rate differences	-	13
Finance income	7	35
Interest expense	(2,037)	(2,532)
Loss on sale of investments	(1,310)	-
Loss on share lending	(46)	-
Net exchange rate differences	(83)	-
Bank expenses	(45)	(67)
Finance costs	(3,521)	(2,599)
Net finance costs recognised in profit or loss	(3,514)	(2,564)

The loss on investments realized relates to shares of Eqtec plc sold or used for repaying debt or covering liabilities.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

13. Property, plant and equipment

	Land	Buildings	ROU leased premises	Power plants & production facilities	Other equipment	Furniture	Computers	Vehicles	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost										
At 1 January 2018	1,176	1,024	-	7,116	1,370	51	31	185	25,373	36,326
Additions	-	-	-	-	1	-	8	-	-	9
Revaluation	1	-	-	-	-	-	-	-	-	1
Disposals	-	-	-	-	-	-	(15)	(151)	(15)	(181)
Reclassification to assets held for sale	(365)	(1,024)	-	(2,429)	(287)	(3)	-	-	(15,871)	(19,979)
Effect of movements in exchange rates	-	-	-	-	-	-	-	-	(52)	(52)
Disposal of subsidiaries	-	-	-	-	(1,074)	(47)	(17)	(31)	(9,404)	(10,573)
At 31 December 2018	812	-	-	4,687	10	1	7	3	31	5,551
- Initial application IFRS 16	-	-	124	-	-	-	-	-	-	124
Additions	-	-	-	-	-	-	8	41	-	49
Additions through business combination	-	-	128	-	6	-	-	2	-	136
Reclassification from assets held for sale	194	1,024	-	2,429	280	3	-	-	-	3,930
Derecognition of ROU	-	-	(128)	-	-	-	-	-	-	(128)
Disposals	(147)	-	-	-	(12)	-	-	(2)	(8)	(169)
Disposal of subsidiaries	-	-	-	(4,687)	-	-	-	-	-	(4,687)
At 31 December 2019	859	1,024	124	2,429	284	4	15	44	23	4,806
Balance at 1 January 2018	-	51	-	57	804	19	8	112	5,088	6,139
Depreciation for the year	-	41	-	-	174	-	6	19	-	240
Disposals	-	-	-	-	(5)	-	(14)	(91)	(36)	(146)
Disposal of subsidiaries	-	-	-	-	(805)	(19)	-	(40)	(5,052)	(5,916)
Reclassification to assets held for sale	-	(92)	-	(20)	(168)	-	-	-	-	(280)
Impairment loss	-	-	-	2,287	-	-	-	-	-	2,287
Balance at 31 December 2018	-	-	-	2,324	-	-	-	-	-	2,324
Depreciation for the year	-	41	45	-	42	-	5	3	-	136
Disposals	-	-	(4)	-	-	-	-	-	-	(4)
Impairment loss	-	-	-	2,263	-	-	-	-	-	2,263
Reclassification from assets held for sale	-	92	-	2	185	1	-	-	-	280
Disposal of subsidiaries	-	-	-	(4,587)	-	-	-	-	-	(4,587)
Balance at 31 December 2019	-	133	41	2	227	1	5	3	-	412

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

13. Property, plant and equipment (continued)

<i>Continued</i>	Land	Buildings	ROU leased premises	Power plants & production facilities	Other equipment	Furniture	Computers	Vehicles	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Net book value										
At 31 December 2018	812	-	-	2,363	10	1	7	3	31	3,227
At 31 December 2019	859	891	83	2,427	57	3	10	41	23	4,394

As at the end of the reporting period the management decided not to proceed with the plan to sell the assets of Biomass Distribution EOOD but rather to put them in production use and focus on ways to sell the production. Accordingly, a reclassification from assets held for sale to property, plant and equipment was made. The assets were measured at their carrying amount before classification to assets held for sale (EUR 3,650 thousand) adjusted for the depreciation that that would have been recognized had the assets not been reclassified as held for sale (EUR 83 thousand), being the lower than the recoverable amount at the date the decision was made.

Assets under construction represent capitalized expenses for project management and engineering services, as well as advance payments for delivery of main equipment in relation to the construction of different projects.

The assets under construction are attributable to the following projects:

	Assets under construction EUR'000	Assets under construction EUR'000
Plovdiv Biomass EOOD	14	14
Tvardica Biomass EOOD	9	9
Nova Zagora Biomass EOOD	-	8
	23	31

Land is valued at fair value at the balance sheet date by certified valuers on an annual basis. The valuation is based on comparative market prices, adjusted to take into consideration future use of land.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

13. Property, plant and equipment (continued)

Fair value of the land

The management of the Group determines the fair value of the land based on valuation of independent appraisers. The methods used for the estimation of the fair value are market comparison technique and residual technique of valuation.

The valuation report of the appraiser shows the following amounts for the value of land as at 31 December 2019:

	Value according to the valuation report
	EUR'000
Tvardica Biomass EOOD	87
Plovdiv Biomass EOOD	88
United Biomass EOOD	207
Biomass Distribution EOOD	194
Tvarditsa PV EOOD	195
Brila EOOD	88
	859

Measurement of fair value

Fair value hierarchy

The fair value of the land was determined by external, independent valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's land at the end of every calendar (reporting) year.

The fair value measurement of the land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Market comparison technique and residual technique of valuation:</i> The Group considers both approaches, and reconciles and weighs the estimated under each approach based on its assessment of the judgment that market participants would apply. The market comparison technique is based on the market price of plots of land of similar intended use, location and other specific factors. The residual method of valuation calculates the residual land value, which is the value of the land after development has been completed, minus the cost of purchase, plus developing, maintaining, or reselling the land.	<ul style="list-style-type: none"> Coefficient reflecting the value of the difference between the plots owned and those used for comparison purposes (1.3-1.9). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> The estimated coefficient reflecting the differences was higher (lower);

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

13. Property, plant and equipment (continued)

The land was initially acquired as part of a business combination which took place in November 2012. Carrying amount of the land that would have been included in the financial statements had it been carried at cost less impairment losses would have come to EUR 638 thousand.

14. Intangible assets

	Development costs in progress EUR 000	Development costs EUR 000	Patents and trade marks EUR 000	Software EUR 000	Other EUR 000	Total EUR 000
Cost						
Balance at 1 January 2018	10,302	1,725	911	10	-	12,948
Additions	-	-	-	9	-	9
Reclassification to assets held for sale	-	(421)	-	-	-	(421)
Disposals	-	(1,294)	(289)	-	-	(1,583)
Balance at 31 December 2018	10,302	10	622	19	-	10,953
Additions through business combination	-	-	-	26	-	26
Additions	-	-	-	-	4	4
Disposal	(4)	-	-	(12)	-	(16)
Balance at 31 December 2019	10,298	10	622	33	4	10,967
Amortisation						
Balance at 1 January 2018	-	336	379	-	-	715
Charge for the year	-	55	154	1	-	210
Impairment loss	5,533	-	-	-	-	5,533
Disposal of subsidiaries	-	(381)	(531)	-	-	(912)
Balance at 31 December 2018	5,533	10	2	1	-	5,546
Charge for the year	-	-	31	1	-	32
Impairment loss	2,016	-	-	-	-	2,016
Balance at 31 December 2019	7,549	10	33	2	-	7,594
Net book value						
At 1 January 2018	10,302	1,389	532	10	-	12,233
At 31 December 2018	4,769	-	620	18	-	5,407
At 31 December 2019	2,749	-	589	31	4	3,373

Development costs in progress as at 31 December 2019/31 December 2018 represent licenses, contracts, permits, designs, etc. related to development phase of the following projects for construction and operation of palletisation plants:

	Development costs in progress EUR'000 31.12.2019	Development costs in progress EUR'000 31.12.2018
Thermal plant and pelletization plant of Tvarditsa Biomass EOOD	1,745	1,745
Thermal plant and pelletization plant of Plovdiv Biomass EOOD	1,003	1,003
Thermal plant and pelletization plant of Tvarditsa PV EOOD	1	1
Thermal plant and pelletization plant of Nova Zagora Biomass EOOD	-	1,090
Thermal plant and pelletization plant of United Biomass EOOD	-	930
	2,749	4,769

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

14. Intangible assets (continued)

Development costs in progress have been recognized initially as part of business combination and valued at fair value by certified licensed valuers, based on discounted estimated future net cash flows expected from these assets. Their values are dependent on the estimated timing of completion of projects and commencement of production (see also Note 1). Their amortisation will start when the projects are finalized and the production commences.

Development cost in progress with carrying amount EUR 2,016 EUR thousand related to the subsidiaries Nova Zagora Biomass EOOD and United Biomass EOOD have been fully impaired during the reporting period (2018: EUR 5,533 related to Karlovo Biomass EOOD and Heat Biomass EOOD). The management has decided to discontinue the development of those investment projects and is currently negotiating the sale of the equipment of Karlovo Biomass EOOD and Heat Biomass EOOD.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	Thermal and pelletization plant of Tvarditsa Biomass	Thermal and pelletization plant of Plovdiv Biomass	Total
	EUR 000	EUR 000	EUR 000
Land	87	88	175
Assets under construction	9	14	23
Intangible assets	1,745	1,003	2,748
Goodwill	411	-	411
Carrying amount	2,252	1,105	3,357
Value as per valuation report	2,258	2,438	4,696
Excess of fair value over carrying amount	6	1,333	1,339

The recoverable amount of the CGUs was based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The fair value is categorized at Level 3 and was determined by an external independent valuer, having appropriate recognized professional qualification. The carrying amount of the CGUs was determined to be lower than their recoverable amount and no impairment loss was recognised.

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted free cash flow:</i> Discounted cash flows take into account the present value of the net cash flows expected to be generated by the power plants, taking into account the budgeted production capacity and expected sales price, the budgeted operating and capital expenditures; the expected net cash flows are discounted based on a risk-adjusted discount factor.	<ul style="list-style-type: none"> • Risk adjusted discount rate (12,04%); • Sales prices growth rate (1%); • Estimated prices for straw and animal waste per ton (2022 – EUR 41,92; weighted average 2022-2041 – EUR 46,07); • Estimated water prices per m3 (2022 – EUR 0,08; weighted average 2022-2041 – EUR 0,08); • Expected variable maintenance costs per MWh (2022 – EUR 17,17; weighted average 2022-2041 – EUR 18,87) • Twenty years cash flows were included in the discounted cash flow model and two years for construction of the plants. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • The risk adjusted discount rate was lower (higher); • The sales prices growth rate was higher (lower); • The expected prices for straw and animal waste are lower (higher); • The expected prices for water were lower (higher); • The expected maintenance costs were lower (higher); • The time to construct the plant is shortened (prolonged);

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

15. Acquisitions and disposals of subsidiaries

A summary of the goodwill, recognized in the consolidated financial statements of the Group following the business combinations described further is presented below:

<i>In thousands of EUR</i>	Acquisition date	Goodwill recognized at acquisition	Goodwill as at 31 December 2018	Goodwill as at 31 December 2019
Heat Biomass EOOD	30 November 2012	1,221	-	-
Karlovo Biomass EOOD	30 November 2012	825	-	-
Nova Zagora Biomass EOOD	30 November 2012	185	185	-
United Biomass EOOD	30 November 2012	103	103	-
Tvarditsa Biomass EOOD	30 November 2012	411	411	411
Eqtec Iberia SL	30 November 2012	76	-	-
WINTTEC SGPS SA (former TNL SGPS)	1 August 2014	1,915	-	-
Eqtec plc	7 February 2017	3,461	-	-
Citytainer Brasil Soluções Ambientais Ltda	3 May 2017	778	-	-
PetrolProm Bulgaria OOD	3 June 2019	627	-	627
Total		9,602	699	1,038

Impairment loss of EUR 288 thousand was recognized in 2019 in respect of the goodwill that had arisen upon acquisition of Nova Zagora Biomass EOOD and United Biomass EOOD due to the management decision to the development of these investment projects.

In 2018 impairment loss of EUR 2,641 thousand was recognized in respect of the goodwill that had arisen upon acquisition of the group of Winttec and the subsequent acquisition of its subsidiary – Citytainer Brasil Soluções Ambientais Ltda during 2018. Impairment loss of EUR 2,046 thousand was recognized in 2018 in respect of the goodwill that had arisen upon acquisition of Karlovo Biomass EOOD and Heat Biomass EOOD due to the management decision to the development of these investment projects.

15.1 Disposal of Eqtec plc

On 6 August 2018 following the emission of new shares by Eqtec plc, Akiles Corporation SE lost control over this entity and its subsidiaries. The newly emitted shares were fully subscribed by the NCI (shareholders other than Akiles Corporation SE). Thus, as at 31 December 2018 Akiles Corporation SE held 676,406,368 ordinary shares out of 1,804,744,243 total ordinary shares representing a participation of 37.48%. The shares of Eqtec plc are quoted on the Alternative Investment Market (AIM) segment of the London Stock Exchange and the share price as at 6 August 2018 was 1.30 GBX per shares. The effect of the disposal of Eqtec plc is described below:

<i>in thousand EUR</i>	Disposal of Eqtec plc and its subsidiaries
Fair value of consideration received	-
Fair value of residual interest to be recognised as an associate	9,849
Loss reported in comprehensive income	(368)
<i>Less share of consolidated carrying value at the date control is lost</i>	
Net assets	(374)
Goodwill	3,537
Less non-controlling interest	57
	(3,220)
Group profit on disposal	6,261

The NCI in OCI at disposal amounted to EUR 224 thousand.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

15. Acquisitions and disposals of subsidiaries (continued)

15.2 Disposal of Winttec SGPS

With a resolution of the Board of Directors, dated 14 September 2018 a sale of all corporate shares owned by Akiles Corporation SE in the company Waste Intelligent Technologies SGPS (Winttec SGPS), representing 68% of the registered capital to Mr. Nuno Antonio De Silva Lopes for a price of EUR 1. As additional consideration Akiles Corporation SE acquired direct holdings in part of the former subsidiaries of Winttec SGPS, namely:

- 80% direct holding in TNL SL (previously indirect holding of 54.4%);
- 100% direct holding in Winttec World SL (previously indirect holding of 68%);
- 100% direct holding in TNL WORLD EOOD (previously indirect holding of 68%);
- 100% direct holding in WINTTEC GREECE IKE (previously indirect holding of 68%);

The transaction was officially performed on 5 October 2018 with the cancelation of the pledge, which has been imposed over the shares of WINTTEC in relation to the receivables of BTC 12 SARL amounting to 1 million Euro. The pledge in favour of BTC 12 SARL was transferred over TNL EQUIPAMENTOS AMBIENTAIS SL and WINTTEC WORLD SL.

In addition, the Company has taken over the liability to pay additional remuneration of EUR 500 thousand. The effect of this additional remuneration was not taken into consideration when calculating the effect of the disposal of Winttec SGPS during the second half of 2018. The calculation is therefore restated accordingly.

The effect of the disposal of Winttec SGPS and its subsidiaries – TNL SA, Hirdant Lda, Citytainer Brasil – Soluções Ambientais, Ltda and Citytainer Indústria, Ltda plc is described below:

in thousand EUR		Disposal of Winttec SGPS and its subsidiaries
Fair value of consideration paid		(500)
Fair value of investment retained		-
Gain reported in comprehensive income		144
<i>Less share of consolidated carrying value at the date control is lost</i>		
Net assets	(5,047)	
Goodwill	-	
Less non-controlling interest	2,110	
		2,937
Group profit on disposal		2,581

The NCI in OCI at disposal amounted to EUR (28) thousand.

As a result of the change in the effective holdings in TNL SL, Winttec World SL and TNL World EOOD, the Group recognised:

- Increase of NCI amounting to EUR 381 thousand;
- decrease of retained earnings of EUR 381 thousand;

15.3 Acquisition of PetrolProm Bulgaria OOD

On 3 June 2019 Akiles Corporation SE acquired 50,43% of PetrolProm Bulgaria OOD, a company specialized in oil and gas retail business, for the price of EUR 540 thousand. The parties have agreed that the liability to the seller will be settled through emission and subscription of 540,000 new shares from the capital of Akiles Corporation SE.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

15. Acquisitions and disposals of subsidiaries (continued)

15.3 Acquisition of PetrolProm Bulgaria OOD (continued)

Below is detailed information for the identifiable assets acquired and liabilities assumed:

in thousand EUR	PetrolProm Bulgaria OOD 3 June 2019
Consideration transferred	540
<i>Fair value of identifiable net assets:</i>	
Property, plant and equipment	136
Intangible assets	26
Inventories	202
Trade and other receivables	218
Cash and cash equivalents	304
Bank loans	(365)
Lease liabilities	(129)
Trade and other payables	(565)
Total fair value of identifiable net assets:	(173)
Share of net assets Akiles Corporation (50.43%)	(87)
Non-controlling interest at proportional share of fair value of net assets (49.57%)	(86)
Goodwill	627

Adjustments to the provisional figures provided above, with a corresponding adjustment to the goodwill recognised, may be made during the measurement period.

15.4 Acquisition of Silena Company EOOD

On 4 September 2019 PetrolProm Bulgaria OOD acquired 100% of Silena Company EOOD for BGN 20.

Below is detailed information for the identifiable assets acquired and liabilities assumed:

in thousand EUR	Silena Company EOOD 4 September 2019
Consideration transferred	-
<i>Fair value of identifiable net assets:</i>	
Inventories	1
Trade and other receivables	310
Cash and cash equivalents	11
Other payables	(7)
Trade payables	(295)
Total fair value of identifiable net assets:	20
Gain on bargain purchases Akiles Corporation (50.43%)	10
Non-controlling interest at proportional share of fair value of net assets (49.57%)	10

15.5 Change of participation in Energotec Eco AD from 43% to 100%

In March 2019 Akiles Corporation SE acquired the remaining 57% from the capital of Energotec Eco AD for EUR 12 thousand. Prior to that Akiles was also considered to have control over Energotec Eco AD.

As a result of the change in the effective holding in Energotec Eco AD from 43% to 100%, the Group recognized:

- decrease of retained earnings for the amount of EUR 5 thousand
- decrease of NCI for the amount of EUR 7 thousand;

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

15. Acquisitions and disposals of subsidiaries (continued)

15.6 Disposal of Syngas Italy SRL

On 24 October 2019 Syngas Italy SRL, which used to be in procedure of liquidation, was declared in a state of bankruptcy by the Italian court. Akiles Corporation SE continues to own 100% of the registered capital of Syngas Italy SRL, however it is considered to have lost control over Syngas since Akiles no longer has the legal right to take resolutions or to dispose Syngas's property, as well as to exercise any shareholding rights.

The effect of the disposal of Syngas Italy SRL is described below:

in thousand EUR		Disposal of Syngas Italy SRL
Fair value of consideration paid		-
Fair value of investment retained		-
Less share of consolidated carrying value at the date control is lost		
Net assets	(4,388)	
Liabilities and loans to parent	3,931	
		457
Group profit on disposal		457

16. Investments in associates

Investment in associates as at 31 December 2018 represents a 37.48% ownership interest and voting rights in Eqtec Plc., former subsidiary, where control was lost on 6 August 2018 (see Note 17.1). However significant influence was retained. Upon loss of control (6 August 2018) the fair value of residual interest recognised as an associate was determined based on the number of shares owned (676,406,368 ordinary shares) and the share price on AIM on that day (1.30 GBX/share).

The main business activity of Eqtec Plc. is the development of power plants with gasification technology converting waste into synthetic gas to generate electricity and heat. The principle region of business is Europe. The fair value of the investment based on quoted market prices as at 31 December 2018 is EUR 7,259 thousand (676,406,368 ordinary shares at 0.96 GBX/share).

The following table analyses, in aggregate the carrying amount and share of profit and OCI of the associate as at 31 December 2018 and 30 June 2019 when significant influence was lost.

	30.06.2019 EUR'000	31.12.2018 EUR'000
Carrying amount of interests in associates	7,259	9,849
Share of:		
• Loss	(531)	(474)
• OCI	-	(7)
Less cost of shares sold prior to losing significant influence	(1,780)	-
Impairment of investment in Eqtec Plc.	-	(2,109)
	4,948	7,259

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

16. Investments in associates (continued)

Summarised financial information for Eqtec Plc. for the year, ended 31 December 2018 is as follows:

	2018 EUR'000
Non-current assets	21,368
Current assets	3,916
Non-current liabilities	(3,235)
Current liabilities	(6,470)
Net assets	15,579
Revenue for the year	2,176
Net profit/(loss) for the year	(3,579)
Net profit/(loss) for the period 7 August – 31 December 2018	(1,265)
Group's share of net loss for the period 7 August – 31 December 2018	(474)

During the period Akiles Corporation SE sold or transferred ownership in exchange for settling liabilities over 225,810,670 shares of Eqtec plc. As at 31 December 2019 Akiles Corporation SE owned 450,595,698 shares. However further share emissions of Eqtec plc shares subscribed by other shareholders took place on 28 June 2019 decreasing Akiles participation in the capital of Eqtec plc to 16,59%. Akiles is considered to have lost significant influence over Eqtec plc at that point in time.

The effects of losing significant influence are described further below:

in thousand EUR

	Loss of significant influence over Eqtec plc
Fair value of consideration received	-
Fair value of investment retained	1,726
Loss reported in other comprehensive income	(7)
<i>Less carrying amount of investment in associate at the date significant influence is lost</i>	
Cost of associate at recognition	9,849
Share of associate's post-acquisition reserves 2018	(481)
Share of associate's post-acquisition reserves 2019	(531)
Less impairments of investment in associates	(2,109)
Less cost of shares sold prior to losing significant influence	(1,780)
	(4,948)
Group loss on disposal	(3,229)

17. Other investments

	31.12.2019 EUR'000	31.12.2018 EUR'000 Restated
Equity securities – at FVTPL (Investment in Eqtec plc, held by Akiles Corporation)	609	-
Equity securities – at FVTPL (Investment in Interavers OOD, held by Akiles Corporation)	4,500	-
Equity securities – at FVTPL (Investment in HM Hotels JSC, held by Akiles Corporation)	100	-
Equity securities – at FVTPL (Investment in EAL COMPOST SRL, held by Syngas Italy Srl)	-	115
	5,209	115

As at 31 December 2019 Akiles Corporation SE owned 450,595,698 shares in Eqtec plc valued with reference to the market price at AIM on the London Stock Exchange on that date which was 0.115 GBX/share.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

17. Other investments (continued)

On 6 November 2019 Akiles Corporation SE acquired 50% of Interavers OOD and 50% HM Hotels JSC, Bulgarian companies running hotels located on the Black Sea coast where the acquisition was performed through in-kind contributions and allocation of newly emitted shares of Akiles Corporation to the previous owners of Interavers OOD and HM Hotels JSC for the amounts of EUR 4,500 thousand and EUR 100 thousand.

As at the end of 2019 Akiles Corporation SE was not considered to exercise control or significant influence over these two companies and hence there were not consolidated. The fair value of the companies was determined based on valuation reports prepared by independent certified experts.

18. Trade and other receivables

<i>Current part of trade and other receivables</i>	Note	31.12.2019 EUR'000	31.12.2018 EUR'000
Trade receivables from clients	30	1,678	479
Other receivables from related parties		72	53
Advance payments to suppliers		38	-
Refundable VAT		281	262
Receivables from employees		63	35
Other receivables		43	111
		2,175	940
<i>Non-current part of trade and other receivables</i>			
Other receivables		62	62
		62	62

19. Assets classified as held for sale and discontinued operations

	31.12.2019 EUR'000	31.12.2018 EUR'000
Assets classified as held for sale related to:		
Karlovo Biomass	8,636	14,636
Heat Biomass	1,274	2,274
Biomass Distribution	-	3,650
	9,910	20,560

19.1 Assets classified as held for sale

At the end of 2018 the management decided to discontinue the development of the investment projects of Karlovo Biomass EOOD, Biomass Distribution EOOD and Heat Biomass EOOD. Negotiations for the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD continue and sale is expected in the course of 2020. As at 31 December 2019 it was decided that the palletization installations and all other supporting equipment of Biomass Distribution would not be sold but rather put back in use and utilized for production purposes. The assets of Biomass Distributions EOOD were accordingly reclassified to property, plant and equipment. (See note 13)

The assets classified as held for sale are presented at the lower of their carrying value and their fair value less cost of the disposal. In 2018 impairment losses of EUR 285 for write-downs of the assets held for sale to the lower of the carrying amount and the fair value less cost to sell have been recognised. The impairment losses have been applied to reduce the carrying amount of the property, plant and equipment reclassified to assets held for sale. Further impairment loss amounting to EUR 7,000 thousand was recognized in 2019 based on best management estimates.

The assets held for sale are part of Operating Segment 1 Construction, management and operation of biomass power plants and palletization plants (see Note 29).

All assets held by Karlovo Biomass EOOD are pledged in favour of United Bulgarian Bank AD in relation to loan contract disclosed in Note 24.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

19. Assets classified as held for sale and discontinued operations (continued)

19.2 Assets classified as held for sale and discontinued operations

In 2018 the Group was in negotiations with certain parties with respect to the sale of Eqtec plc's subsidiary, Pluckanes Windfarm Limited, which was involved in the generation of electricity through wind. The disposal intention was consistent with the Group's long-term policy for Eqtec plc and its subsidiaries to focus its activities as a technology solution group for waste gasification to energy projects.

Pluckanes Windfarm Limited was part of the group of Eqtec plc which was acquired by Akiles Corporation SE on 7 February 2017 and over which control was lost on 6 August 2018. In that regards the results presented below only cover the periods when control was exercised by Akiles Corporation SE, namely: 1 January 2018 to 6 August 2018

Result of discontinued operations

The combined results of the discontinued operations included in the loss for the year are set out below.

<i>For the period</i>	1.01.2018-6.08.2018
	EUR'000
Revenue	106
Administrative expenses	(65)
Profit from operating activities	41
Finance cost	(20)
Net finance costs	(20)
Profit from discontinued operations before income tax	21
Income tax	-
Profit from discontinued operations	21
Profit from discontinued operations attributable to:	
Owners of the parent	11
Non-controlling interests	10
Profit from discontinued operations	21

Cash flows used in discontinued operations

<i>For the period</i>	1.01.2018-6.08.2018
	EUR'000
Net cash flows from discontinued operations from operating activities	89
Net cash flows from discontinued operations used in financing activities	(61)
Net increase in cash and cash equivalents	28
Cash and cash equivalents at the beginning of the period	105
Cash and cash equivalents in the disposal group at the end of the period	133

Assets and liabilities classified as held for sale:

	06.08.2018
	EUR'000
Assets classified as held for sale:	
Property, plant and equipment	1,121
Trade and other receivables	17
Cash and cash equivalents	133
	1,271
Liabilities classified as held for sale:	
Loans and borrowings	944
Trade and other payables	13
	957

The disposal group was part of Operating Segment 1 (see Note 29).

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

20. Inventory

	31.12.2019 EUR'000	31.12.2018 EUR'000
Goods	85	72
Raw materials and consumables	76	84
Work in progress	30	136
Production	13	-
Spare parts	-	176
	204	468

During 2019 the Group tested its inventories for impairment and wrote them down to their net realisable value, which resulted in a loss of EUR 176 thousand (2018: EUR 293 thousand).

21. Cash at bank and in hand

	31.12.2019 EUR'000	31.12.2018 EUR'000
Cash at bank	55	86
Cash in hand	131	1
	186	87

22. Capital and capital reserves

22.1. Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the parent company Akiles Corporation SE. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

As at 31 December 2019 the Company has issued 27,367,811 ordinary shares (31 December 2018: 20,918,186) with a nominal value of EUR 1 (BGN 1.96) each. A capital increase for EUR 6,450 thousand was made on 6 November 2019 where the newly subscribed capital was allocated as follows:

- EUR 4,500 EUR thousand being an in-kind contribution of a 50% holding in Interavers OOD;
- EUR 100 EUR thousand being an in-kind contribution of a 50% holding in HM Hotels JSC;
- EUR 1,850 thousand through conversion of the debt to EF FACET DISCRETIONARY PORTFOLIOS under bond emission.

22.2. Share Premium Reserve

The share premium reserve is the difference between consideration received or receivable for the issue of shares and the nominal value of the shares, net of share issue costs. Share premium reserve may be distributed as dividends under certain conditions, required to be fulfilled as per Bulgarian Trade Law.

23. Loss per share

Basic loss per share

The calculation of basic loss per share (LPS) at 31 December 2019 is based on the loss attributable to ordinary shareholders of EUR 21,348 thousand (31 December 2018: restated loss of EUR 14,248 thousand), and a weighted average number of ordinary shares outstanding of 21,993 thousand (31 December 2018: 20,899 thousand), calculated as follows:

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

23. Loss per share (continued)

(i) Loss attributable to ordinary shareholders (basic)

In thousands of EUR

	31.12.2019	31.12.2018 Restated
Loss for the year	(21,348)	(14,248)
Loss attributable to ordinary shareholders	(21,348)	(14,248)

(ii) Weighted average number of ordinary shares (basic)

In thousands of shares

	31.12.2019	31.12.2018
Issued ordinary shares at 1 January	20,918	20,918
New share issue on 6 November 2019	6,450	-
Effect from repurchased own shares	(19)	(19)
Weighted average number of ordinary shares at 31 December	21,993*	20,899
Loss per share (EUR)	(0.971)	(0.682)

* Weighted average number of shares for 2019 calculated as follows due to the fact the new shares were only issued in November 2019: $20,918 \times 10/12 + 27,368 \times 2/12$

Diluted earnings per share

The Group does not have dilutive potential ordinary shares in the form of bonds, convertible into shares of the parent (Akiles Corporation SE) or share options.

The Parent Company has issued a total of 5,500,000 warrants on the name of GEM Global Yield LLC based on a resolution of the General Shareholders Meeting of the Company held on 15 July 2018, authorising the issuance of warrants up to a maximum amount of EUR 50,000,000 and delegating to the board of directors of the Company the issuance and delivery of any warrants issued under the authorisation from the General Shareholders Meeting of the Company, and the resolution of the Board on 15 March 2019.

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing bank loans and issued corporate bonds, which are measured at amortised cost. More information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 28.

		31.12.2019	31.12.2018
<i>In thousands of EUR</i>			
Non-current liabilities			
Unsecured corporate bonds issues	24.2	-	15,774
Bank loans	24.1	611	55
Other non-current loans and borrowings	24.3	69	69
Lease liabilities	24.4	74	-
		754	15,898
Current liabilities			
Unsecured corporate bonds issues	24.2	17,206	1,845
Bank loans	24.1	4,853	4,461
Loans payable to related parties	30	910	943
Other loans and borrowings	24.3	2,887	2,773
Lease liabilities	24.4	48	1
		25,904	10,023

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

As at 31 December 2019 interest payments for the amount of EUR 2,163 thousand, which fell due in 2018 and 2019, have not been paid and are considered overdue. The non-payment of these liabilities represents an event of default and they could become immediately payable upon discretion of the bondholders.

The Group is also in delay with interest payments and other penalty interest and taxes amounting to EUR 543 thousand as well as overdue principal amounting to EUR 840 thousand in relation to a bank loan received from UBB by Karlovo Biomass EOOD, as disclosed in Note 24.1. The non-payment of these liabilities (principal and interests) represents an event of default and the total amount of EUR 4,370 thousand could become immediately payable upon discretion of the bank.

24.1 Bank loans

Bank loans structure as at 31 December 2019:

Bank	Borrower	Interest rate	Balance 31.12.2019 EUR'000	Maturity
UBB AD	Karlovo Biomass EOOD	3M EURIBOR +6%	4,370	overdue principle and interest payments; payable on demand
BBVA	Akiles Corporation SE	2.00%	357	30.11.2023
Credit Suisse/Magellan GFS	Akiles Corporation SE	2.0675%	236	23.03.2022
BNP Paribas-overdraft	Akiles Corporation SE	n/a	7	Payable on demand
Sabadell – credit card	Akiles Corporation SE	n/a	8	Payable on demand
Eurobank Bulgaria	PetrolProm Bulgaria EOOD	Prime Eurobank+3.25%	280	30.01.2020
Banco Popular	TNL SL	6.50%	11	14.11.2020
Banco Sabadell	TNL SL	4.00%	55	31.07.2028
La Caixa Bank	TNL SL	4.62%	131	04.05.2018
Credit cards	TNL SL	n/a	4	Payable on demand
Credit cards	Wintec World SL	-	5	Payable on demand
TOTAL BANK LOANS			5,464	

31 December 2019	Total	Up to 1 year	1-2 years	3-4 years
EUR'000				
Short term loans	4,853	4,853	-	-
Long term loans	611	-	71	540
	5,464	4,853	71	540

In 2019 repayment of principle amounting to EUR 840 thousand on the loan granted by UBB AD to Karlovo Biomass EOOD was due prior to the reporting date. In 2018 repayment of principle amounting to EUR 406 thousand on the loan granted by UBB AD to Karlovo Biomass EOOD was due prior to the reporting date.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.1 Bank loans (continued)

Bank loans structure as at 31 December 2018:

Bank	Authorised limit of loan EUR'000	Interest rate	Balance 31.12.2018 EUR'000	Maturity
		3M EURIBOR		overdue principle payments;
UBB AD	5,600	+6%	4,083	payable on demand
BBVA	142	4.50%	142	30.06.2020
BBVA	150	2.65%	89	23.01.2020
Andbank-overdraft	n/a	n/a	4	Payable on demand
BNP Paribas - overdraft	n/a	n/a	7	Payable on demand
Popular Bank	19	6.50%	19	14.11.2020
Escrow account – Banco Sabadell	62	8.05%	62	17.06.2018
Escrow account – Lacaixa Bank	103	4.62%	104	04.05.2018
Credit cards	n/a	-	6	Payable on demand
TOTAL BANK LOANS			4,516	
31 December 2018		Total	Up to 1 year	1-2 years
EUR'000				
Short term loans		4,461	4,461	-
Long term loans		55	-	55
		4,516	4,461	55

24.2 Corporate bonds

In thousands of EUR

Carrying amount of liability at 1 January 2018	16,772
Accrued interest	1,272
Paid interest	(416)
Revaluation of GBP bonds as at 31 December 2018	(9)
Carrying amount of liability at 1 January 2019/31 December 2018	17,619
Accrued interest	1,369
Paid interest	(1,850)
Net FX loss on GBP bonds during 2019	68
Carrying amount of liability at 31 December 2019	17,206

On 18 June 2015, 30 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 18 June 2020 and maturity dates of the coupon payments shall be as follows: 18 June 2016, 18 June 2017, 18 June 2018, 18 June 2019 and 18 June 2020. Akiles Corporation SE shall have the right after expiration of a 36-month period as from the date of issue, to buy-back from the bond holders some or all of the bonds at nominal value plus the accrued interest of the coupons, calculated as to the date of exercising such call option.

The Company shall have the right after expiration of a 36-month period as from the date of issue, to buy-back from the bond holders some or all of the bonds at nominal value plus the accrued interest of the coupons, calculated as to the date of exercising such call option.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.2 Corporate bonds (continued)

On 16 December 2015, 40 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 22 December 2020 and maturity dates of the coupon payments shall be as follows: 22 December 2016, 22 December 2017, 22 December 2018, 22 December 2019 and 22 December 2020.

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20 April 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 12 July 2016, 35 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 12 July 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 24 February 2017, 16 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of GBP 100 thousand each. Maturity date of the principal payment shall be 24 February 2022 and maturity dates of the coupon payments shall be as follows: 24 February 2018, 24 February 2019, 24 February 2020, 24 February 2021 and 24 February 2022. On 6 November 2019 the principle liability under this bond emission was converted in 1,850 thousand equity shares issued to the former bond holder.

On 2 June 2017, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by Akiles Corporation SE with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 2 June 2022 and maturity dates of the coupon payments shall be as follows: 2 June 2018, 2 June 2019, 2 June 2020, 2 June 2021 and 2 June 2022.

The initial placement of bond emissions 2-6 was done through the Luxembourg Stock Exchange. As of 31 December 2018, the bonds are traded on Euro MTF market of the Luxembourg Stock Exchange which is an exchange regulated market and is a MTF in accordance with the MiFID Directive.

On 7 June 2019 Akiles Corporation SE signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12,056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4,000 will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Akiles Corporation SE should always be less than 10%. This amount could be increased to up to EUR 6,000 under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Akiles Corporation SE for the year-end 2021.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.2 Corporate bonds (continued)

- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100,000,000 shares Akiles Corporation SE holds in EQTEC plc, first rank pledge over 100% of the shares that Akiles Corporation SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Akiles for the total amount of EUR 21,260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Akiles Corporation SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

The agreement signed on 7 June 2019 is expected to become effective and enter in force in the course of 2020. Although the agreement expired on 15 December 2019, the Management is still in negotiations with the bondholders.

24.3 Other loans and borrowings

	31.12.2019 EUR'000	31.12.2018 EUR'000
Loans provided by third parties to Akiles Corporation SE	2,180	2,080
Loans provided by third parties to Wintec World SL	626	276
Loans provided by third parties to TNL SL	150	486
	2,956	2,842

As at 31 December 2019 Akiles Corporation SE was granted credit funding by third parties under two loan agreements under the below terms and conditions:

- EUR 1,000 thousand received on 28 February 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.
- EUR 1,000 thousand received on 29 March 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.

As of the date of signing the financial statements the payments of the principle and the accumulated interest for loan agreement dated 28 February 2018 was part of the bonds' conversion agreement (signed but not effectively in force yet) as described above. The outstanding loan balance related to both contracts has not been repaid as at the date of these financial statements.

In August 2019 Akiles Corporation SE received a loan of EUR 250 thousand from European High Growth Opportunities Securitization Fund which was settled by providing 2,488,000 own shares to the lender. The shares were effectively lent from Elektra Holding AD.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.4 Lease

The Group leases office premises for a period of 3 years and a vehicle for a period of 5 years.

(i) Lease liabilities

In thousands of EUR

Current	74
Non-current	48
	<hr/>
	122

(ii) Amounts recognised in profit or loss

In thousands of EUR

2019 – Leases under IFRS 16

2019

Interest of lease liabilities	5
Expenses related to short-term leases	45
Depreciation of ROU leased premises	45
Depreciation of leased vehicle	3

2018 – Operating leases under IAS 17

Lease expense	197
---------------	-----

(iii) Amounts recognised in statement of cash flows

In thousands of EUR

2019 – Leases under IFRS 16

2019

Total cash outflow for leases	(49)
-------------------------------	------

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.5 Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of EUR

	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Lease liabilities	Other loans and borrowings	Total
Balance at 1 January 2019	17,619	943	4,516	1	2,842	25,921
Changes from financing cash flows						
Proceeds from loans and borrowings	-	1	1,173	-	800	1,974
Repayment of borrowings	-	(67)	(873)	-	(204)	(1,144)
Payment of lease liabilities	-	-	-	(48)	-	(48)
Total changes from financing cash flows	-	(66)	300	(48)	596	782
The effect of changes in foreign exchange rates	68	-	(9)	-	-	59
Other changes						
Liability related						
New lease	-	-	-	165	-	165
Acquired through business combinations	-	-	365	129	-	494
Lease contract termination	-	-	-	(125)	-	(125)
Debt converted to equity	(1,850)	-	-	-	-	(1,850)
Repaid by transfer of own shares (lent from Elektra Holding AD)	-	-	-	-	(250)	(250)
Repaid by transfer of shares in Edtec plc	-	-	-	-	(242)	(242)
Offset against receivables	-	33	-	-	(132)	(132)
Interest expense	1,369	-	471	5	156	2,034
Interest paid	-	-	(179)	(5)	(14)	(198)
Total liability related other changes	(481)	33	657	169	(482)	(104)
Balance at 31 December 2019	17,206	910	5,464	122	2,956	26,658

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.5 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

In thousands of EUR

Balance at 1 January 2018

Changes from financing cash flows

Proceeds from loans and borrowings

Transaction costs related to loans and borrowings

Repayment of borrowings

Payment of financial lease liabilities

Total changes from financing cash flows

Changes arising from losing control over subsidiaries

The effect of changes in foreign exchange rates

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

24. Loans and borrowings (continued)

24.5 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

In thousands of EUR

Balance at 1 January 2018

Changes from financing cash flows

Proceeds from loans and borrowings

Transaction costs related to loans and borrowings

Repayment of borrowings

Payment of financial lease liabilities

Total changes from financing cash flows

Changes arising from losing control over subsidiaries

The effect of changes in foreign exchange rates

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

Liability related

Other changes

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

25. Taxation

For the year ended 31 December

	2019 EUR'000	2018 EUR'000
Current tax expense		
Current period	(26)	-
Deferred tax expense	(77)	-
Origination and reversal of temporary differences	-	(441)
Income tax (expense) for the period	(103)	(441)

Reconciliation of effective tax rate:

	2019 EUR'000	2018 EUR'000 Restated
Loss before tax from continuing operations	(21,258)	(15,617)
Income tax using the Parent company's domestic tax rate, 10%	2,126	1,562
Effect of tax rates in foreign jurisdictions*	489	711
Tax exempt income	46	934
Effect of share of profit of equity-accounted investees	(53)	(47)
Permanent differences	(365)	(46)
Net effect of deferred taxes not recognised	(2,053)	(2,060)
Deferred tax asset write-off	(293)	(1,495)
Income tax expense	(103)	(441)
Effective tax rate	0%	(3%)

* Part of the subsidiaries and sub-subsidiaries operate in tax jurisdictions with higher tax rates (Spain and Italy).

Recognised deferred tax assets and liabilities

In thousands of EUR	Assets		Liabilities		Net	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Land and developments costs	-	-	344	578	344	578
Tax loss carry-forwards	(403)	(716)	-	-	(403)	(716)
Tax (assets)/ liabilities	(403)	(716)	344	578	(59)	(138)

Under the current provisions of Bulgarian Corporate Income Tax Act, a company may use its accumulated loss without restriction in the time period to reduce the income tax it would otherwise have to pay on future taxable income.

Under applicable tax legislation as of 31 December 2019 for the subsidiaries, the tax losses can be carried forward for a period from 5-12 years (depending on the year when incurred) in Portugal and there is no limit for utilization of these losses in Spain and Italy.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

26. Trade and other payables

	<i>Note</i>	31.12.2019 EUR'000	31.12.2018 EUR'000 Restated
Trade payables to suppliers		3,699	2,037
Trade payables to related parties	30	-	45
Trade payables		3,699	2,082
Payables for investments acquisition (PetrolProm Bulgaria OOD)		540	-
Payables to employees		207	304
Tax and contributions liabilities		178	198
Other payables to related parties	30	989	490
Other payables		45	89
Other payables		1,959	1,081
Total		5,658	3,163

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

27. Provisions

	31.12.2019 EUR'000	31.12.2018 EUR'000
Future demolition costs, Galina plant, Syngas Italy S.R.L.	-	114
Legal disputes	-	124
	-	238

28. Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since their carrying amount is considered to be a reasonable approximation of the fair value.

31 December 2019

<i>In thousands of EUR</i>	<i>Note</i>	FVTPL	Financial assets at amortised cost	Other financial liabilities	Total	Fair value
Financial assets measured at fair value						
Equity securities – Eqtec plc	17	609	-	-	609	Level 1
Equity securities - others	17	4,600	-	-	4,600	Level 3
		5,209	-	-	5,209	
Financial assets not measured at fair value						
Loans provided		-	148	-	148	-
Trade receivables	18		1,678		1,678	
Cash and cash equivalents	21		186		186	
		-	2,012	-	2,012	-

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

28. Financial instruments (continued)

Financial liabilities measured at fair value

Own shares lent by Elektra Holding AD	30	(795)	-	-	(795)	Level 1
		(795)	-	-	(795)	

Financial liabilities not measured at fair value

Loans and borrowings	24	-	(26,658)	(26,658)	
Trade payables	26	-	(3,699)	(3,699)	
Other payables	26	-	(540)	(540)	
Other payables to related parties	30	-	(194)	(194)	
		-	(31,091)	(31,091)	

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The policy sets limit for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from third parties.

The carrying amount of Group's financial assets represent the maximum exposure to credit risk.

Trade receivables and loans provided

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date was as follows:

	Note	31.12.2019 EUR'000	31.12.2018 EUR'000
Trade receivables from clients	18	1,678	479
Loans provided		148	246
Bank balances	21	55	23
		1,881	748

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

28. Financial instruments (continued)

(a) Credit risk (continued)

Impairment

Impairment losses on financial assets recognised in profit or loss were as follows:

In thousands of EUR

Recognised in profit or loss

	2019	2018
Impairment loss on trade receivables from contracts with customers	-	467
	-	467

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 186 thousand at 31 December 2019 (31 December 2018: EUR 87 thousand).

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group estimated that the application of IFRS 9's impairment requirements at 31 December 2019 and at 31 December 2018 does not have a material effect on the consolidated financial statement.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2019:

	<i>Note</i>	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000
Non-derivative financial liabilities						
Bank loans	24.1	5,464	(5,860)	(5,207)	(82)	(571)
Corporate bonds	24.2	17,206	(17,851)	(17,851)	-	-
Other loans and borrowings	24.3	2,956	(3,056)	(3,056)	-	-
Loans due to related parties	30	910	(950)	(950)	-	-
Other payables to related parties	30	989	(989)	(989)	-	-
Trade payables	26	3,699	(3,699)	(3,699)	-	-
Other payables	26	540	(540)	(540)	-	-
Lease	24.4	122	(133)	(54)	(54)	(25)
		31,886	(33,078)	(32,346)	(136)	(596)

AKILES CORPORATION SE
31 December 2019
Notes to the consolidated financial statements

28. Financial instruments (continued)

(b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2018:

	<i>Note</i>	Carrying amount EUR'000	Contractual cash flows EUR'000	up to 1 year EUR'000	1-2 years EUR'000	2-5 years EUR'000
Non-derivative financial liabilities						
Bank loans	24.1	4,516	(4,806)	(4,747)	(59)	-
Corporate bonds	24.2	17,619	(21,129)	(1,875)	(8,525)	(10,729)
Other loans and borrowings	24.3	2,842	(2,879)	(2,804)	(75)	-
Loans due to related parties	30	943	(980)	(980)	-	-
Payables to related parties	30	535	(535)	(535)	-	-
Trade and other payables	26	2,345	(2,345)	(2,345)	-	-
Finance lease	24	1	(1)	(1)	-	-
		28,801	(32,675)	(13,287)	(8,659)	(10,729)

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Group's exposure to currency risk is relatively small since its all financial assets and liabilities are denominated in BGN or EUR. According to the local currency legislation of the parent company, the rate of the BGN is fixed to the EUR at EUR 1 = BGN 1,95583.

The Group's management does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

The Group had an exposure in GBP as one of the bond emissions is denominated in GBP. As of 31.12.2018 the nominal value of the liability is GBP 1,600 thousand. As of 31.12.2019 the bond liability is settled down by issuance of equity shares and the Group has an outstanding interest liability amounting to GBP 193 thousand. If the currency exchange rate has been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the period would increase/decrease by EUR 38 thousand (2018: EUR 102 thousand).

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

28. Financial instruments (continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that interest bearing assets and liabilities may change in value, because of fluctuations of the market interest rates. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of EUR</i>	Nominal amount	
	31.12.2019	31.12.2018
	EUR'000	EUR'000
Fixed rate instruments		
Financial assets	203	445
Financial liabilities	(19,034)	(19,857)
	(18,831)	(19,412)
<i>In thousands of EUR</i>	Nominal amount	
	31.12.2019	31.12.2018
	EUR'000	EUR'000
Variable rate instruments		
Financial liabilities	(4,234)	(3,954)
	(4,234)	(3,954)

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding for the whole year. If interest rates have been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the period would increase/decrease by EUR 42 thousand (2018: EUR 40 thousand).

Equity risk

The Group accounts the investment in shares in EQTEC PLC at fair value. As at 31 December 2019 Akiles Corporation SE owned 450,595,698 shares in Eqtec plc valued with reference to the market price at AIM on the London Stock Exchange on that date which was 0.115 GBX/share. If the currency exchange has been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the period would increase/decrease by EUR 6 thousand (2018: EUR 72 thousand).

The Group accounts the liability towards Elektra Holding AD at fair value with reference to the market price at MAB on the Spanish Stock Exchange. If the fair value has been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the period would increase/decrease by EUR 79 thousand (2018: 64 EUR 31 thousand).

Capital management

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year.

Fair value of financial assets and liabilities

The carrying values of the Group's financial assets and liabilities, not measured at fair value, approximate their fair values.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

29. Segment Reporting

As at 31 December 2019/31 December 2018 the Group has three/two reportable segments.

A) Basis for segmentation

The Group has 3 strategic segments which offer different products and services and are managed separately due to the fact that they require different technological and marketing strategies. The description of the activity in each reporting segment is the following:

- Construction, management and operation of biomass power plants and pellet power plants
- Sale and management of waste collection systems
- Gas and oil trading

The CEO of the Group reviews internal reports at least once every 3 months.

B) Information on the operating segments

Information related to each reportable segment is set out below.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

29. Segment Reporting (continued)

	Segment 1 Construction, management and operation of biomass power plants and pelletization plants		Segment 2 Sale and management of waste collection systems		Segment 3 Gas and oil trading		Total
For the year ended In thousands of EUR	31.12.2019	31.12.2018	31.12.2019	31.12.2018 Restated	31.12.2019*	31.12.2018 Restated	
Revenues	-	756	1,692	1,846	2,164	3,856	2,602
Raw materials and consumables used	(39)	(657)	-	(6)	(259)	(298)	(663)
Cost of goods sold	-	(4)	(1,505)	(1,090)	(1,722)	(3,227)	(1,094)
Expenses for hired services	(305)	(839)	(122)	(336)	(16)	(443)	(1,175)
Inter segment incomes/(expenses) for hired services	-	17	-	(17)	-	-	-
Employee benefit expenses	(453)	(1,469)	(334)	(783)	(36)	(823)	(2,252)
Depreciation and amortisation	(128)	(250)	(33)	(200)	(7)	(168)	(450)
Impairment of tangibles and intangibles	(4,279)	(7,820)	-	-	-	(4,279)	(7,820)
Impairment loss on remeasurement of assets held for sale	(7,000)	(285)	-	-	-	(7,000)	(285)
Goodwill impairment	(288)	(2,046)	-	(2,641)	-	(288)	(4,687)
Impairment loss on trade receivables	-	(26)	-	(441)	-	-	(467)
Loans remitted	(113)	(1,700)	-	(9)	-	(113)	(1,709)
Other expenses	(625)	(1,155)	(60)	(157)	(3)	(688)	(1,312)
Profit/ (Loss) from operating activities	(13,230)	(15,478)	(362)	(3,834)	121	(13,471)	(19,312)
Finance income	7	35	-	-	-	7	35
Finance expenses	(3,457)	(2,486)	(56)	(113)	(8)	(3,521)	(2,599)
Inter-segment finance income/(expense)	66	88	(65)	(88)	(1)	-	-
Inter-segment finance income/(expense)	(2)	-	2	-	-	-	-
Net finance costs	(3,386)	(2,363)	(119)	(201)	(9)	(3,514)	(2,564)
Share of loss of equity accounted investees	(531)	(474)	-	-	-	(531)	(474)
Impairment of investments	(980)	(2,109)	-	-	-	(980)	(2,109)
Loss on disposal of associates	(3,229)	-	-	-	-	(3,229)	-
Gain on disposal of subsidiaries	457	6,261	-	2,581	-	457	8,842
Gain on bargain purchases	-	-	-	-	10	10	-
Profit/ (Loss) before income tax	(20,899)	(14,163)	(481)	(1,454)	122	(21,258)	(15,617)
Income tax (expense)/ benefit	(82)	48	-	(489)	(21)	(103)	(441)

*The segment includes PetrolProm Bulgaria OOD, the results of which are consolidated since 3 June 2019 and Silena Company OOD – consolidated since 9 August 2019

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

29. Segment Reporting (continued)

Continued

	Segment 1 Construction, management and operation of biomass power plants and pelletization plants		Segment 2 Sale and management of waste collection systems		Segment 3 Gas and oil trading		Total
	31.12.2019	31.12.2018	31.12.2019	31.12.2018 Restated	31.12.2019*	31.12.2018	31.12.2018 Restated
For the year ended							
<i>In thousands of EUR</i>							
Profit/ (Loss) from continuing operations	(20,981)	(14,115)	(481)	(1,943)	101	(21,361)	(16,058)
Profit from discontinued operations	-	21	-	-	-	-	21
Profit/ (Loss) for the year	(20,981)	(14,094)	(481)	(1,943)	101	(21,361)	(16,037)
Other comprehensive income/(loss)	7	(22)	-	57	-	7	35
Total comprehensive income/(loss)	(20,974)	(14,116)	(481)	(1,886)	101	(21,354)	(16,002)

	Segment 1 Construction and Management of Biomass Power Plants		Segment 2 Sale and management of waste collection systems		Segment 3 Gas and oil trading		Total
	31.12.2019	31.12.2018 Restated	31.12.2019	31.12.2018	31.12.2019 *	31.12.2018	31.12.2018 Restated
<i>In thousands of EUR</i>							
Total assets for reportable segments	23,507	38,384	1,116	1,711	2,479	27,102	40,095
Total liabilities for reportable segments	29,144	27,988	1,685	2,390	1,857	32,686	30,378

*The segment includes PetrolProm Bulgaria OOD, the results of which are consolidated since 3 June 2019 and Silena Company OOD – consolidated since 9 August 2019.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

30. Related party transactions and balances

Related parties are as follows:

Related party	Relationship
Southeimer LLC, Spain	Ultimate parent
Elektra Holding AD, Bulgaria	Parent of Akiles Corporation SE
Arrizabal Elkarte SL, Portugal	shareholder in the subsidiary TNL SL
Eqtec plc and its subsidiaries	Associate (after August 2018; till June 2019)
Foad Jaffal (till the moment of disposal of Wintec SGPS)	shareholder in the subsidiary Wintec SGPS

Directors

The Executive Director of Akiles Corporation SE is Jose Oscar Leiva Mendez.

Remuneration of key management personnel of the group for 2019 is EUR 171 thousand (2018: EUR 548 thousand).

Balances with related parties

In thousands of EUR

	Balance outstanding as at			
	31.12.2019		31.12.2018	
	Receivables	Payables	Receivables	Payables
Elektra Holding AD	-	(805)	-	(310)
Eqtec plc	-	(70)	-	(60)
Eqtec Iberia SL	-	-	-	(45)
Directors	72	(114)	53	(120)
	<u>72</u>	<u>(989)</u>	<u>53</u>	<u>(535)</u>

EUR 795 thousand out of the total amount of EUR 805 thousand payable to Elektra Holding AD as at 31 December 2019 (31 December 2018: EUR 300 thousand) are related to share lending agreements signed between Akiles Corporation SE and Elektra Holding AD where Elektra has effectively lent 4,568,216 shares (2018: 1,515,760 shares) to Akiles which were either sold by Akiles or used for the purpose of repayment of its loan liabilities. The liability to Elektra is measured based on the number of shares effectively lent and with reference to the market price of the shares at MAB as at 31 December 2019 – 0.174 EUR per share.

Loans due to related parties

In thousands of EUR

Payable to:	Balance outstanding as at	
	31.12.2019	31.12.2018
Elektra Holding AD	(714)	(753)
Close family members of the management	(196)	(190)
	<u>(910)</u>	<u>(943)</u>

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

30. Related party transactions and balances (continued)

Transactions with related parties

<i>In thousands of EUR</i>	Description	For the year ended 31.12.2019	For the year ended 31.12.2018
Arrizabal Elkarte SL	Cost of goods sold	-	(33)
Arrizabal Elkarte SL – amount offset	Loans	-	(75)
Elektra Holding AD – amounts received and payments made on behalf of the Group	Loans	1	87
Elektra Holding AD – amounts repaid	Loans	(65)	(80)
Elektra Holding AD – interest accrued	Loans	26	27
Elektra Holding AD – own shares borrowed	Loans	3,052,456 shares	1,515,760 shares
Other loans provided by related parties	Loans	-	153
Repaid loans to other related parties	Loans	(2)	(3)
Other loans provided by related parties – interest accrued	Loans	7	3
Eqtec plc - services received	Trade	(10)	-

31. Correction of errors

The direct holdings acquired by Akiles Corporation SE in TNL SL, Winttec World SL, TNL World SL and Winttec Greece IKE in September 2018 should not have been treated as a share-for-share exchange with Winttec SGPS but rather as purchase requiring a further payment of EUR 500 thousand. The correction of the error result in:

- Recalculation (decrease) of the profit on disposal of Winttec SGPS by EUR 500 thousand;
- Recognition of a liability amounting to EUR 500 thousand.

The effect of the correction of the error impacting this set of financial statements is as follows:

Consolidated statement of financial position

<i>In thousands of EUR</i>	Trade and other payables	Retained earnings / profit or loss
Balances at 31 December 2018, as previously reported	2,663	(26,505)
Adjustments	500	(500)
Restated balances at 31 December 2018	3,163	(27,005)

Statement of profit or loss and other comprehensive income

<i>In thousands of EUR</i>	2018
Decrease in:	
Gain on disposal of subsidiaries	500
Result for the period	500

The Group's basic loss per share for the financial year 2018, taking into consideration the changes described above would have been (0.682) EUR/per share.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

32. Commitments and contingent liabilities

Akiles Corporation SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 31 December 2019 (31 December 2018) the outstanding liability to this loan is EUR 4,370 thousand (EUR 4,083 thousand) out of which the overdue payment of principle amounting to EUR 840 thousand (2018: EUR 406 thousand) which was due prior to the reporting period end.

The Group has no other commitments or contingent liabilities as at 31 December 2019 and 31 December 2018.

33. Events after the reporting period

At the end of 2019, Chinese news emerged for the first time about COVID-19 (Coronavirus) when a limited number of unknown virus cases were reported to the World Health Organization. During the first months of 2020, the virus spread globally and accelerated its negative impact. On 11 March 2020, after cases of new Coronavirus disease (COVID-19) strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On 13 March 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria because of the Coronavirus (COVID-19). State of emergency was declared in Spain as well. In connection with the pandemic and the related impact for the Group, a significant non-adjusting event has occurred until the date of issuance of these financial statements.

The pandemic has had significant impact on the global economy - principally through lockdowns worldwide, social distancing, closed businesses and unprecedented stock market declines. Global health concerns related to COVID-19 outbreak has dramatically increased economic uncertainty. The pandemic has forced state authorities worldwide to implement numerous measures to try to contain the virus, such as travel restrictions, quarantines and business shutdowns. These measures have significantly reduced consumer spending and restricted business operations and may remain in place for a long period of time continuing to adversely affect the business activity of the companies internationally.

Respectively, Akiles Group and its business activities have been significantly affected by this pandemic. The revenues generated from petrol and petrol related products have been significantly reduced due to very low consumer spending in the 1st half of 2020. Similar is the impact on the sale of waste management solutions by our subsidiaries in Spain as many of the clients are municipalities and the public tenders have been paralyzed. The negotiations for financing with current and potential investors and bondholders have been delayed over this period. The Group had to modify its business practices including business travel, remote working for our employees, cancellation of physical participation in business meetings, etc. The management of the Group is committed to undertake further actions if necessary or as may be required by state authorities to ensure safety of our employees, customers and business partners.

Even after the COVID-19 outbreak is over the Group may continue to experience materially adverse consequences on its business activity as a result of the global economic crisis including any recession that has occurred or may occur in the future. Therefore, the overall impact on the Group's business activity and its financial performance will depend on future developments, which are highly uncertain and currently cannot be predicted. However, the Management has been actively working to minimize the negative impact, to seek additional financing and to follow the Group's business strategy. The management of Akiles Group will continue to monitor the development of the situation and the effect on all aspects of the Group's activities.

In view of this, the management believes that the Group's ability to continue as a going concern will not be impaired due to the impact of the coronavirus pandemic on its future financial positions and its operating results.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

33. Events after the reporting period (continued)

On 9 January 2020 a garnishment over the quotas in the capital of Silena Company, owned by PetrolProm Bulgaria OOD, was imposed. The injunction order is requested by a creditor of PetrolProm – PETROL AD. The creditor has unpaid receivables against PetrolProm at the amount of EUR 11 thousand as at the date of imposition of the injunction order, arising from commercial agreement for delivery of petroleum products. The management of PetrolProm Bulgaria OOD undertakes to perform full payment of the due amounts within the second half of 2020.

On 3 April 2020 the Executive Director of Akiles Corporation terminated unilaterally and on the grounds of art. 306, para. 5 of the Bulgarian Commerce Act, due to continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 03.04.2019 which Akiles has signed with Stanislav Novakov for acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this unilateral termination of the contractual relations with Stanislav Novakov, Akiles returned to him the ownership over 50% of the shares capital of HM Hotels JSC.

There are no other significant non-adjusting events or any adjusting events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

34. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, modified for certain fixed assets, such as land, measured at fair values.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU.

35. Significant accounting policies

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

Basis for consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred for the acquisition of subsidiary is the fair values of assets transferred, the liabilities incurred to the former owners of the acquire and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from contingent consideration arrangement. Identifiable assets acquired and contingent consideration assumed in business combination are measured at fair values at the acquisition date. Acquisition costs are expensed as incurred.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- at fair value; or
- At their proportionate share of the acquirer's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Basis for consolidation (continued)

(iii) Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences and they are deconsolidated from the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, depending on the level of influence retained, it is accounted for as an equity-accounted investee or as a financial asset in accordance with IFRS 9 *Financial instruments*.

(v) Transactions eliminated on consolidation

Intra-group balances arising from intra-group transactions should be eliminated.

(vi) Acquisitions from entities under common control

A business combination under common control is a transaction in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction. These combinations occur where the direct ownership of subsidiaries changes but the ultimate parent remains the same.

When the consideration transferred is less than the fair value of the identifiable net assets acquired, the difference is recognised in equity as capital contribution from the shareholders of the acquirer. When the consideration transferred exceeds the fair value of the identifiable net assets acquired the difference is recognised as goodwill in the consolidated statement of financial position.

(vii) Provisional acquisition accounting

The Group applies provisional acquisition accounting assuming that the acquisition accounting for some amounts is incomplete. Adjustments made to the acquisition accounting during the measurement period may affect the recognition and measurement of assets acquired and liabilities assumed, any non-controlling interests, consideration transferred, any pre-existing interest in the acquire, and goodwill or any gain on a bargain purchase. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed on the acquisition date and, if known, would have affected the measurement amounts recognized at this date. The measurement period ends when the acquirer obtains all information that is necessary to complete the acquisition accounting, or learns that more information is not available, and cannot exceed one year from the acquisition date. Adjustments made during the measurement period are recognised retrospectively and comparative information is revised, i.e. as if the accounting for the business combination had been completed at the acquisition date.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognized in the statement of profit or loss and other comprehensive income, and its share in post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of investment. When the Group's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The key operating decision maker has determined two operating segments for reporting purposes – construction, management and operation of biomass power plants and pelletization plants and sale and management of waste collection systems.

Finance income and finance costs

Finance income comprises interest income on funds invested and gains from transactions in foreign currencies. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings and losses from transactions in foreign currencies.

General and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The functional currency for the subsidiaries Syngas Italy S.R.L., TNL SL Spain and Winttec World SL (former Addom SL) is EUR. The functional currency of the parent and rest of the subsidiaries in the Group is BGN. The consolidated financial statements are presented in thousands of EUR, which is the Group's presentation currency.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances

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

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency at the exchange rate of EUR to BGN of 1/1.95583, as the Bulgarian lev (BGN) is pegged to the euro (EUR).

Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Property, plant and equipment

Property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except land is carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Land is acquired as part of business combination and is initially measured at fair value, determined by licensed valuers. The Group applies the revaluation model stated in IAS 16 for the purposes of subsequent measurement of land. The revalued amount is the fair value of the land as at the date of revaluation less any subsequent accumulated impairment losses.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated using the most appropriate depreciation method - on a straight-line basis or based on the hours in use (for the palletization installation) so as to write off the cost of each asset to its residual value over its estimated useful life. Land is not depreciated. The estimated useful lives of other property, plant and equipment are as follows:

Leasehold buildings	5-50 years
Equipment	4-14 years
Furniture	10 years
Computers	2-5 years
Motor vehicles	4-6 years
Heat boilers	15-20 years
Power plants	12-20 years
Pelletization installation	175,200 machine hours

The residual values and useful lives of the assets 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.

Subsequent costs

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the period 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 Group. 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 and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquire over the fair value of identifiable assets acquired is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses.

If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of net assets in subsidiary acquired, in the case of bargain purchase, the difference is directly recognized in profit or loss.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Intangible assets and goodwill (continued)

Development costs

Project development costs are principally incurred in identifying and developing projects and typically include various licenses, permits, contracts, designs and other. Such costs are expensed as incurred, except when directly attributable costs are capitalised as development costs, where it can be demonstrated the technical feasibility of completing the intangible asset, so that it will be available for use; the intention to complete the intangible asset and use or sell it; the ability to use or sell the asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets acquired as part of business combination are measured initially at fair value, which reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity. The acquirer recognises in a business combination as an asset separately from goodwill an in-process research and development projects of the acquire, when the project meets the definition of an asset.

Intangible assets measured at cost less accumulated amortisation and any accumulated impairment losses. Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation begins when the asset is available for use. When it is in the location and condition necessary the asset to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. 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 recognized in the income statement in the expense category consistent with the function of the intangible assets. The estimated useful lives of the intangible assets are as follows:

Patents and trademarks	5–20 years
Development costs	5 years
Computer software	3 years

Amortization of the development costs in progress will start when the projects are finalised and the production commences.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Leases (continued)

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Leases (continued)

Policy applicable from 1 January 2019 (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as part of the property, plant and equipment line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met;
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Leases (continued)

Policy applicable before 1 January 2019 (continued)

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are included at cost of acquisition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Groups' continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivatives designated as hedging instruments for which hedge accounting is applied.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

(i) Non-financial assets

Goodwill and 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).

(ii) Financial assets

The Group recognises loss allowances for ECLs on its financial assets measured at amortised cost, debt investments measured at FVOCI; and contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Impairment (continued)

(ii) Financial assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Provisions are measured at fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognized as interest expense.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Advance payments are recognised as prepaid expenses to the extent that they will be offset against future payments or refunded. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plan

According to Bulgarian Labour Code at the time when employees acquire pension rights, the company owes 2 monthly salaries for employees with less than 10 years, or 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The Group's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted. The calculation is performed annually based on the projected unit credit method. Except for Bulgaria under the foreign jurisdictions where the Group operates there are no obligations to pay future additional remuneration for the employees, when they reach retirement age.

The Group determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

Remeasurements arising from change in actuarial gains and losses are recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group recognises as a liability the undiscounted amount of the estimated costs related to unused annual leave expected to be paid in exchange for the employee's service for the period completed.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

35. Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Where any Group company purchases the Group's equity share capital (treasury shares) the consideration paid including directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or re-issued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

36. New standards and interpretations not yet adopted

The following new Standards, amendments to Standards and Interpretations, endorsed by the EC, are not yet mandatorily effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. The Group plans to adopt these pronouncements when they become effective.

Standards, Interpretations and amendments to published Standards that have not been early adopted – endorsed by the EC

(a) Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments are effective for annual periods beginning on or after 1 January 2020 and are required to be applied prospectively. Early application is permitted. They clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The Group does not expect the Amendments to have a material impact on its consolidated financial statements when initially applied.

(b) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

The amendments are effective for annual periods beginning on or after 1 January 2020 and are mandatory and apply to all hedging relationships directly affected by uncertainties related to the IBOR reform. The amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships with the effect that IBOR reform should not generally cause hedge accounting to terminate. The key reliefs provided by the amendments relate to:

- 'Highly probable' requirement.
- Risk components
- Prospective assessments
- Retrospective effectiveness test (for IAS 39)
- Recycling of the cash flow hedging reserve.

The Group does not expect the Amendments to have a material impact on its consolidated financial statements when initially applied.

(c) Amendments to References to the Conceptual Framework in IFRS Standards

The amendments are effective for annual periods beginning on or after 1 January 2020.

AKILES CORPORATION SE

31 December 2019

Notes to the consolidated financial statements

36. New standards and interpretations not yet adopted (continued)

(d) Amendments to IFRS 3 Business Combinations

The amendments are effective for annual periods beginning on or after 1 January 2020.

Standards and interpretations not yet endorsed by the EC

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the EC, and therefore are not taken into account in preparing these financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

IFRS 17 Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 and early application is permitted. The Company expects that the standard, when initially applied, will not have a material impact on the presentation of the consolidated financial statements of the Group because the Group does not issue insurance or reinsurance contracts, does not hold reinsurance contracts and does not issue investment contracts with discretionary participation features.

Other amendments

The following amendments and improvements to standards are not expected to have a material impact on the consolidated financial statements of the Group:

- *Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture*
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements.*

AKILES CORPORATION SE
SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2019

SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2019

CONTENTS	PAGE
Director's report	-
Independent Auditor's Report	-
Directors and other Officers	1
Separate statement of profit or loss and other comprehensive income	2
Separate statement of financial position	3
Separate statement of changes in equity	4
Separate statement of cash flows	5
Notes to the separate financial statements	6 - 46

AKILES CORPORATION SE

DIRECTOR'S REPORT

The Board of Directors presents its report and audited separate financial statements of AKILES CORPORATION SE (the Company) for the period ended 31 December 2019.

Incorporation and principal activities

Incorporation

EBIOSS ENERGY SE (the Company) is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital, which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD.

On 1 October 2012 EBIOSS ENERGY EOOD was transformed into EBIOSS ENERGY OOD and on the same date the share capital was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, divided between the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
SunGroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	100	2,423,550	24,236	12,392

The increase of the share capital of EBIOSS ENERGY OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

	Fair value in EUR'000
Subsidiary	
Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Plovdiv Biomass	979
United Biomass	1,090
Total:	12,392

AKILES CORPORATION SE

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Incorporation (continued)

On 12 December 2012 EBIOS ENERGY OOD was transformed into joint stock company EBIOS ENERGY AD.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to SunGroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of the extraordinary general meeting of the shareholders of Ebioss Energy AD, held on 13 February 2017 the company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOS has the legal form of "Societas Europaea" or "SE". The capital of the company was denominated in Euro (the conversion of the registered capital has been made according to the official fixed exchange rate of the Bulgarian National Bank, where €1= BGN 1.95583) and the nominal value of the shares was changed into 1 EUR each, according to the rules of the Regulation. All the other corporate characteristics of the company remained unchanged.

On 6 November 2019 Ebioss Energy SE was renamed to Akiles Corporation SE and the share capital of the Company was increased from EUR 20,918 thousand to EUR 27,368 thousand through in-kind contribution of receivables, which were conferred in the capital of the Company by the following shareholders:

- a) in-kind contribution of receivables of EF FACET DISCRETIONARY PORTFOLIOS, investment company with variable capital, registered in UK with company number IC000836, which receivables from the Company originate from a Bond Conversion Agreement dated 10.07.2019 and are at the amount of EUR 1,850 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of EF FACET DISCRETIONARY PORTFOLIOS of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190802181621-3/15.08.2019.
- b) in-kind contribution of receivables of Omarov Abdullagadzhi Omarovich which receivables are towards the Company and under Agreement for transfer of shares as of 29.03.2019, which receivables are at the amount of EUR 4,500 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Omarov Abdullagadzhi Omarovich of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705180005-3/15.08.2019.
- c) in-kind contribution of receivables of Stanislav Raynov Novakov, which receivables are towards the Company and under Agreement for transfer of shares as of 03.04.2019, which receivables are at the amount of EUR 100 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Stanislav Raynov Novakov of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, which is prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705183600-4/15.08.2019.

AKILES CORPORATION SE DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities

The principal activity of the Company in the last years has been the management of projects in the field of biomass gasification power plants, production of pellets and waste collection systems.

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, real estate, retail sales etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position are presented in the individual financial statements. For the period ended 31 December 2019 the financial result of the Company is net loss in the amount of EUR 17 962 thousand and the net equity is a positive value amounting to EUR 1 283 thousand. As of 31 December 2019, the earnings per share are a negative value of EUR 0,817.

Share capital

Changes in the share capital of the Parent Company during the period under audit are explained above.

System of internal control and management of risks

The Company has established a system of internal control to ensure true and reliable financial reporting, full compliance with the legislation in the countries where it has activities and achievement of the Company's objectives in terms of operational optimization.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 23 of the individual financial statements.

Events after the reporting period

At the end of 2019, Chinese news emerged for the first time about COVID-19 (Coronavirus) when a limited number of unknown virus cases were reported to the World Health Organization. During the first months of 2020, the virus spread globally and accelerated its negative impact. On March 11, 2020, after cases of new Coronavirus disease (COVID-19) strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria because of the Coronavirus (COVID-19). In connection with the pandemic and the related impact for the Company, a significant non-adjusting event has occurred until the date of issuance of these financial statements.

In the first half of 2020 the pandemic has had significant impact on the global economy - principally through lockdowns worldwide, social distancing, closed businesses and unprecedented stock market declines. Global health concerns related to COVID-19 outbreak has dramatically increased economic uncertainty. The pandemic has forced state authorities worldwide to implement numerous measures to try to contain the virus, such as travel restrictions, quarantines and business shutdowns. These measures have significantly reduced consumer spending and restricted business operations and may remain in place for a long period of time continuing to adversely affect the business activity of the companies internationally.

Respectively, Akiles Corporation and its business activities have been significantly affected by this pandemic. The revenues generated from petrol and petrol related products have been significantly reduced due to very low consumer spending in the 1st half of 2020. Similar is the impact on the sale of waste management solutions by our subsidiaries in Spain as many of the clients are municipalities and the public tenders have been paralyzed.

AKILES CORPORATION SE DIRECTOR'S REPORT

The negotiations for financing with current and potential investors and bondholders have been delayed over this period.

The Group had to modify its business practices including business travel, remote working for our employees, cancellation of physical participation in business meetings, etc. The management of the Group is committed to undertake further actions if necessary or as may be required by state authorities to ensure safety of our employees, customers and business partners.

Even after the COVID-19 outbreak is over the Group may continue to experience materially adverse consequences on its business activity as a result of the global economic crisis including any recession that has occurred or may occur in the future. Therefore, the overall impact on the Group's business activity and its financial performance will depend on future developments, which are highly uncertain and currently cannot be predicted. However, the Management has been actively working to minimize the negative impact, to seek additional financing and to follow the Group's business strategy. The management of Akiles will continue to monitor the development of the situation and the effect on all aspects of the Company's activities.

In view of this, the management believes that the Company's ability to continue as a going concern will not be impaired due to the impact of the coronavirus pandemic on its future financial positions and its operating results.

On 3 April 2020 the Executive Director of Akiles Corporation terminated unilaterally and on the grounds of art. 306, para. 5 of the Bulgarian Commerce Act, due to continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 03.04.2019 which Akiles has signed with Stanislav Novakov for acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this unilateral termination of the contractual relations with Stanislav Novakov, Akiles returned to him the ownership over 50% of the shares capital of HM Hotels JSC.

There are no other significant non-adjusting events or any adjusting events after the reporting period, which have a bearing on the understanding of the separate financial statements.

Director's responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable prudent judgements and estimates have been made in the preparation of the separate financial statements for the year ended 31 December 2019.

The Directors also confirm that applicable accounting standards have been followed and that the separate financial statements have been prepared on the going concern basis.

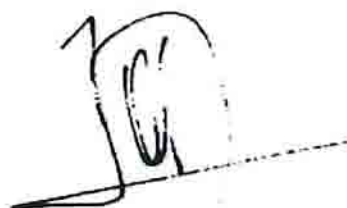
The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As of 31 December 2019, the Managing Director is Jose Oscar Leiva Mendez.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

Sofia, 30 June 2020



INDEPENDENT AUDITOR'S REPORT

To the shareholders of
AKILES CORPORATION SE

Address: 49 Bulgaria Blvd, Floor 11-12
Sofia 1404, Bulgaria

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of AKILES CORPORATION SE ("the Company") containing the separate statement of financial position as at 31 December 2019, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, as well as the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and Bulgarian legislation.

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 Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 4 in the separate financial statements, which indicates that the Company incurred a net loss amounting to EUR 17 962 thousand during the year ended 31 December 2019 and, as of that date, the Company's accumulated loss amounts to EUR 41 699 thousand. As stated in note 4, these events and conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The future development of the Company's business depends on the in-kind contributions, the outcome of the planned business negotiations for potential acquisitions and on the completion of the bond conversion as presented in note 4. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 27 Events after the reporting period to the separate financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activity worldwide as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, at this stage it is practically impossible to make a reliable assessment and measure of the potential effect of the pandemic on the business activities of the Company. Our opinion is not modified in respect of this matter.

We draw attention to note 12 Investments in subsidiaries and associates in the separate financial statements, which states that the investments in subsidiaries are tested for impairment as at 31 December 2019 and their recoverable amount exceeds their carrying value. The major assumptions are based on the going concern assumption and the results are dependent on future events, successful start and realisation of the intended projects and the continuing support of the owners. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of highest significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matter described in the *Emphasis of matter section and Material Uncertainty Related to Going Concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How this matter was addressed during the audit
Loans and borrowings - presentation and disclosure;	Our audit procedures included: <ul style="list-style-type: none"> • review of the internal procedures and supporting documents related to the commitments;

Key Audit Matters	How this matter was addressed during the audit
<p>Bonds issued as at 31 December 2019: EUR 17 206 thousand (31 December 2018: EUR 17 619 thousand)</p> <p>Loans from financial, non-financial institutions and related parties as at 31 December 2019: EUR 3 704 thousand (31 December 2018: EUR 3 412 thousand), disclosed in Note 20 and Note 23 to the separate financial statements</p> <p>Based on our understanding of the Company's activities, we have identified as a key audit matter the liabilities on issued bonds and loans from financial, non-financial institutions and from related parties and the compliance with the terms related to them.</p> <p>Loans and bonds issued are a key matter in our audit, as debt represents 86% of the Company's liabilities as at 31 December 2019 (31 December 2018: 93%). In addition, the Company has outstanding interest liability on the issued bonds amounting to EUR 2 163 thousand which fell due in 2018 and 2019, and remains unpaid. This represents an event of default and all payments could become subject of early repayment on discretion of the bondholders.</p>	<ul style="list-style-type: none"> • analysis and other analytical procedures related to the structure and composition of the loans and borrowings; • recalculation of the initial recognition and subsequent measurement of debt at amortized cost using the effective interest rate; • review of the prospectuses, offering memorandums, loan and other debt agreements, paying particular attention to covenant conditions and default cases; • receipt of a confirmation letter from the custodian bank and reconciliation of the nominal value of the bond obligations in the accounting registers as of December 31, 2019 to the data from the received letter; • review of information on events after the reporting period and confirmation letter from the major bondholder; • review of the completeness, appropriateness and adequacy of the disclosures in the separate financial statements regarding the presentation of loans and borrowings as per the requirements of IFRS, adopted by EU.

Information Other than the Separate Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared by the management in accordance with Chapter VII of the Bulgarian Accountancy Act, but does not include the separate financial statements and our auditor's report thereon. Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon unless explicitly stated in our report and to the extent stated in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or whether our knowledge obtained in the

audit may indicate that there is a material misstatement or otherwise the other information 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 Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee ("Those charged with governance") are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 and Bulgarian Independent Financial Audit Act 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 separate financial statements.

As part of our 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 separate/consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Separate Financial Statements and Auditor's Report Thereon", regarding annual management report we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the

existence, form and contents of the other information have been carried out in order to conclude whether the other information includes the elements and disclosures in accordance with Chapter Seven of the Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act, applicable in Bulgaria.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the management report for the reporting period is consistent with the separate financial statements for the same reporting period;
- (b) the management report is prepared in accordance with the applicable legal requirements.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Company and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Company in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the corporate governance statement, being a component of the annual management report.

Additional reporting concerning the audit of separate financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of Bulgarian Public Offering of Securities Act

Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of Public Offering of Securities Act

Related party transactions are disclosed in Note 24 "Related party transactions" to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of separate financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended on 31 December 2019, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures“. The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on related party transactions.

Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act

Our responsibilities for audit of the separate financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Separate Financial Statements“, include assessment whether the separate financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the separate financial statements for the year ended on 31 December 2019, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the separate financial statements, were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Crowe Bulgaria Audit EOOD was appointed as statutory auditor of the financial statements of AKILES CORPORATION SE for the year ended on 31 December 2019 by the Board of Directors' meeting, held on 15.08.2019, for a period of one year.
- The audit of the separate financial statements of the Company for the year ended on 31 December 2019 has been made for second year.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Company in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Company in addition to the statutory audit, which have not been disclosed in the management report or separate financial statements.

For Crowe Bulgaria Audit EOOD, Audit firm

Georgi Kaloyanov
Managing Partner, Registered auditor
responsible for the audit



8 July 2020
Sofia, Bulgaria

DIRECTORS AND OTHER OFFICERS

Executive Directors

Jose Oscar Leiva Mendez

Registered seat

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Address for correspondence

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Legal Consultant

Angel Panayotov
49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Bank

UniCredit Bulbank AD, Bulgaria
United Bulgarian Bank, Bulgaria
Raiffeisen Bank, Bulgaria
BNP Paribas Securities Services, Spain
Gestion de Patrimonios Mobiliarios Sociedad de Valores, S.A., Spain
Banco de Sabadell S.A., Spain
Banco Popular Portugal S.A.
Banco Bilbao Vizcaya Argentaria S.A., Spain
Andbank, Spain

Auditor

Crowe Bulgaria Audit EOOD
55 6-ti Septemvri Str.
Sofia 1142
Bulgaria

AKILES CORPORATION SE

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December

	Note	2019 EUR'000	2018 EUR'000 Restated
Revenue	6	-	125
Depreciation and amortization	13,14	(45)	(19)
Expenses for hired services	7	(240)	(216)
Employee benefit expenses	8	(453)	(552)
Investments impairment	12	(7,036)	(11,457)
Loans written-off	9	(194)	(5,514)
Impairment loss on trade receivables and loans	23	(7,153)	(1,908)
Other expenses	10	(262)	(452)
Result from operating activities		(15,383)	(19,993)
Finance income	11	819	938
Finance cost	11	(3,166)	(1,429)
Net finance expense		(2,347)	(491)
Loss before income tax		(17,730)	(20,484)
Income tax benefit/(expense)	22	(232)	152
Loss for the period		(17,962)	(20,332)
Total comprehensive loss for the period		(17,962)	(20,332)
Basic loss per share (in EUR)	19	(0.817)	(0.973)

On 30.06.2020 the Board of Directors of Akiles Corporation SE authorised these financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2019 EUR'000	31 December 2018 EUR'000 Restated
Non-current assets			
Investments in subsidiaries	12	4,087	5,903
Investments in associates	12	-	7,259
Other investments	12	5,209	-
Deferred tax asset	22	226	458
Loans provided	16	12	4
Property, plant and equipment	13	90	4
Intangible assets	14	4	1
Total non-current assets		9,628	13,629
Current assets			
Loans provided	16	15,526	21,414
Trade and other receivables	17	276	377
Cash and cash equivalents	15	51	23
Total current assets		15,853	21,814
Total assets		25,481	35,443
EQUITY AND LIABILITIES			
Equity			
Share capital	18	27,368	20,918
Share premium		15,614	15,614
Accumulated loss		(41,699)	(23,737)
Total equity		1,283	12,795
Non-current liabilities			
Loans and borrowings	20	601	15,812
Total non-current liabilities		601	15,812
Current liabilities			
Loans and borrowings	20	20,399	5,220
Trade and other payables	21	3,198	1,616
Total current liabilities		23,597	6,836
Total liabilities		24,198	22,648
Total equity and liabilities		25,481	35,443

On 30.06.2020 the Board of Directors of Akiles Corporation SE authorised these separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Retained earnings EUR'000	Total EUR'000
Restated balance at 1 January 2019	20,918	15,614	-	(23,737)	12,795
Total comprehensive loss					
Loss for the year	-	-	-	(17,962)	(17,962)
Total comprehensive loss					
Transactions with owners of the Company					
Share capital issue	6,450	-	-	-	6,450
Total transactions with owners of the Company	6,450	-	-	-	6,450
Balance at 31 December 2019	27,368	15,614	-	(41,699)	1,283
Balance at 1 January 2018	20,918	15,662	(74)	(3,405)	33,101
Total comprehensive loss					
Loss for the year, as restated	-	-	-	(20,332)	(20,332)
Total comprehensive loss					
Transactions with owners of the Company					
Own shares acquired	-	(475)	(1,052)	-	(1,527)
Own shares sold	-	427	1,126	-	1,553
Total transactions with owners of the Company	-	(48)	74	-	26
Restated balance at 31 December 2018	20,918	15,614	-	(23,737)	12,795

On 30.06.2020 the Board of Directors of Akiles Corporation SE authorised these separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mender

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



AKILES CORPORATION SE

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December

	Note	2019 EUR'000	2018 EUR'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before tax		(17,730)	(20,484)
Adjustment for:			
Depreciation expense		45	19
Loss on sale of PPE		-	30
Interest expense		1,682	1,407
Interest income		(819)	(929)
Loans remitted		194	5,514
Investment impairments		7,036	11,457
Impairment loss on trade receivables and loans		7,153	1,908
Loss on share lending		46	-
Loss on disposal of investments		1,310	-
Other financial expenses		45	22
Net exchange rate (gains)/losses		83	(9)
Other non-cash income		-	(2)
		(955)	(1,067)
Changes in working capital:			
Trade and other payables		214	544
Trade and other receivables		(11)	26
Net cash used in operating activities		(752)	(497)
Interest paid		(126)	(430)
Other financial expenses paid		(45)	(22)
Exchange rates gains realized		(25)	(2)
Net cash used in operating activities		(948)	(951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans provided		(289)	(1,315)
Loans repaid		111	31
Proceeds from sale of investments		430	-
Acquisitions of property, plant and equipment and intangibles		(9)	-
Net cash used in investing activities		243	(1,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans from related parties		36	554
Repayment of loans from related parties		(84)	(312)
Proceeds from loans from third parties		450	2,000
Proceeds from bank loans		1,158	-
Repayment of bank loans		(788)	(29)
Proceeds from sale of own shares		-	1,553
Repurchase of own shares		-	(1,527)
Payment of finance lease liabilities		(39)	(18)
Net cash from financing activities		733	2,221
Net decrease in cash and cash equivalents		28	(14)
Cash and cash equivalents at 1 January		23	37
Cash and cash equivalents at 31 December	15	51	23

On 30.06.2020 the Board of Directors of Akiles Corporation SE authorised these separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

Prepared by:
Sonia Mihaylova

Audited according to the audit report dated 08.07.2020

For Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the audit



The notes set out on pages 6 – 46 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**1. Incorporation and principal activities****Incorporation**

Akiles Corporation SE (the Company) is a joint stock company registered in Sofia, Bulgaria with UIC: 202356513. It was incorporated on 7 January 2011 as TETEVEN BIOMASS EOOD with Elektra Holding AD holding 100% of the issued share capital, which was EUR 102 (BGN 200 comprising of 20 shares at nominal value BGN 10 each). On 28 March 2012 the name was changed from TETEVEN BIOMASS EOOD to EBIOSS ENERGY EOOD.

On 1 October 2012 EBIOSS ENERGY EOOD was transformed into EBIOSS ENERGY OOD and on the same date the share capital was increased from EUR 102 (BGN 200) to EUR 12,391,414 (BGN 24,235,500), comprising 2,423,550 shares of a nominal value of EUR 5.11 (BGN 10) each, divided between the following shareholders:

Shareholders	Relative share %	Number of shares	Total share capital in BGN'000	Total share capital in EUR'000
Elektra Holding AD	75.95	1,840,654	18,407	9,411
Sofia Biomass EOOD	12.71	308,043	3,080	1,575
SunGroup Bulgaria EOOD	1.65	40,000	400	205
SPAX OOD	0.88	21,325	213	109
4 physical persons	8.81	213,528	2,136	1,092
Total:	100	2,423,550	24,236	12,392

The increase of the share capital of EBIOSS ENERGY OOD was performed through contributions in kind representing 100% of shares in the following subsidiaries, valued at fair values by licensed valuers at the date of the transaction, as follows:

Fair value in EUR'000**Subsidiary**

Heat Biomass	3,500
Karlovo Biomass	3,500
Tvarditsa Biomass	2,045
Nova Zagora Biomass	1,278
Plovdiv Biomass	979
United Biomass	1,090
Total:	12,392

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**1. Incorporation and principal activities (continued)****Incorporation (continued)**

On 12 December 2012 EBIOSS ENERGY OOD was transformed into joint stock company EBIOSS ENERGY AD.

On 21 December 2012 according to Agreements for transfer of shares against repayment of receivables, Elektra Holding AD transferred 210,000 dematerialized shares from the registered capital of Ebioss Energy AD to SunGroup Bulgaria EOOD, 78,200 dematerialized shares from the registered capital of Ebioss Energy AD to Origina Bulgaria OOD and 19,500 dematerialized shares from the registered capital of Ebioss Energy AD to Antigona Bulgaria EOOD.

In 2013 the share capital of the Company was increased from EUR 12,392 thousand to EUR 18,022. In 2014 the share capital of the Company was increased from EUR 18,022 thousand to EUR 20,918 thousand.

By decision of the extraordinary general meeting of the shareholders of Ebioss Energy AD, held on 13 February 2017 the company was transformed into European company, as per Regulation (EC) № 2157/2001. The Bulgarian Trade Register has inscribed the relevant corporate changes on 23 March 2017 and thereafter EBIOSS has the legal form of "Societas Europaea" or "SE". The capital of the company was denominated in Euro (the conversion of the registered capital has been made according to the official fixed exchange rate of the Bulgarian National Bank, where €1= BGN 1.95583) and the nominal value of the shares was changed into 1 EUR each, according to the rules of the Regulation. All the other corporate characteristics of the company remained unchanged.

On 6 November 2019 Ebioss Energy SE was renamed to Akiles Corporation SE and the share capital of the Company was increased from EUR 20,918 thousand to EUR 27,368 thousand through in-kind contribution of receivables, which were conferred in the capital of the Company by the following shareholders:

- a) in-kind contribution of receivables of EF FACET DISCRETIONARY PORTFOLIOS, investment company with variable capital, registered in UK with company number IC000836, which receivables from the Company originate from a Bond Conversion Agreement dated 10.07.2019 and are at the amount of EUR 1,850 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of EF FACET DISCRETIONARY PORTFOLIOS of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190802181621-3/15.08.2019.
- b) in-kind contribution of receivables of Omarov Abdullagadzhi Omarovich which receivables are towards the Company and under Agreement for transfer of shares as of 29.03.2019, which receivables are at the amount of EUR 4,500 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Omarov Abdullagadzhi Omarovich of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705180005-3/15.08.2019.
- c) in-kind contribution of receivables of Stanislav Raynov Novakov, which receivables are towards the Company and under Agreement for transfer of shares as of 03.04.2019, which receivables are at the amount of EUR 100 thousand and which receivables the Company is obligated to pay by issuance and allotment in favour of Stanislav Raynov Novakov of new shares from the capital of the Company, whereat the amount of the receivables is confirmed by Evaluation report of three nominated experts, which is prepared in conformity with the requirements of art. 72, para. 2 of the Commerce Act, which was submitted and respectively accepted by the Trade Register with Act for registration No 20190705183600-4/15.08.2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**1. Incorporation and principal activities (continued)****Principal activities**

The principal activity of the Company in the last years has been the management of projects in the field of biomass gasification power plants, production of pellets and waste collection systems.

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, real estate, retail sales etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020.

2. Basis of accounting

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). They were authorized for issue by the Company's Board of Directors on 30.06.2020.

This is the first set of the Company's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 5.

Details of the Company's accounting policies are included in Note 29.

3. Functional and presentation currency

Items included in the Company's separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is BGN. These financial statements are presented in thousands of EUR, which is the Company's presentation currency.

4. Use of judgements and estimates

The preparation of the separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Note 12 *Investments in subsidiaries*

A. Going concern basis of accounting

The separate financial statements of Akiles Corporation SE as at 31 December 2019 have been prepared on the basis of the going concern concept. The Company's financial result for the year is a loss amounting to EUR 17,962 thousand mainly due to impairments of investments, loans and receivables from related parties and loss on sale of investments. The accumulated loss as at 31 December 2019 amounts to EUR 41,699 thousand. The Company is in a delay with covering interest payments amounting to EUR 2,163 thousand in relation to its unsecured corporate bonds issued. The non- payment of these liabilities represents an event of default and they could become immediately payable upon discretion of the bondholders.

The management believes that the current and future planned activities of the Company as well as the funds to be secured will enable the Company to continue its operations and settle its obligations in the ordinary course of business and has taken the below listed actions to improve the financial position and performance of the Company.

On 7 June 2019 Akiles Corporation SE signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12,056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**4. Use of judgements and estimates (continued)****Going concern basis of accounting (continued)**

- EUR 4,000 will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Akiles Corporation SE should always be less than 10%. This amount could be increased to up to EUR 6,000 under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Akiles Corporation SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100,000,000 shares that Akiles Corporation SE holds in EQTEC plc, first rank pledge over 100% of the shares that Akiles Corporation SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Akiles for the total amount of EUR 21,260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Akiles Corporation SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.
- The Company has committed to meet certain financial performance criteria.

The terms of this agreement and subsequent annex to it was to complete the pre-conditions up to 15 December 2019. However, as of the date of this report the management is still in negotiations with the bondholders.

On 09 August 2019 the subsidiary of AKILES CORPORATION SE - PETROLPROM BULGARIA EOOD acquired 100% of the share capital of SILENA COMPANY EOOD from the former owner Silvana Rumenova Taseva. The acquisition of the quotas was made at a nominal value, comprising 10 quotas of 2 BGN nominal value each. The change in the capital was reflected in the Bulgarian Trade register on 4 September 2019. After the acquisition of the capital of SILENA COMPANY EOOD by PETROLPROM BULGARIA EOOD, the seller of the corporate quotas Silvana Taseva remained as managing director of the acquired company.

The management is currently negotiating the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD and in parallel is actively seeking business partners to move the installation of the power plants to Greece where feed-in tariffs are applicable.

At present the Company is restructuring its principal business activities and is preparing in-kind contributions of new lines of business activities for the purpose of diversification – potentially tourism, real estate, retail sales etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020. The Company also plans to acquire new companies within the segment of petrol, petrol-related products and biodiesel. The management believes that due to the current EU regulations the sale of biodiesel would significantly increase in the years to come.

The Board of directors has prepared business plans based on their best estimation of the cash flows of the Company in the short and medium term. Such forecasts inherently contain management judgments and estimates in respect of future trading conditions, the timing of receipts and payments and other relevant matters. The main management judgments, estimates and assumptions used in the prepared business plans are that the management will be successful in the planned capital increase through in-kind contributions with preliminary agreements signed.

Having considered the business plans, the directors have a reasonable expectation that Akiles Corporation SE has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual separate financial statements.

B. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement at fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different level in a fair value hierarchy based on the inputs in the valuation techniques, as follows:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**4. Use of judgements and estimates (continued)****B. Measurement of fair values (continued)**

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value

hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. Changes in significant accounting policies

The Company has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying asset and lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach under which the lessee measures the lease liability at the date of initial application as the present value of the remaining lease payments. The comparative information for 2018 has not been restated – i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are described below.

A. Definition of a lease

Previously the Company determined at contract inception whether an agreement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration.

B. As a lessee

The Company leases office premises. As a lessee, the Company previously classified leases as operating or finance leases based on the assessment of whether the lessor transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise right-of-use and lease liabilities for short term lease contracts. The Company recognises the lease payments associated with any such leases as an expense on a straight-line basis over the lease term.

The Company presents the right-of-use assets in "property, plant and equipment". The Company presents lease liabilities in "loans and borrowings" in the statement of financial position.

i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured as cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**5. Changes in significant accounting policies (continued)****ii. Transition**

Previously, the Company classified property leases as operating lease under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the exemption not to recognise right-of-use asset and lease liabilities for leases with less than 12 months of lease term.

C. Impacts on the financial statements

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised EUR 124 thousand of right-of-use assets and EUR 124 thousand lease liability as at 1 January 2019.

6. Revenue**A. Revenue streams**

In 2019 the Company generated no revenue. In 2018 The Company's revenue primarily relates to consultancy services, rendered to some of the subsidiary companies - Karlovo Biomass EOOD, Biomass Distribution EOOD, Heat Biomass EOOD and Syngas Italy Srl (see also note 24.4).

	2019 EUR'000	2018 EUR'000
Revenue from contracts with customers	-	123
Other revenue	-	2
Total revenue	-	125

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market. The generated revenue is related to a single service line

	2019 EUR'000	2018 EUR'000
Bulgaria	-	93
Rest of Europe	-	30
	-	123

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Consultancy services and project management	Invoices issued monthly	Revenue is recognised over time as the services are provided. The stage of completion is determined by analysing the completed work.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**7. Expenses for hired services**

	2019	2018
	EUR'000	EUR'000
Consultancy fees	154	94
Audit services	32	62
Rents	4	32
Advertising and exhibits	3	5
Other	47	23
	<u>240</u>	<u>216</u>

The remuneration for independent financial audit for 2019 amounts to EUR 20 thousand. No tax consultations or other services not related to the audit were provided during the year. This disclosure is in compliance with the requirements of Art. 30 of the Accounting Act.

8. Employee benefit expenses

	2019	2018
	EUR'000	EUR'000
Wages and salaries	420	511
Social security contributions	33	41
	<u>453</u>	<u>552</u>

9. Loans written-off

In 2019 a decision was made to discontinue the development of some further investment projects, namely those developed by United Biomass EOOD and Nova Zagora Biomass EOOD. Their activity was credit funded by Akiles Corporation SE. Respectively the management does not consider the loans repayable and has made a decision to write the amounts off.

With a resolution of the Board of Directors, dated 14 September 2018 initiation of voluntary liquidation of the subsidiary company SYNGAS ITALY SRL was approved.

Following the conclusion of share exchange agreement, Wintec SGPS SA also entered a liquidation process.

	2019	2018
	EUR'000	EUR'000
United Biomass EOOD	56	-
Nova Zagora Biomass EOOD	25	-
Winttec Greece IKE	113	-
Syngas Italy S.R.L.	-	3,778
TNL SA	-	1,028
WINTTEC SGPS SA (former TNL SGPS)	-	672
Brila EOOD	-	23
Tvardica PV EOOD	-	13
	<u>194</u>	<u>5,514</u>

10. Other expenses

	2019	2018
	EUR'000	EUR'000
Stock exchange and investors related expenses	171	312
Vehicles related	17	17
Entertainment costs	7	6
Business trip related and other expenses	67	117
	<u>262</u>	<u>452</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**11. Finance income and costs**

	2019 EUR'000	2018 EUR'000
Interest income	819	929
Net FX gains	-	9
	<u>819</u>	<u>938</u>
Loss on sale of investments	(1,310)	-
Loss on lending shares	(46)	-
Interest and other loan related expense	(1,682)	(1,407)
Net FX loss	(83)	-
Bank expenses	(45)	(22)
Finance costs	<u>(3,166)</u>	<u>(1,429)</u>
Net finance expense recognized in profit or loss	<u>(2,347)</u>	<u>(491)</u>

The loss on sale of investments realized relates to shares of Eqtec plc sold or used for repaying debts or converting liabilities.

12. Investment in subsidiaries and associates

	31.12.2019 EUR'000	31.12.2018 EUR'000
Balance at 1 January	13,162	24,105
New investments	5,152	514
Investments disposal	(1,982)	-
Impairment of investments	(7,036)	(11,457)
Balance at the end of the period	<u>9,296</u>	<u>13,162</u>
Investments in subsidiaries	4,087	5,903
Investments in associates (Eqtec plc)	-	7,259
Other investments	5,209	-
Total investments	<u>9,296</u>	<u>13,162</u>

With a resolution of the Board of Directors, dated 14 September 2018 initiation of voluntary liquidation of the subsidiary company SYNGAS ITALY SRL was approved.

On 3 June 2019 Akiles Corporation SE acquired 50,43% of PetrolProm Bulgaria OOD, a company specialized in oil and gas retail business, for the price of EUR 540 thousand. The parties have agreed that the liability to the seller will be settled through emission and subscription of 540,000 new shares from the capital of Akiles Corporation SE. The investment might be remeasured during the 12 months measurement period.

Since the management decided to discount the development of the projects of Nova Zagora Biomass EOOD and United Biomass EOOD, the investments in these two companies were fully impaired as at the end of 2019.

On 6 November 2019 Akiles Corporation SE acquired 50% of Interavers OOD and 50% HM Hotels JSC, companies running hotels located on the Black Sea coast where the acquisition was performed through in-kind contributions and allocation of newly emitted shares of Akiles Corporation to the previous owners of Interavers OOD and HM Hotels JSC for the amounts of EUR 4,500 thousand and EUR 100 thousand. These investments are shown as other investments as control was not obtained. More information on the termination of the planned acquisitions is presented in Note 27.

During the year Akiles Corporation SE also acquired the remaining 57% of the shares of Energotec Eco AD.

The management is currently negotiating the sale of the power plants of Heat Biomass EOOD and Karlovo Biomass EOOD.

During the reporting period the shareholding of Akiles Corporation in Eqtec plc has decreased from 37.48% to 11.44%. Akiles Corporation SE has lost its significant influence over Eqtec plc and the latter is no longer considered an associated company. The remaining participation of 450,595,698 shares was valued with reference to the market price at AIM on the London Stock Exchange as at 31 December 2019 which was 0.115 GBX/share.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
12. Investment in subsidiaries and associates (continued)

The investments of the Company as at 31 December 2019 and 31 December 2018 are presented below:

Subsidiaries	Country of incorporation	% ownership 31.12.2019	Investment amount in EUR '000 31.12.2019	% ownership 31.12.2018	Investment amount in EUR '000 31.12.2018
Heat Biomass EOOD	Bulgaria	100%	-	100%	-
Karlovo Biomass EOOD	Bulgaria	100%	-	100%	-
Tvardica Biomass EOOD	Bulgaria	100%	2,045	100%	2,045
Nova Zagora Biomass EOOD	Bulgaria	100%	-	100%	1,278
Plovdiv Biomass EOOD	Bulgaria	100%	979	100%	979
United Biomass EOOD	Bulgaria	100%	-	100%	1,090
Energotec-Eco AD	Bulgaria	100%	22	43%	10
Biomass Distribution EOOD	Bulgaria	100%	1	100%	1
Syngas Italy SRL*	Italy	100%	-	100%	-
Eqtec Bulgaria EOOD	Bulgaria	100%	-	100%	-
TNL Equipamentos Ambientais SL	Spain	80%	250	80%	250
Winttec World SL	Spain	100%	197	100%	197
TNL World EOOD	Bulgaria	100%	1	100%	1
Winttec Greece IKE	Greece	100%	52	100%	52
PetrolProm Bulgaria EOOD	Bulgaria	50.43%	540	-	-
Total investments in subsidiaries			4,087		5,903

* Control over Syngas Italy SRL was lost on 24 October 2019 when the Company was declared bankrupt by the Italian court.

Associates	Country of incorporation	% ownership 31.12.2019	Investment amount in EUR '000 31.12.2019	% ownership 31.12.2018	Investment amount in EUR '000 31.12.2018
Eqtec plc (former React Energy)	Ireland	-	-	37.48%	7,259
Total investments in associates		-			7,259

Other investments	Country of incorporation	% ownership 31.12.2019	Investment amount in EUR '000 31.12.2019	% ownership 31.12.2018	Investment amount in EUR '000 31.12.2018
Eqtec plc (former React Energy)	Ireland	11.44%	609	-	-
Interavers OOD	Bulgaria	50%	4,500	-	-
HM Hotels JSC	Bulgaria	50%	100		
Total investments in associates			5,209		-

The fair value of the shares held in Eqtec plc as at 31 December 2019 is calculated based on the number of shares owned 450,595,698 shares and the published price quotation – 0.115 GBX per share. The fair values of Interavers OOD and HM Hotels JSC are based on valuation reports prepared by an independent valuer.

All shares from the investment in Karlovo Biomass OOD are pledged in favour of United Bulgarian Bank AD in relation to loan contract dated 2 June 2014 between Karlovo Biomass EOOD as a borrower, United Bulgarian Bank AD as a lender and Akiles Corporation SE as a joint debtor for the amount of EUR 5,600 thousand. As at 31 December 2019 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank AD amounts to EUR 3,955 thousand out of which the payment of principle amounting to EUR 840 thousand was due prior to the reporting date. The Management plans to pay the overdue principle upon completion of the sales transaction of the plant in the foreseeable future.

As at 31 December 2019/2018 the Company performed a test for indications for impairment of its investment in subsidiaries. The Company's has tested for impairment based on valuations from independent appraisers. The methods used at arriving to fair value are the discounted cash flow method which is based on the going concern assumption and the results are dependent on future events, successful start and realisation of the projects and continuing support the owner for the investments in the projects of Tvarditsa Biomass EOOD and Plovdiv Biomass EOOD.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
12. Investment in subsidiaries and associates (continued)
Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted free cash flow:</i> Discounted cash flows take into account the present value of the net cash flows expected to be generated by the power plants, taking into account the budgeted production capacity and expected sales price, the budgeted operating and capital expenditures; the expected net cash flows are discounted based on a risk-adjusted discount factor.	<ul style="list-style-type: none"> • Risk adjusted discount rate (12,04%); • Sales prices growth rate (1%); • Estimated prices for straw and animal waste per tonne (2022 – EUR 41,92; weighted average 2022-2041- EUR 46,07); • Estimated water prices per m3 (2022 – EUR 0,08; weighted average 2022-2041 - EUR 0,08); • Expected variable maintenance costs per MWh (2022 – EUR 17,17; weighted average 2022-2041 - EUR 18,87) • Twenty years cash flows were assumed in the discounted cash flow model and two years for construction of the plants. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • The risk adjusted discount rate was lower (higher); • The sales prices growth rate was higher (lower); • The expected prices for straw and animal waste are lower (higher); • The expected prices for water were lower (higher); • The expected maintenance costs were lower (higher); • The time to construct the plant is shortened (prolonged);

13. Property, plant and equipment

	ROU office	Computers, equipment and other	Vehicles	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost				
Balance at 1 January 2018	-	19	124	143
Additions	-	2	-	2
Disposals	-	-	(122)	(122)
Balance at 31 December 2018	-	21	2	23
Initial application of IFRS 16	124	-	-	124
Additions	-	6	-	6
Balance at 31 December 2019	124	27	2	153
Depreciation				
Balance at 1 January 2018	-	14	56	70
Charge for the year	-	3	15	18
Disposals	-	-	(69)	(69)
Balance at 31 December 2018	-	17	2	19
Charge for the year	41	3	-	44
Balance at 31 December 2019	41	20	2	63
Carrying amounts				
At 1 January 2018	-	5	68	73
At 31 December 2018	-	4	-	4
At 31 December 2019	83	7	-	90

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14. Intangible assets

	Software EUR'000	Other EUR'000	Total EUR'000
Cost			
Balance at 1 January 2018	6	-	6
Balance at 31 December 2018	6	-	6
Additions	-	4	4
Balance at 31 December 2019	6	4	10
Amortisation and impairment losses			
Balance at 1 January 2018	4	-	4
Charge for the year	1	-	1
Balance at 31 December 2018	5	-	5
Charge for the year	1	-	1
Balance at 31 December 2019	6	-	6
Carrying amounts			
At 1 January 2018	2	-	2
At 31 December 2018	1	-	1
At 31 December 2019	-	4	4

15. Cash and cash equivalents

	31.12.2019 EUR'000	31.12.2018 EUR'000
Cash at bank	49	23
Cash in hand	2	-
Cash and cash equivalents	51	23
	31.12.2019 EUR'000	31.12.2018 EUR'000
Cash and cash equivalents are denominated in following currencies:		
GBP	49	-
BGN	2	-
EUR	-	23
	51	23

16. Loans provided

	Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
Balance at 1 January 2019			21,418	
New proceeds:				
- Wintec World SL			177	31.12.2020
- TNL SL			287	31.12.2020
- Karlovo Biomass EOOD			21	31.12.2020
- Biomass Distribution EOOD			20	31.12.2020
- Eqttec Bulgaria EOOD			3	31.12.2020
- Winttec Greece IKE			88	31.12.2020
- PetrolProm Bulgaria OOD			55	31.12.2020
- Heat Biomass EOOD			3	31.12.2020
- United Biomass EOOD			80	31.12.2020
- TNL World EOOD			1	31.12.2020
- Plovdiv Biomass EOOD			2	31.12.2020
- Tvardica Biomass EOOD			1	31.12.2020
- Nova Zagora Biomass EOOD			2	31.12.2020
- CityWaste EOOD			7	31.12.2020
Loans repaid:				
- Karlovo Biomass EOOD			(1)	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
16. Loans provided (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000
Loans repaid:			
- Biomass Distribution EOOD		(4)	
- TNL SL		(31)	
- Wintec World SL		(65)	
- United Biomass EOOD		(75)	
- Winttec Greece IKE		(21)	
- Nova Zagora Biomass EOOD		(7)	
- employees		(8)	
Loans remitted:			
- United Biomass EOOD		(56)	
- Nova Zagora Biomass EOOD		(25)	
- Winttec Greece IKE		(113)	
Loans impairments:			
- Karlovo Biomass EOOD		(6,016)	
- Biomass Distribution EOOD		(20)	
- Heat Biomass EOOD		(1,005)	
Loan interest accrued:			
- Karlovo Biomass EOOD		419	
- Biomass Distribution EOOD		213	
- Heat Biomass EOOD		107	
- TNL SL		60	
- Wintec World SL		4	
- Eqtec Bulgaria EOOD		3	
- United Biomass EOOD		2	
- Winttec Greece IKE		4	
- Plovdiv Biomass EOOD		1	
- Tvardica Biomass EOOD		1	
- TNL World EOOD		1	
- PetrolProm Bulgaria OOD		1	
- CityWaste EOOD		1	
- Employees and others		3	
Balance at 31 December 2019		15,538	

**Balance at 31 December 2019
EUR'000**
Loans

Total	Up to 1 year	1-2 years	2-5 years
15,538	15,526	12	-
15,538	15,526	12	-

Currency EUR	Annual interest 4/5%	Amount EUR'000	Maturity
-----------------	----------------------------	-------------------	----------

Balance at 1 January 2018
New proceeds:

- TNL SA	564	31.12.2019
- TNL SL	319	31.12.2019
- Karlovo Biomass EOOD	146	31.12.2019
- Biomass Distribution EOOD	107	31.12.2019
- Eqtec Bulgaria EOOD	77	31.12.2019
- Winttec Greece IKE	41	31.12.2019
- Syngas Italy S.R.L.	36	31.12.2019
- WINTTEC SGPS SA	26	31.12.2019
- Heat Biomass EOOD	13	31.12.2019
- United Biomass EOOD	7	31.12.2019
- TNL World EOOD	3	31.12.2019
- Tvardica Biomass EOOD	2	31.12.2019
- Nova Zagora Biomass EOOD	1	31.12.2019
- Tvardica PV EOOD	1	31.12.2019
- Brila EOOD	1	31.12.2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
16. Loans provided (continued)

	Currency EUR	Annual interest 4/5%	Amount EUR'000
Loans repaid:			
- TNL SL		(13)	
- Heat Biomass EOOD		(11)	
- Biomass Distribution EOOD		(10)	
- United Biomass EOOD		(3)	
- Plovdiv Biomass EOOD		(1)	
Loans off-set against remunerations payable			
- Company employees		(6)	
Loans remitted:			
- Syngas Italy S.R.L.		(3,778)	
- TNL SA		(1,028)	
- WINTTEC SGPS SA (former TNL SGPS)		(672)	
- Brila EOOD		(23)	
- Tvardica PV EOOD		(13)	
Loans impairments:			
- Karlovo Biomass EOOD		(920)	
- Biomass Distribution EOOD		(549)	
- Heat Biomass EOOD		(284)	
Loan interest accrued:			
- Karlovo Biomass EOOD		418	
- Biomass Distribution EOOD		211	
- Heat Biomass EOOD		108	
- Syngas Italy S.R.L.		67	
- TNL SL		49	
- TNL SA		40	
- WINTTEC SGPS SA (former TNL SGPS)		27	
- Eqtec Bulgaria EOOD		2	
- Tvardica PV EOOD		2	
- United Biomass EOOD		1	
- Winttec Greece IKE		1	
- Plovdiv Biomass EOOD		1	
- Nova Zagora Biomass EOOD		1	
- employees		1	
Balance at 31 December 2018		21,418	

Balance at 31 December 2018 EUR'000	Total	Up to 1 year	1-2 years	2-5 years
Loans	21,418	21,414	-	4
	21,418	21,414	-	4

Part of the loan movements during the reporting period are in result of direct payments to vendors on behalf of the other party under the loan agreement.

17. Trade and other receivables

	Note	31.12.2019 EUR'000	31.12.2018 EUR'000
Trade and other receivables from related parties	24.5	34	128
Trade receivables		-	4
Prepaid amounts to suppliers		15	59
Receivables from employees		63	35
Refundable VAT		135	127
Other receivables		29	24
		<u>276</u>	<u>377</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**18. Capital and capital reserves**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

As at 31 December 2019 the Company has issued 27,367,811 ordinary shares (31 December 2018: 20,918,186) with a nominal value of EUR 1 (BGN 1.96) each.

A capital increase for EUR 6,450 thousand was made on 6 November 2019 where the newly subscribed capital was allocated as follows:

- EUR 4,500 EUR thousand being an in-kind contribution of a 50% holding in Interavers OOD;
- EUR 100 EUR thousand being an in-kind contribution of a 50% holding in HM Hotels JSC;
- EUR 1,850 thousand through conversion of the debt to EF FACET DISCRETIONARY PORTFOLIOS under bond emission.

19. Loss per share**Basic loss per share**

The calculation of basic loss per share as at 31 December 2019 was based on the loss attributable to ordinary shareholders of EUR 17,962 thousand (31 December 2018: loss of EUR 20,332 thousand), and a weighted average number of ordinary shares outstanding of 21,993 thousand (31 December 2018: 20,899 thousand), calculated as follows:

(i) Loss attributable to ordinary shareholders (basic)

In thousands of EUR

	31.12.2019	31.12.2018 Restated
Loss for the year	(17,962)	(20,332)
Loss attributable to ordinary shareholders	(17,962)	(20,332)

(ii) Weighted average number of ordinary shares (basic)

In thousands of shares

	31.12.2019	31.12.2018
Issued ordinary shares at 1 January	20,918	20,918
New share issue on 6 November 2019	6,450	-
Effect from repurchased own shares	-	(19)
Weighted average number of ordinary shares at 31 December	21,993*	20,899
Loss per share (EUR)	(0.817)	(0.973)

* Weighted average number of shares for 2019 calculated as follows due to the fact the new shares were only issued in November 2019: $20,918 \times 10/12 + 27,368 \times 2/12$.

Diluted earnings per share

The Company does not have dilutive potential ordinary shares in the form of bonds, convertible into shares of Akiles Corporation SE or share options.

The Company has issued a total of 5 500 000 warrants on the name of GEM Global Yield LLC based on a resolution of the General Shareholders Meeting of the Company held on 15 July 2018, authorising the issuance of warrants up to a maximum amount of € 50,000,000 and delegating to the board of directors of the Company the issuance and delivery of any warrants issued under the authorisation from the General Shareholders Meeting of the Company, and the resolution of the Board on 15th of March 2019.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. More information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 23.

In thousands of EUR

		31.12.2019	31.12.2018
Non-current liabilities			
Unsecured corporate bonds issues	(a)	-	15,774
Bank loans	(e)	556	38
Lease liabilities	(b)	45	-
		601	15,812
Current liabilities			
Unsecured corporate bonds issues	(a)	17,206	1,845
Loans payable to related parties	(c)	916	1,090
Overdraft		15	11
Bank loans	(e)	37	193
Lease liabilities	(b)	45	1
Loans payable to third parties	(d)	2,180	2,080
		20,399	5,220
		21,000	21,032

(a) Corporate bonds issue

In thousands of EUR

Carrying amount of liability at 1 January 2018	16,772
Accrued interest	1,272
Paid interest	(416)
Revaluation of GBP bonds as at 31 December 2018	(9)
Carrying amount of liability at 31 December 2018/1 January 2019	17,619
Accrued interest	1,369
Converted to capital	(1,850)
Net FX loss on GBP bonds during 2019	68
Carrying amount of liability at 31 December 2019	17,206

On 18 June 2015, 30 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 18 June 2020 and maturity dates of the coupon payments shall be as follows: 18 June 2016, 18 June 2017, 18 June 2018, 18 June 2019 and 18 June 2020.

The Company shall have the right after expiration of a 36-month period as from the date of issue, to buy-back from the bond holders some or all of the bonds at nominal value plus the accrued interest of the coupons, calculated as to the date of exercising such call option.

On 16 December 2015, 40 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 22 December 2020 and maturity dates of the coupon payments shall be as follows: 22 December 2016, 22 December 2017, 22 December 2018, 22 December 2019 and 22 December 2020.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**20. Loans and borrowings (continued)****(a) Corporate bonds issue (continued)**

On 14 April 2016, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 20 April 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 12 July 2016, 35 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 12 July 2021 and maturity dates of the coupon payments shall be as follows: 20 April 2017, 20 April 2018, 20 April 2019, 20 April 2020 and 20 April 2021.

On 24 February 2017, 16 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of GBP 100 thousand each. Maturity date of the principal payment shall be 24 February 2022 and maturity dates of the coupon payments shall be as follows: 24 February 2018, 24 February 2019, 24 February 2020, 24 February 2021 and 24 February 2022. On 6 November 2019 the principle liability under this bond emission was converted in 1,850 thousand equity shares issued to the former bond holder.

On 2 June 2017, 20 interest-bearing (interest rate fixed at 7%), registered, freely transferable, non-convertible, non-collateral corporate bonds were issued by the Company with a par value of EUR 100 thousand each. Maturity date of the principal payment shall be 2 June 2022 and maturity dates of the coupon payments shall be as follows: 2 June 2018, 2 June 2019, 2 June 2020, 2 June 2021 and 2 June 2022.

The initial placement of bond emissions 2-6 was done through the Luxembourg Stock Exchange. As of 31 December 2019, the bonds are traded on Euro MTF market of the Luxembourg Stock Exchange which is an exchange regulated market and is an MTF in accordance with the MiFID Directive.

As at 31 December 2019 interest payments for the amount of EUR 2,163 thousand, which fell due in 2018 and 2019, have not been paid and are considered overdue.

On 7 June 2019 Akiles Corporation SE signed an agreement with one of its principal bondholders according to which the issued corporate bonds together with the pending interest held by Premaat for the total amount of EUR 12,056 thousand and additional loan amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand will be treated as follows:

- EUR 4,000 will be converted into capital with nominal value EUR 1 each share considering that the maximum participation of Premaat in the issued share capital of Akiles Corporation SE should always be less than 10%. This amount could be increased to up to EUR 6,000 under the same condition after 30 months from the 1st capital conversion and upon positive financial result in Akiles Corporation SE for the year-end 2021.
- The rest of the amount will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years. The collateral on the debt will be first rank pledge over 100,000,000 shares Akiles Corporation SE holds in EQTEC pls, first rank pledge over 100% of the shares that Akiles Corporation SE will acquire in one of the new companies through the in-kind contribution procedure, first rank pledge over the debt to be repaid by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD to Akiles for the total amount of EUR 21,260 thousand as well as substitution of the pledge over the debt from the 3 Bulgarian subsidiaries with pledge over the shares in the new company that Akiles Corporation SE will acquire in exchange of the shares of the 3 Bulgarian subsidiaries which is currently under negotiations.

The terms of this agreement and subsequent annex to it was to complete the pre-conditions up to 15 December 2019. However, as of the date of this report the management is still in negotiations with the bondholders and expects that the agreement will become effective and enter in force in the course of 2020.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

20. Loans and borrowings (continued)

(b) Leases

The Company lease office premises for a period of 3 years.

(i) Lease liabilities

In thousands of EUR

Maturity analysis – contractual undiscounted cash flows

Less than one year	47
One to three years	47
Total undiscounted lease liabilities at 31 December	94
Lease liabilities included in the statement of financial position at 31 December	90

Current	45
Non-current	45

(ii) Amounts recognised in profit or loss

In thousands of EUR

2019 – Leases under IFRS 16 **2019**

Interest of lease liabilities	5
Expenses related to short-term leases	3
Depreciation on ROU asset	41

2018 – Operating leases under IAS 17

Lease expense	32
---------------	----

(iii) Amounts recognised in statement of cash flows

In thousands of EUR

2019 – Leases under IFRS 16 **2019**

Total cash outflow for leases	(39)
-------------------------------	------

(c) Loans payable to related parties

In thousands of EUR

Carrying amount of liability at 1 January 2018	768
Proceeds	554
Payments made directly by the borrowers on behalf of Akiles Corporation SE	41
Repayments	(312)
Net proceeds	283
Accrued interest (4%)	39
Carrying amount of liability at 31 December 2018/1 January 2019	1,090
Proceeds	36
Liabilities assumed by Akiles Corporation SE on behalf of Wintec World SL	(162)
Repayments	(84)
Net proceeds	(210)
Accrued interest (4%)	36
Carrying amount of liability at 31 December 2019	916

The loans granted by Elektra Holding AD, Energotec Eco AD and some close family members of the management are due for repayment till 31 December 2020.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
20. Loans and borrowings (continued)
(d) Loans payable to third parties

As at 31 December 2019 the Company was granted funding by third parties under the following agreements:

- EUR 1,000 thousand received on 28 February 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.
- EUR 1,000 thousand received on 29 March 2018. The interest rate on the loan is 5% and the loan is repayable 1 year after its receipt.

As of the date of signing the financial statements the payments of the principle and the accumulated interest for loan agreement dated 28 February 2018 was part of the bonds' conversion agreement (signed but not effectively in force yet) as described above. The outstanding loan balance related to both contracts 29 March 2018 has not been repaid as at the date of these financial statements.

In August 2019 Akiles Corporation SE received a loan of EUR 250 thousand from European High Growth Opportunities Securitization Fund which was settled by providing 2,488,000 own shares to the lender. The shares were effectively lent from Elektra Holding AD.

(e) Bank loans

During the first half of 2019 the Company obtained additional financing of GBP 500 thousand. The indicative interest rate on the loan is 2.14% (subject to change) and the loan is repayable 3 years after its receipt. The loan was repaid throughout the year by virtue of part of the shares used as collateral. A further funding of 200,000 GBP was granted in July 2019. The amount is repayable in 2022 and the interest rate is 2.0675%.

On 10 December 2019 a new loan of EUR 357 thousand was granted by BBVA. The funds were used for repayment the overdue liabilities (principle and interest) under prior two loan agreements. The new facility is payable on instalments by November 2023 and the negotiated interest rate comes to 2%.

(f) Reconciliation of movements of liabilities to cash flows arising from financing activities

<i>In thousands of EUR</i>	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Lease liabilities	Other loans	Total
Balance at 1 January 2019	17,619	1,090	242	1	2,080	21,032
Changes from financing cash flows						
Proceeds from loans and borrowings	-	36	1,158	-	450	1,644
Repayment of borrowings	-	(84)	(788)	-	-	(872)
Payment of lease liabilities	-	-	-	(39)	-	(39)
Total changes from financing cash flows	-	(48)	370	(39)	450	733
The effect of changes in foreign exchange rates	68	-	(9)	-	-	59
Other changes						
Liability related						
New lease (IFRS 16)	-	-	-	124	-	124
Debt converted into equity	(1,850)	-	-	-	-	(1,850)
Liabilities assumed by Akiles Corporation SE on behalf of Wintec World SL	-	(162)	-	-	-	(162)
Repaid by transfer of shares in Eqtec plc	-	-	-	-	(242)	(242)
Repaid by transfer of own shares (lent from Elektra Holding AD)	-	-	-	-	(250)	(250)
Interest expense	1,369	36	131	4	142	1,682
Interest paid	-	-	(126)	-	-	(126)
Total liability related other changes	(481)	(126)	5	128	(350)	(824)
Balance at 31 December 2019	17,206	916	608	90	2,180	21,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
20. Loans and borrowings (continued)
(f) Reconciliation of movements of liabilities to cash flows arising from financing activities

<i>In thousands of EUR</i>	Corporate bonds	Loans payable to related parties	Bank loans and overdrafts	Finance lease liabilities	Other loans	Total
Balance at 1 January 2018	16,772	768	271	37	-	17,848
Changes from financing cash flows						
Proceeds from loans and borrowings	-	554	-	-	2,000	2,554
Repayment of borrowings	-	(312)	(29)	-	-	(341)
Payment of financial lease liabilities	-	-	-	(18)	-	(18)
Total changes from financing cash flows	-	242	(29)	(18)	2,000	2,195
The effect of changes in foreign exchange rates	(9)	-	-	-	-	(9)
Other changes						
Liability related						
New finance lease	-	-	-	1	-	1
Lease contract termination	-	-	-	(19)	-	(19)
Payments made on behalf of the borrower	-	41	-	-	-	41
Interest expense	1,272	39	11	3	80	1,405
Interest paid	(416)	-	(11)	(3)	-	(430)
Total liability related other changes	856	80	-	(18)	80	998
Balance at 31 December 2018	17,619	1,090	242	1	2,080	21,032

21. Trade and other payables
Trade payables

	Note	31.12.2019 EUR'000	31.12.2018 EUR'000 Restated
Payables to suppliers		863	816
		863	816

Other payables

Payables to related parties	24.2	989	491
Payables to employees		120	185
Tax and contributions liabilities		82	76
Accruals for unused paid leave		44	44
Payables for investments acquisition (PetrolProm Bulgaria OOD)		540	-
Liabilities assumed from TNL SL and Wintec World SL		560	-
Other payables		-	4
		2,335	800
		3,198	1,616

Trade and other payables
22. Taxation
Income tax recognised in profit or loss

	2019 EUR'000	2018 EUR'000
Deferred tax benefit/(expense)	(232)	152
Income tax benefit/(expense) for the year	(232)	152

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
22. Taxation (continued)

Reconciliation of the effective income tax rate:	2019 EUR'000	2018 EUR'000
Loss for the year	(17,962)	(20,332)
Total income tax benefit/(expense)	(232)	152
Loss excluding income tax	(17,730)	(20,484)
Income tax (expense)/ benefit at the statutory income tax rate of 10%	1,773	2,048
Non-deductible expenses	(5)	(8)
Unrecognised deferred tax asset	(1,432)	(1,888)
Changes in estimates related to prior years	(568)	-
Income tax benefit / (expense)	(232)	152
Effective tax rate	1%	1%

Under the current provisions of the Bulgarian Corporate Income Tax Act, the Company may use its accumulated loss to substantially reduce the income tax it would otherwise have to pay on future taxable income without restrictions in the time period.

The respective tax periods of the Company may be subject to inspection by the tax authorities until the expiration of 5 years from the end of the year in which a corporate income tax return was submitted, or should have been submitted, and additional taxes or penalties may be imposed in accordance with the interpretation of the tax legislation. The Company's management is not aware of any circumstances which may give rise to a contingent additional liability in this respect.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000	2019 EUR'000	2018 EUR'000
Tax loss carry-forwards	226	441	-	-	226	441
Other temporary differences	-	17	-	-	-	17
Tax assets	226	458	-	-	226	458

Movement in deferred tax balances

	Balance 1 January 2018	Recognized in profit or loss	Balance 31 December 2018	Recognized in profit or loss	Balance 31 December 2019
<i>In thousands of EUR</i>					
Tax loss carry-forwards	299	142	441	(215)	226
Other temporary differences	7	10	17	(17)	-
	306	152	458	(232)	226

23. Financial instruments
Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since their carrying amount is considered to be a reasonable approximation of the fair value.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. Financial instruments (continued)

Accounting classifications and fair values (continued)

31 December 2019

<i>In thousands of EUR</i>	<i>Note</i>	FVTPL	Financial assets at amortised cost	Other financial liabilities	Total	Fair value
Financial assets measured at fair value						
Equity securities – Eqtec plc	12	609	-	-	609	Level 1
Equity securities – Interavers OOD and HM Hotels JSC	12	4,600	-	-	4,600	Level 3
		5,209	-	-	5,209	
Financial assets not measured at fair value						
Loans provided	16	-	15,538	-	15,538	-
Cash and cash equivalents	15	-	51	-	51	-
		-	15,589	-	15,589	-
Financial liabilities measured at fair value						
Own shares lent by Elektra Holding		(795)	-	-	(795)	Level 1
		(795)	-	-	(795)	
Financial liabilities not measured at fair value						
Loans and borrowings	20	-	-	(21,000)	(21,000)	
Trade payables	21	-	-	(863)	(863)	
Other payables	21	-	-	(1,264)	(1,264)	
Other payables to related parties	24.2	-	-	(194)	(194)	
		-	-	(23,321)	(23,321)	

31 December 2018

<i>In thousands of EUR</i>	<i>Note</i>	Loans and receivables	Other financial liabilities	Total
Financial assets not measured at fair value				
Loans provided	16	21,418	-	21,418
Trade receivables	17	132	-	132
Cash and cash equivalents	15	23	-	23
		21,573	-	21,573
Financial liabilities not measured at fair value				
Loans and borrowings	20	-	(21,032)	(21,032)
Trade payables	21	-	(816)	(816)
Other payables	21	-	(233)	(233)
Other payables to related parties	24.2	-	(491)	(491)
		-	(22,572)	(22,572)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**23. Financial instruments (continued)****Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The policy sets limits for taking different kinds of risks and defines control rules with regard to these limits. The policy is to be regularly reviewed in relation with identification of changes in the risk levels.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties.

The carrying amount of Company's financial assets represents the maximum exposure to credit risk.

Trade receivables and loans provided

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. More than 90% of all receivables are from related parties, subsidiaries of Akiles Corporation SE. The timing of collection of the receivables is therefore dependent on the successful realization of each investment project. The trade receivables are over 365 days old and have been fully impaired.

Since in September 2018 Syngas Italy SRL initiated a liquidation process, all trade receivables are considered non-recoverable and have been fully impaired. The loans granted to the subsidiary have also been written-off.

In addition, the management has made a decision to discontinue the development of some of the investment projects related to power generation and pelletezation. The loans granted to such subsidiaries are considered non-collectible and were written-off.

The management is in the process of negotiating the sale of the power plants of Heat Biomass EOOD and Karlovo Biomass EOOD. An impairment loss on the loans' receivable from Karlovo Biomass EOOD, Biomass Distribution EOOD and Heat Biomass has been recognised during the reporting and the comparison periods.

The maximum exposure to credit risk for trade receivables at the reporting date was as follows:

	Note	31.12.2019 EUR'000	31.12.2018 EUR'000
Loans provided	16	15,538	21,418
Trade receivables	17	-	4
Trade receivables from related parties	17	-	128
		<u>15,538</u>	<u>21,550</u>

Expected credit loss assessment

The Company has a small number of customers which are related parties.

Due to the initiated voluntarily liquidation process of Syngas Italy SRL all receivables from this client have been fully impaired.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**23. Financial instruments (continued)****(a) Credit risk (continued)*****Expected credit loss assessment (continued)***

The Company has analysed its historical trend of payments of the rest of its related parties, Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. Those account for a significant share of the receivables (trade and loan) of Akiles Corporation SE. The quoted entities have been transacting with Akiles Corporation SE since 2014. Impairment losses have been recognised in respect of the trade and loan receivables from those entities.

Impairment

Impairment losses on financial assets recognised in profit or loss were as follows:

<i>In thousands of EUR</i>	2019	2018
<i>Recognised in profit or loss</i>		
Impairment loss on trade receivables from contracts with customers	7,041	155
Impairment loss on loans receivable	112	1,753
	<u>7,153</u>	<u>1,908</u>

The movement in the allowance for impairment in respect of the financial assets during the year was as follows.

<i>In thousands of EUR</i>	2019	2018
Balance at 1 January	1,816	62
Impairment loss recognized	7,153	7,422
Amounts written off	-	(5,668)
Balance at 31 December	<u>8,969</u>	<u>1,816</u>

The amounts written off in 2018 relate to Syngas Italy SRL and the rest of the SPVs where the activity of the companies was discontinued. The balance of the impairment as at 31 December 2019/2018 relates to impaired trade receivables and loans due by Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD.

Cash and cash equivalents

The Company held cash and cash equivalents of EUR 51 thousand at 31 December 2019 (31 December 2018: EUR 23 thousand). The cash and cash equivalents are held with a bank, which is rated BBB based on Fitch Ratings Inc.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company estimated that the application of IFRS 9's impairment requirements at 31 December 2019 and at 31 December 2018 does not have a material effect on the financial statements of the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
23. Financial instruments (continued)
(b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2019:

<i>In thousands of EUR</i>	Note	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years
Non-derivative financial liabilities						
Corporate bonds issued	20	17,206	(17,851)	(17,851)	-	-
Loans payable to related parties	20	916	(956)	(956)	-	-
Bank loans and overdrafts	20	608	(640)	(64)	(82)	(494)
Trade and other payables	21	2,127	(2,127)	(2,127)	-	-
Other payables to related parties	24.2	989	(989)	(989)	-	-
Lease liabilities	20	90	(94)	(47)	(47)	-
Loans payable to third parties	20	2,180	(2,280)	(2,280)	-	-
		24,116	(24,937)	(24,314)	(129)	(494)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as at 31 December 2018:

<i>In thousands of EUR</i>	Note	Carrying amount	Contractual cash flows	1 year or less	1 – 2 years	2 – 5 years
Non-derivative financial liabilities						
Corporate bonds issued	20	17,619	(21,129)	(1,875)	(8,525)	(10,729)
Loans payable to related parties	20	1,090	(1,133)	(1,133)	-	-
Bank loans and overdrafts	20	242	(248)	(209)	(39)	-
Trade and other payables	21	549	(549)	(549)	-	-
Other payables to related parties	24.2	491	(491)	(491)	-	-
Finance lease liabilities	20	1	(1)	(1)	-	-
Loans payable to third parties	20	2,080	(2,101)	(2,101)	-	-
		22,072	(25,652)	(6,359)	(8,564)	(10,729)

(c) Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than BGN. The majority of the Company's transactions are denominated in EUR and the BGN is pegged to the EUR. Some transactions, including one of the bonds emissions (see note 20) are denominated in GBP.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

23. Financial instruments (continued)

(c) Market risk (continued)

Exposure to foreign currency risk arising from transactions and borrowings denominated in GBP were as follows:

<i>In thousands of GBP</i>	31.12.2019	31.12.2018
Corporate bonds interest/ principle and interest	193	1,696
Trade payables	63	63
Loans payable	201	-
	<u>457</u>	<u>1,759</u>

The following significant exchange rates applied during the year:

<i>BGN</i>	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
GBP 1	2.23	2.21	2.299	2.186

Interest rate risk

Interest rate risk is the risk that interest bearing assets and liabilities may change in value, because of fluctuations of the market interest rates.

Profile

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

<i>In thousands of EUR</i>	Nominal amount	
	31.12.2019	31.12.2018
Fixed rate instruments		
Financial assets	11,684	18,176
Financial liabilities	(18,010)	(19,044)
	<u>(6,326)</u>	<u>(868)</u>

The Company has no variable rate instruments as at 31 December 2019 and 31 December 2018.

Capital management

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the year.

Fair value of financial assets and liabilities

The Company has no financial assets and financial liabilities at fair value. No information is disclosed about the fair values of financial assets and financial liabilities that are not measured at fair value as their carrying value is a reasonable approximation of fair value.

24. Related party transactions and balances

The Company's parent and ultimate controlling party is Southeimer LLC, Spain.

Related parties are as follows:

Related party	Relationship
Elektra Holding AD	Parent of Akiles Corporation SE
Heat Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Karlovo Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Plovdiv Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Tvardica Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Tvardica PV EOOD	subsidiary, 100% owned by Tvardica Biomass EOOD

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**24. Related party transactions and balances (continued)**

Related party	Relationship
United Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Nova Zagora Biomass EOOD	subsidiary, 100% owned by Akiles Corporation SE
Biomass Distribution EOOD	subsidiary, 100% owned by Akiles Corporation SE
Eqtec Bulgaria EOOD	subsidiary, 100% owned by Akiles Corporation SE
Energotec Eco AD	subsidiary, 100% owned and controlled by Akiles Corporation SE
Brila EOOD	subsidiary, 100% owned by Plovdiv Biomass EOOD
Syngas Italy S.R.L.	subsidiary, 100% owned by Akiles Corporation SE, controlled till 24 October 2019
PetrolProm Bulgaria OOD	subsidiary, 50.43% owned by Akiles Corporation SE
WINTTEC SGPS SA (former TNL SGPS), Portugal	subsidiary, 52.62% owned and controlled by Akiles Corporation SE till 5 October 2018
TNL SA, Portugal	subsidiary, 100% owned and controlled by WINTTEC SGPS SA till 5 October 2018
Hirdant, Portugal	subsidiary, 100% owned and controlled by WINTTEC SGPS SA till 5 October 2018
Winttec World SL, Spain (former Addom SL)	subsidiary, 100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Akiles Corporation SE afterwards
TNL SL, Spain	subsidiary, 80% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 80% owned and controlled by Akiles Corporation SE afterwards
TNL World EOOD, Bulgaria	subsidiary, 100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Akiles Corporation SE afterwards
Winttec Greece IKE, Greece	subsidiary, 100% owned and controlled by WINTTEC SGPS SA till 5 October 2018; 100% owned and controlled by Akiles Corporation SE afterwards
EQTEC plc (former REACT Energy plc), Ireland	Associated company till loss of control
EQTEC Iberia S.L., Spain	associate, 100% owned and controlled by Eqtec plc
Newry Biomass No. 1 Limited, Ireland	associate, 100% owned and controlled by Eqtec plc
React Biomass Limited, Ireland	associate, 100% owned and controlled by Eqtec plc
Reforce Energy Limited, Ireland	associate, 100% owned and controlled by Eqtec plc
Pluckanes Windfarm Limited, Ireland	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Grass Door Limited, UK	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Newry Biomass Limited, Northern Ireland	associate, 50.02 % owned and controlled by Eqtec plc (since 7.02.2017)
Enfield Biomass Limited, UK	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Moneygorm Wind Turbine Limited, Ireland	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Eqtec No. 1 Limited, Ireland	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Plymouth Biomass Limited, UK	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Clay Cross Biomass Limited, UK	associate, 90% owned and controlled by Eqtec plc (since 7.02.2017)
Altlow Wind Turbine Limited, Ireland	associate, 100% owned and controlled by Eqtec plc (since 7.02.2017)
Citytainer Brasil, Brasil	Subsidiary, owned by WINTTEC SGPS SA (till 5 October 2018)
Citytainer Industria, Brasil	Subsidiary 100% owned and controlled by Citytainer Brasil (till 5 October 2018)
Interavers OOD	Investment, 50% owned by Akiles Corporation SE
HM Hotel JSC	Investment, 50% owned by Akiles Corporation SE
Inava Ingeiyeria De Analisis SL	under common control
Ortiz Elektra AD	under common control
Biomass Gorno EOOD	under common control
Luxur PV EOOD	under common control
Bul PV EOOD	under common control
Bul Biomass EOOD	under common control
Luxur Biomass OOD	under common control
Smolyan Biomass EOOD	under common control
Titan Power OOD	under common control
Eko El Invest	under common control

Directors

The Executive Director of Akiles Corporation SE is Jose Oscar Leiva Mendez.

The remuneration accrued in favour of the key management personnel for 2019 amounts to EUR 127 thousand (2018: EUR 127 thousand).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**24. Related party transactions and balances (continued)****24.1 Loans provided to related parties**

	31.12.2019 EUR'000	31.12.2018 EUR'000
Karlovo Biomass EOOD		
- principal	3,745	9,726
- interest	2,247	1,843
Biomass Distribution		
- principal	4,868	4,853
- interest	897	703
Heat Biomass EOOD		
- principal	1,451	2,448
- interest	526	424
TNL SL		
- principal	1,291	1,035
- interest	151	91
Wintec World SL		
- principal	112	-
- interest	4	-
Eqtec Bulgaria		
- principal	81	78
- interest	5	2
United Biomass EOOD		
- principal	-	41
- interest	-	8
Plovdiv Biomass EOOD		
- principal	28	26
- interest	7	6
Winttec Greece IKE		
- principal	-	41
- interest	-	1
Nova Zagora Biomass EOOD		
- principal	-	25
- interest	-	5
Tvardica Biomass EOOD		
- principal	23	22
- interest	5	4
TNL World		
- principal	17	16
- interest	3	2
Eqtec Iberia		
- principal	-	-
- interest	4	4
PetrolProm Bulgaria OOD		
- principal	55	-
- interest	1	-
	<u>15,521</u>	<u>21,404</u>

The Company has also provided loans to employees and other third parties amounting to EUR 17 thousand (31 December 2018: EUR 14 thousand)

During 2019 impairment loss amounting to EUR 7,041 thousand has been recognised in respect of the loans' receivable from related parties.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

24. Related party transactions and balances (continued)

24.2 Other payables to related parties

	31.12.2019 EUR'000	31.12.2018 EUR'000
Jose Oscar Leiva Mendez	114	121
Eqtec plc	70	60
Elektra Holding AD	805	310
	<u>989</u>	<u>491</u>

EUR 795 thousand out of the total amount of EUR 805 thousand payable to Elektra Holding AD are related to share lending agreements signed between the parties where Elektra has effectively lent 4,568,216 shares to Akiles which were either sold by Akiles or used for the purpose of repayment of its loan liabilities. The liability to Elektra is measured based on the number of shares effectively lent and with reference to the market price of the shares at MAB as at 31 December 2019 – 0.174 EUR per share.

24.3 Loans received from related parties

	2019 EUR'000	2018 EUR'000
Elektra Holding AD	702	741
Wintec World SL	-	159
Energotec Eco AD	18	-
Close family members of the management	196	190
	<u>916</u>	<u>1,090</u>

24.4 Services provided to related parties

	2019 EUR'000	2018 EUR'000
Karlovo Biomass EOOD	-	31
Biomass Distribution EOOD	-	31
Heat Biomass EOOD	-	31
Syngas Italy Srl	-	30
	<u>-</u>	<u>123</u>

24.5 Trade receivables from related parties

	31.12.2019 EUR'000	31.12.2018 EUR'000
Biomass Distribution EOOD	-	37
Heat Biomass EOOD	-	37
Karlovo Biomass EOOD	-	37
Jose Oscar Leiva Mendez	34	17
	<u>34</u>	<u>128</u>

All related-party transactions were made on terms equivalent to those that prevail in arm's length transactions. All closing balances with related parties are at market prices and are settled within the agreed payment terms.

25. Correction of errors

In 2018 the Company recognised an impairment loss in regards to the investment in Winttec SGPS SA amounting to EUR 2,198 thousand based on an agreement for sale of shares dated 14 September 2018. The Company should have fully impaired the investment as at 30 June 2018, recognizing an impairment loss of EUR 2,698 thousand instead, since the agreement required that the ownership over all shares of Winttec SGPS SA was transferred for a total sales price of 1 EUR during the second half of 2018.

AKILES CORPORATION SE

31 December 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

25. Correction of errors (continued)

Further on the direct holdings acquired by Akiles Corporation SE in TNL SL, Winttec World SL, TNL World SL and Winttec Greece IKE in September 2018 should not have been treated as a share-for-share exchange but rather as a purchase, resulting in a liability of EUR 500 thousand.

Statement of financial position

In thousands of EUR

	Retained earnings/ profit or loss	Trade and other payables
Balances at 31 December 2018, as previously reported	(23,237)	1,116
Adjustments	(500)	500
Restated balances at 31 December 2018	(23,737)	1,616

Statement of profit or loss and other comprehensive income

In thousands of EUR

2018

Decrease in:

Impairment of investments

500

Result for the period

500

The Company's basic loss per share for 2018, taking into consideration the changes described above would have been (0.973) EUR/per share.

26. Commitments and contingent liabilities

Akiles Corporation SE, Heat Biomass EOOD and Biomass Distribution EOOD are joint debtors in relation to a Loan contract dated 02.06.2014 between Karlovo Biomass EOOD and United Bulgarian Bank AD as well as under Annex 1 dated 1 September 2016 to the said contract up to the moment of repayment of the whole amount under the loan contract. As at 31 December 2019 (31 December 2018) the outstanding principal to this loan is EUR 3,955 thousand (EUR 3,955 thousand) out of which the payment of principle amounting to EUR 840 thousand was due prior to the reporting date.

27. Events after the reporting period

Coronavirus disease (COVID-19)

At the end of 2019, Chinese news emerged for the first time about COVID-19 (Coronavirus) when a limited number of unknown virus cases were reported to the World Health Organization. During the first months of 2020, the virus spread globally and accelerated its negative impact. On March 11, 2020, after cases of new Coronavirus disease (COVID-19) strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria because of the Coronavirus (COVID-19). In connection with the pandemic and the related impact for the Company, a significant non-adjusting event has occurred until the date of issuance of these financial statements.

In the first half of 2020 the pandemic has had significant impact on the global economy - principally through lockdowns worldwide, social distancing, closed businesses and unprecedented stock market declines. Global health concerns related to COVID-19 outbreak has dramatically increased economic uncertainty. The pandemic has forced state authorities worldwide to implement numerous measures to try to contain the virus, such as travel restrictions, quarantines and business shutdowns. These measures have significantly reduced consumer spending and restricted business operations and may remain in place for a long period of time continuing to adversely affect the business activity of the companies internationally.

Respectively, Akiles Corporation and its business activities have been significantly affected by this pandemic. The revenues generated from petrol and petrol related products have been significantly reduced due to very low consumer spending in the 1st half of 2020. Similar is the impact on the sale of waste management solutions by our subsidiaries in Spain as many of the clients are municipalities and the public tenders have been paralyzed. The negotiations for financing with current and potential investors and bondholders have been delayed over this period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**27. Events after the reporting period (continued)**

The Group had to modify its business practices including business travel, remote working for our employees, cancellation of physical participation in business meetings, etc. The management of the Group is committed to undertake further actions if necessary or as may be required by state authorities to ensure safety of our employees, customers and business partners.

Even after the COVID-19 outbreak is over the Group may continue to experience materially adverse consequences on its business activity as a result of the global economic crisis including any recession that has occurred or may occur in the future. Therefore, the overall impact on the Group's business activity and its financial performance will depend on future developments, which are highly uncertain and currently cannot be predicted. However, the Management has been actively working to minimize the negative impact, to seek additional financing and to follow the Group's business strategy. The management of Akiles will continue to monitor the development of the situation and the effect on all aspects of the Company's activities.

In view of this, the management believes that the Company's ability to continue as a going concern will not be impaired due to the impact of the coronavirus pandemic on its future financial positions and its operating results.

On 3 April 2020 the Executive Director of Akiles Corporation terminated unilaterally and on the grounds of art. 306, para. 5 of the Bulgarian Commerce Act, due to continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 03.04.2019 which Akiles has signed with Stanislav Novakov for acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this unilateral termination of the contractual relations with Stanislav Novakov, Akiles returned to him the ownership over 50% of the shares capital of HM Hotels JSC.

There are no other significant non-adjusting events or any adjusting events after the reporting period, which have a bearing on the understanding of the separate financial statements.

28. Basis of measurement

The financial statements have been prepared on the historical cost basis.

These financial statements are separate financial statements of the Company.

The Company also prepared consolidated financial statements in accordance with IFRS as adopted by EU. The consolidated financial statements can be obtained from Akiles Corporation SE at their registered office in Sofia, 49 Bulgaria Blvd.

Users of these separate financial statements of the parent company should read them together with the consolidated financial statements of the Company and its subsidiaries as at and for the period ended 31 December 2018 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

29. Significant accounting policies**Accounting policies**

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

Revenue from contracts with customers

Information about the Company's accounting policies relating to contracts with customers is provided in Note 6.

Foreign currency translation**(i) Functional and presentation currency**

Items included in the Company's separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is BGN. These financial statements are presented in thousands of EUR, which is the Company's presentation currency.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The exchange rate of the EUR to BGN is fixed at 1 EUR = 1.95583 BGN.

All amounts represented have been rounded to the nearest thousands, except when otherwise indicated.

Finance income and finance costs

Finance income comprises interest income on funds invested and gains from transactions in foreign currencies. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and losses from transactions in foreign currencies.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Property, plant and equipment**

Property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Property, plant and equipment measured at cost less accumulated depreciation and any accumulated impairment losses.

Items measured at cost less accumulated depreciation and any accumulated impairment losses are all other property, plant and equipment items except for land.

Depreciation

Depreciation of these assets commences when the assets are ready for their intended use. 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 estimated useful lives of property, plant and equipment are as follows:

Computers	2 years
Vehicles	6 years

Land is not depreciated.

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.

Subsequent costs

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the period 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognized in profit or loss as incurred.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives of intangible assets are as follows:

Other intangible assets

7 years

Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment, which is recognized as an expense in the period in which the impairment is identified. Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Financial instruments**(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Financial assets – Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Financial assets – Subsequent measurement and gains and losses**

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivatives designated as hedging instruments for which hedge accounting is applied.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets and financial liabilities are recognised in the Company's separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(iii) Derecognition**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment**(i) 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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Impairment (continued)****(ii) Non- financial assets (continued)**

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)

(ii) Financial assets

The Company recognises loss allowances for ECLs on its financial assets measured at amortised cost.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Employee benefits (continued)****(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Advance payments are recognized as prepaid expenses to the extent that they will be offset against future payments or refunded. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plan

According to the Bulgarian Labour Code at the time when employees acquire pension rights, the Company owes 6 monthly salaries to them, in case the employees have worked for the same company for more than 10 years before pensioning. The Company's obligation in respect of this defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted.

The calculation is performed based on the projected unit credit method.

The Company determines the net interest expense on the net defined benefit liability for the period by applying a market discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

Remeasurements arising from change in actuarial gains and losses are recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company recognizes as a liability the undiscounted amount of the estimated costs related to unused annual leave expected to be paid in exchange for the employee's service for the period completed.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as result of a past event, that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Leases (continued)**

consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(i) As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**29. Significant accounting policies (continued)****Leases (continued)**

short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company is currently not party on any contracts where it acts as a lessor.

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**30. New standards and interpretations not yet adopted**

The following new Standards, amendments to Standards and Interpretations, endorsed by the EC, are not yet mandatorily effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. The Company plans to adopt these pronouncements when they become effective.

Standards, Interpretations and amendments to published Standards that have not been early adopted – endorsed by the EC

(a) Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments are effective for annual periods beginning on or after 1 January 2020 and are required to be applied prospectively. Early application is permitted. They clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The Company does not expect the Amendments to have a material impact on its separate financial statements when initially applied.

(b) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

The amendments are effective for annual periods beginning on or after 1 January 2020 and are mandatory and apply to all hedging relationships directly affected by uncertainties related to the IBOR reform. The amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships with the effect that IBOR reform should not generally cause hedge accounting to terminate. The key reliefs provided by the amendments relate to:

- 'Highly probable' requirement.
- Risk components
- Prospective assessments
- Retrospective effectiveness test (for IAS 39)
- Recycling of the cash flow hedging reserve.

The Company does not expect the Amendments to have a material impact on its separate financial statements when initially applied.

(c) Amendments to References to the Conceptual Framework in IFRS Standards

The amendments are effective for annual periods beginning on or after 1 January 2020.

(d) Amendments to IFRS 3 *Business Combinations*

The amendments are effective for annual periods beginning on or after 1 January 2020.

Standards and interpretations not yet endorsed by the EC

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the EC, and therefore are not taken into account in preparing these financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

(a) IFRS 17 *Insurance Contracts*

The standard is effective for annual periods beginning on or after 1 January 2021 and early application is permitted. The Company expects that the standard, when initially applied, will not have a material impact on the presentation of the separate financial statements of the Company because the Company does not issue insurance or reinsurance contracts, does not hold reinsurance contracts and does not issue investment contracts with discretionary participation features.

Other amendments

The following amendments and improvements to standards are not expected to have a material impact on the separate financial statements of the Company:

- *Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

30. New standards and interpretations not yet adopted (continued)

Other amendments (continued)

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements.*

6. Informe sobre estructura y sistema de control interno.

AKILES Energy, SE ha revisado su estructura organizativa y sistema de control interno, adaptando el mismo a la información publicada mediante hechos relevantes en el Mercado relativa a cambios en el Consejo de Administración. A continuación, se aporta el informe relativo a la estructura organizativa, así como el sistema de control interno con los que cuenta la Sociedad para el cumplimiento de las obligaciones de información que establece el mercado conforme a la Circular 6/2018 del Mercado Alternativo Bursátil (MAB):

I. ESTRUCTURA ORGANIZATIVA Y ENTORNO DE CONTROL

Es responsabilidad del Consejo de Administración junto con la Comisión de Auditoría el diseño, implantación y funcionamiento de los sistemas de control interno adecuados de cara a garantizar el cumplimiento de las obligaciones de información pública en general y financiera en particular, al mercado.

El Consejo de Administración dispone de un Reglamento que contempla la obligación de coordinar, velar y vigilar el cumplimiento de los principios de actuación que en el mismo se recogen en materia de información privilegiada, valores, información relevante, conflictos de interés, autocartera, operaciones especiales, comunicación y otras. El Consejo de Administración está constituido por cuatro miembros y la Comisión de Auditoría está formado por dos personas.

Las principales funciones que desempeña la Comisión de Auditoría son las siguientes:

- Supervisar los procesos de elaboración de la información económico-financiera.
- Supervisar la eficiencia de los sistemas de control interno de la Sociedad;
- Supervisión de la eficacia de los sistemas de gestión de riesgos de la Sociedad;
- Supervisión de la auditoría financiera independiente en la Sociedad;
- Revisar la independencia del auditor legal de la Sociedad, incluido el seguimiento de la prestación de servicios de administración por parte del auditor.

Para garantizar que en todo momento la Sociedad atiende el cumplimiento de información que establece el MAB, el presidente y el Departamento Financiero están en permanente contacto y celebran reuniones periódicas para garantizar la suficiencia organizativa en materia de cumplimiento de las obligaciones de información con el mercado y el correcto funcionamiento de los mecanismos de los que la Compañía se ha dotado a tal fin.

II. INFORMACIÓN FINANCIERA: ELABORACIÓN, REVISIÓN Y AUTORIZACIÓN

La información financiera es elaborada por la Dirección Financiera de la empresa asistida por el presidente y el auditor externo de la Sociedad. Posteriormente es revisada por el Comisión de Auditoría y aprobada por el Consejo de Administración de la Compañía.

La Sociedad identifica los principales procesos de cara a establecer procedimientos de control que reduzcan cualquier riesgo asociado a los mismos. Dichos procedimientos son establecidos por la Dirección General y los responsables de las áreas corporativas, encargados asimismo de su cumplimiento.

Los órganos responsables de supervisar el proceso de identificación de riesgos de la información financiera son el Departamento Financiero, el presidente y el Comisión de Auditoría y, por supuesto, el Consejo de Administración como órgano último y responsable de la información financiera de la Sociedad.

La Dirección Financiera:

- a) Supervisa la anotación, valoración, desglose y presentación de la información financiera y la correcta estimación de las previsiones.
- b) Identifica y comprueba la correcta anotación en la información financiera de los riesgos derivados de la actividad crediticia, de mercado y tesorería, así como los que se pudieran originar por riesgo operacional.
- c) Supervisa la correcta aplicación de las normas, junto con la Dirección Legal de la compañía, evitando que un error en su aplicación, o un desconocimiento de las mismas provoque errores en la información financiera.

Tal y como se comenta anteriormente, la Comisión de Auditoría tiene la función de control y supervisión de todo el proceso de identificación de riesgos de la información financiera. El Consejo de Administración, como máximo órgano de gobierno de la entidad, es el encargado de aprobar las políticas de seguridad de la información financiera y los manuales de políticas contables.

III. SUPERVISIÓN DEL SISTEMA DE CONTROL INTERNO Y FUNCIONES DE LA COMISIÓN DE AUDITORÍA EN CASO DE EXISTIR

El Reglamento del Consejo establece como competencia del Consejo de Administración, como máximo órgano de decisión de la sociedad, la formulación de las cuentas anuales y del informe de gestión, así como la propuesta de aplicación del resultado de la Sociedad.

Los estados financieros, así como las estimaciones en las que se basan las partidas más relevantes de los mismos o las distintas proyecciones que maneja la entidad, son revisadas por el presidente, la Comisión de Auditoría y el Consejo de Administración, además de por los auditores externos de la Sociedad.

Para asegurar la veracidad de la información se establecen controles individuales operados en las diferentes áreas sobre las transacciones que afectan al reporte de información financiera. Toda la información financiera se captura a través de las transacciones de las aplicaciones informáticas.

Corresponde al Departamento Financiero definir y actualizar las políticas contables, así como transmitirlos a las personas de la organización con implicación en la elaboración de la información financiera, y la Comisión de Auditoría es el órgano responsable de estas políticas. Las mismas son actualizadas para su adecuación a los cambios normativos, siempre que se producen.

El Departamento Financiero es el encargado de resolver dudas o conflictos derivados de la interpretación de las políticas contables, las cuales son validadas por el auditor externo de la Sociedad.

Asimismo, el Departamento Financiero comunica las debilidades significativas de control interno que pudieran identificarse en otros procesos efectuadas durante el ejercicio. En estos casos, se elaboran planes de acción con el objetivo de mitigar las citadas deficiencias observadas, de los cuales se lleva a cabo el oportuno seguimiento.

IV. OTROS ASESORES O EXPERTOS INDEPENDIENTES

Respecto al auditor de cuentas, el procedimiento establecido prevé la asistencia del mismo a las reuniones de la Comisión de Auditoría de la entidad, con el fin de informar del resultado de los trabajos desarrollados y, en su caso, dar a conocer el detalle de las debilidades de control interno puestas de manifiesto y los planes de acción puestos en marcha para remediar dichas debilidades.

Por último, los Estados Financieros y las Cuentas Anuales son sometidos a auditoría por el auditor de cuentas de la Sociedad que emite una opinión sobre los mismos y, del mismo modo, la información financiera semestral es sometida a revisión limitada por parte de los mismos auditores.

V. OTRA INFORMACIÓN RELEVANTE

Para la elaboración de la información pública general, la Sociedad dispone de un procedimiento interno de comunicación cuyo objetivo es cumplir un modelo de actuación con las normativas del MAB y regular a través de procesos y normas la difusión y comunicación de información a terceros. La información es elaborada por el departamento de Investors Relations. El presidente del Consejo de Administración es responsable de aprobar toda la circulación de la documentación o información a terceros.

Asimismo, el Investors Relations Manager es responsable de autorizar y coordinar la publicación de cualquier información en plataformas oficiales como BME-PC, CIFRADO, redes sociales u otras incluyendo la web de AKILES CORPORATION SE.