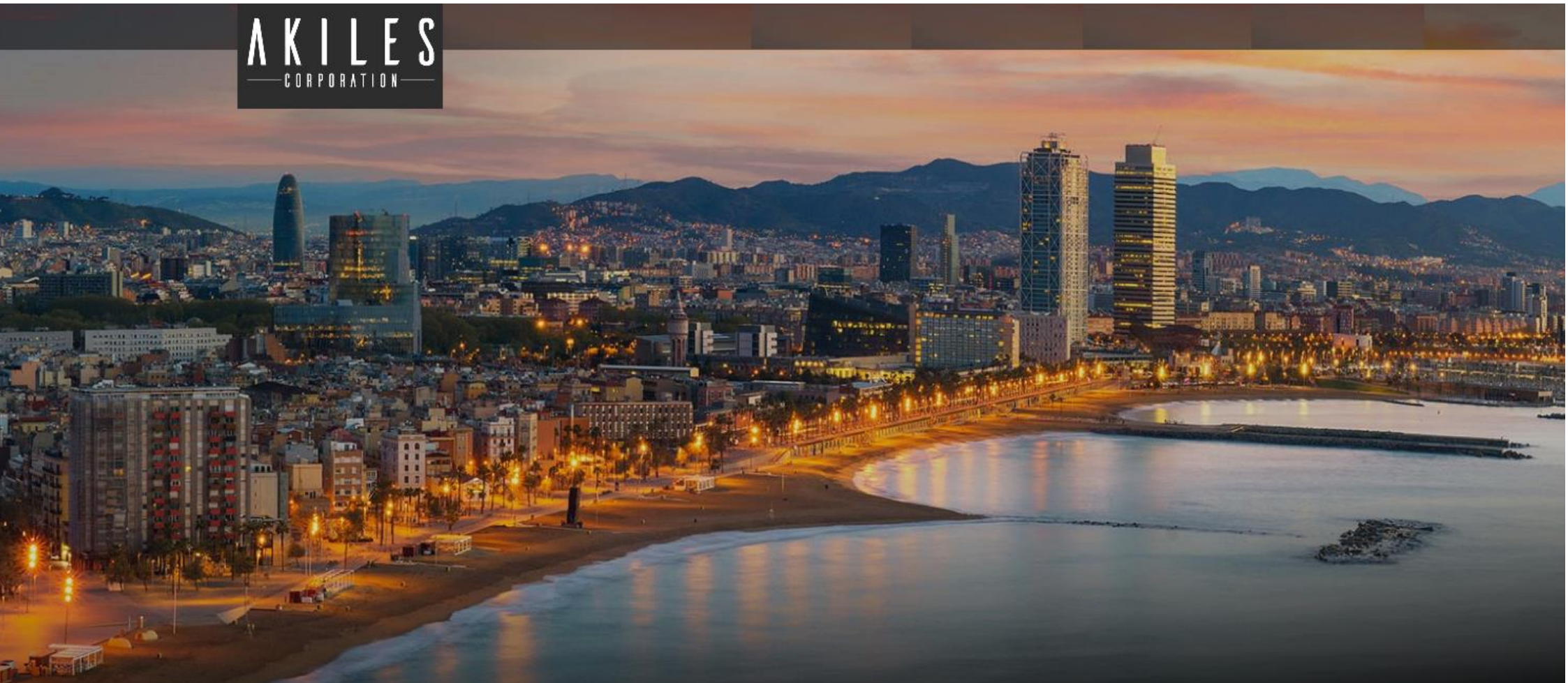


AKILES
CORPORATION



Información financiera semestral 2020

En Sofía, a 31 de octubre de 2020

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 3/2018 del segmento de BME Growth de BME MTF Equity, ponemos en su conocimiento la siguiente información relativa a la sociedad AKILES CORPORATION SE.

Índice

1. Carta a los accionistas.
2. Estados Financieros semestrales consolidados e individuales de AKILES CORPORATION SE a 30 de junio de 2020.

La información comunicada ha sido elaborada bajo la exclusiva responsabilidad del emisor y sus administradores.

AKILES CORPORATION SE

D. José Óscar Leiva Méndez

Presidente

1. Carta a los accionistas

Estimado accionista:

El motivo de la presente es poder compartir con usted la información sobre la Compañía de la forma más transparente posible sobre lo acontecido hasta la actualidad.

En primer lugar, quisiera agradecer enormemente la confianza demostrada durante estos años a pesar de las serias dificultades que hemos vivido.

EBIOSS salió a cotizar en julio de 2013 al Mercado Alternativo Bursátil con enorme ilusión y expectativas de posicionarse como una empresa referente y con tecnología española para convertir residuos en gas. El proceso pasaba por construir su primera planta energética propia en uno de los proyectos que ostentaba la empresa en Bulgaria y con una regulación establecida muy favorable, con subsidio en tarifas (Feed in Tariff), para la producción de energía a través de biomasa y otros residuos.

La Compañía destinó gran parte de sus recursos técnicos y, sobre todo, financieros a la construcción de dichas plantas (Karlovo Biomass EOOD, Heat Biomass EOOD y Biomass Distribution EOOD), ocupando dicha inversión gran parte del valor en el balance de situación de la Compañía. Se invirtieron en recursos propios más de 20 millones de euros y un banco local (United Bulgarian Bank) financió aproximadamente 5 millones de euros.

Sin embargo, en 2015 el gobierno búlgaro decidió cambiar la ley que subsidiaba las tarifas a plantas energéticas de biomasa. Tras la decisión gubernamental la Compañía entabló conversaciones con el gobierno búlgaro para negociar un subsidio inferior al planteado los años anteriores para la instalación. A pesar de los esfuerzos, el resultado de dichas conversaciones fue nulo, impidiendo que la planta energética se pudiese rentabilizar.

Desde ese momento la Compañía trabajó para cumplir con los plazos comprometidos con el banco y los bonistas. Este esfuerzo fue insuficiente y la Compañía comenzó a incumplir dichos plazos. Esta situación obligó a la empresa a iniciar el proceso de venta de la planta energética de biomasa, pero las especificaciones técnicas de la misma han dificultado la culminación del proceso.

Actualmente la Compañía está inmersa en un proceso de negociación bastante avanzado para la venta parcial de la planta que permitiría la amortización total o mayoritaria de la deuda con el banco United Bulgarian Bank. Si este proceso acaba satisfactoriamente, se hará público mediante un comunicado formal al mercado.

La dirección de la Compañía ha trabajado duramente durante los últimos años en la búsqueda de un socio estratégico y financiero que pudiese continuar con el desarrollo tecnológico y de negocio. Dentro de este marco se iniciaron conversaciones con el conglomerado chino Fosun, pero finalmente la colaboración fue breve debido a que la deuda, fundamentalmente con los bonistas, les hizo rechazar la operación en el último comité de aprobación de inversiones.

También quedó frustrado otro proceso de negociación con Black Toro Capital que, habiendo firmado el acuerdo de inversión con todas las partes, incluido principales bonistas, la entidad no realizó el ingreso comprometido por causas ajenas a EBIOSS.

Llegados a este punto y con el compromiso de continuar con la actividad, la dirección propuso convertir a EBIOSS en un grupo inversor, AKILES CORPORATION, con la intención de diversificar en sectores de ingresos recurrentes y vinculado a formalizar un acuerdo definitivo de refinanciación de la deuda. Para ello se firmó un acuerdo de conversión en capital con uno de los bonistas, pero los dos principales, tras haber firmado un acuerdo preliminar, exigieron formalizar más integraciones de empresas antes de firmar el acuerdo definitivo. Finalmente rechazaron la refinanciación.

Añadir a lo anterior que la legislación de Bulgaria no permite reducir el valor nominal de las acciones por debajo de un euro y, al tener un precio de cotización mucho más bajo que el valor nominal, dificulta que los accionistas de las empresas objetivo acepten el pago con acciones.

Con la crisis sanitaria de la COVID-19, se ha buscado una operación corporativa que podría cumplir con los requisitos de los bonistas y que supondría una ampliación de capital no dineraria de más de 100 millones de euros mediante la integración de una empresa con activos e ingresos recurrentes. Esta operación está sujeta a la aprobación de la reestructuración de la deuda con los dos principales bonistas con los que, tras cinco meses de negociación, no se ha alcanzado un acuerdo definitivo.

Me gustaría destacar y agradecer que, dentro de todo este proceso, el management ha apoyado financieramente a la empresa y ha trabajado para sus accionistas buscando la mejor solución posible.

Por último, la Compañía tiene la esperanza de que los bonistas y el potencial socio a integrar puedan alcanzar un acuerdo en los próximos días. En caso contrario, debido a las dificultades propias, a la situación provocada por la crisis sanitaria y a pesar de los esfuerzos, es inviable que la empresa continúe las operaciones.

D. José Óscar Leiva Méndez

Presidente

WWW.AKILES.EU

**2. Estados Financieros semestrales consolidados e individuales de AKILES CORPORATION SE
a 30 junio 2020.**

AKILES CORPORATION SE

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020

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AKILES CORPORATION SE

30 June 2020

DIRECTORS AND OTHER OFFICERS

Executive Directors:

Jose Oscar Leiva Mendez

Registered Seat

49 Bulgaria Blvd.
Floor 11-12
Sofia 1404

Address for correspondence

58 Bulgaria Blvd.
Floor 11-12
Sofia 1680

Legal Consultant

Angel Panayotov
58 Bulgaria Blvd.
Floor 11-12
Sofia 1680

Bank

BNP Paribas Securities Services, Spain, 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

Reviewer

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

AKILES CORPORATION SE

30 June 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months to 30 June 2020 EUR'000	Six months to 30 June 2019 EUR'000
Revenue			
Raw materials and consumables used	4	658	1,527
Cost of goods sold		(161)	(27)
Expenses for hired services		(467)	(1,277)
Employee benefit expenses		(148)	(301)
Depreciation and amortisation	5	(314)	(433)
Goodwill impairment	7,8	(93)	(36)
Impairment of tangible and intangible assets		(41)	-
Impairment loss on remeasurement of assets held for sale		(579)	(1,970)
Impairment loss on trade receivables		-	(5,000)
Other expenses		(440)	-
Loss from operating activities		(206)	(107)
		(1,791)	(7,624)
Finance income			
Finance costs		1,160	12
Net finance costs		(4,888)	(3,882)
	6	(3,728)	(3,870)
Share of loss of equity accounted investees			
Loss on disposal of associates		-	(531)
Loss before income tax	10	-	(3,229)
		(5,519)	(15,254)
Income tax benefit			
Loss for the period		-	(78)
		(5,519)	(15,332)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation differences			7
Other comprehensive income for the period, net of tax		-	7
Total comprehensive loss for the period		(5,519)	(15,325)
Loss attributable to:			
Owners of the parent			
Non-controlling interests		(5,282)	(15,303)
Loss for the period		(237)	(29)
		(5,519)	(15,332)
Total comprehensive loss attributable to:			
Owners of the parent			
Non-controlling interests		(5,282)	(15,296)
Total comprehensive loss for the period		(237)	(29)
		(5,519)	(15,325)
Basic loss per share (EUR)	16	(0.19)	(0.73)

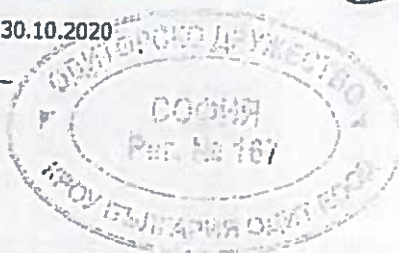
On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez): Sofia

Preparer (Sonia Pina Ildova):

Reviewed according to the review report dated 30.10.2020

Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kalbayanov, Managing partner
Registered auditor responsible for the review



AKILES CORPORATION SE
30 June 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 EUR'000	31 December 2019 EUR'000
Assets			
Property, plant and equipment	7	4,363	4,394
Intangible assets	8	2,772	3,373
Goodwill	9	997	1,038
Other investments	11	482	5,209
Trade and other receivables		62	62
Loans provided		19	19
Deferred tax assets		403	403
Non-current assets		9,098	14,498
Inventory	13	205	204
Trade and other receivables		1,174	2,175
Cash and cash equivalents	14	582	186
Loans provided		45	129
Assets classified as held for sale	12	2,006	2,694
Current assets		9,910	9,910
Total assets		11,916	12,604
		21,014	27,102
Equity			
Share capital	15.1	27,368	27,368
Share premium	15.2	14,292	15,614
Reserve for own shares	15.3	(100)	-
Revaluation surplus		145	145
Accumulated loss		(53,635)	(48,353)
Equity attributable to owners of the parent		(11,930)	(5,226)
Non-controlling interests		(595)	(358)
Total equity		(12,525)	(5,584)
Liabilities			
Loans and borrowings	17	395	754
Deferred tax liabilities		344	344
Non-current liabilities		739	1,098
Loans and borrowings	17	26,358	25,904
Trade and other payables		6,416	5,658
Income tax payable		26	26
Current liabilities		32,800	31,588
Total liabilities		33,539	32,686
Total equity and liabilities		21,014	27,102

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim consolidated financial statements for issue.

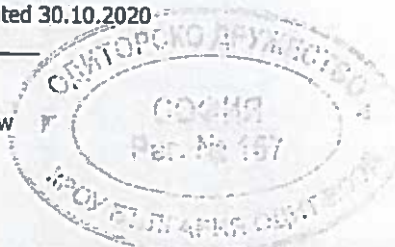
АКИЛЕС КОРПОРЕЙШЪН ЕД
София
AKILES CORPORATION SE

Executive Director (Jose Oscar Leiva Mendez): Sofia

Preparer (Sonia Mihaylova):

Reviewed according to the review report dated 30.10.2020

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



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Revaluation surplus EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling Interest EUR'000	Total equity EUR'000
Balance at 1 January 2020	27,368	15,614	-	145	(48,353)	(5,226)	(358)	(5,584)
Loss for the period	-	-	-	-	(5,282)	(5,282)	(237)	(5,519)
Total comprehensive loss	-	-	-	-	(5,282)	(5,282)	(237)	(5,519)
<i>Contributions and distributions</i>								
Own shares acquired	-	(325)	(480)	-	-	(805)	-	(805)
Own shares sold	-	415	380	-	-	795	-	795
Share issue costs (See note 15)	-	(1,412)	-	-	-	(1,412)	-	(1,412)
<i>Total contributions and distributions</i>	-	(1,322)	(100)	-	-	(1,422)	-	(1,422)
Total transactions with owners of the Company	-	(1,322)	(100)	-	(5,282)	(6,704)	(237)	(6,941)
Balance at 30 June 2020	27,368	14,292	(100)	145	(53,635)	(11,930)	(595)	(12,525)

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorized these condensed interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):

Reviewed according to the review report dated 30.10.2020



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



Preparer (Sonia Mihaylova)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital EUR'000	Share premium EUR'000	Revaluation surplus EUR'000	Transition reserve EUR'000	Retained earnings EUR'000	Total attributable to owners of the Parent EUR'000	Non-controlling interest EUR'000	Total equity EUR'000
Balance at 1 January 2019 as previously reported	20,918	15,614	150	(7)	(26,505)	10,170	(262)	9,908
Impact of correction of errors	-	-	-	-	(500)	(500)	-	(500)
Restated balance at 1 January 2019	20,918	15,614	150	(7)	(27,005)	9,670	(262)	9,408
Total comprehensive loss	-	-	-	-	(15,303)	(15,303)	(29)	(15,332)
Loss for the period	-	-	-	7	-	7	-	7
Other comprehensive loss	-	-	-	7	(15,303)	(15,296)	(29)	(15,325)
Total comprehensive loss	-	-	-	7	(15,303)	(15,296)	(29)	(15,325)

Contributions and distributions

Acquisition of subsidiary with non-controlling interest

Total contributions and distributions

Total transactions with owners of the Company

Balance at 30 June 2019

	-	-	-	-	-	-	(86)	(86)
	-	-	-	-	-	-	(86)	(86)
	-	-	-	-	-	-	(115)	(115)
Balance at 30 June 2019	20,918	15,614	150	7	(42,308)	(5,626)	(377)	(6,003)

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE approved the consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez):
Reviewed according to the review report dated 30.10.2020

SE AKILES CORPORATION SE
Cofirma
Sofia

Director (Sonia Kalyanova):

Crowe Bulgaria Audit EOOD, Audit firm
Georgi Kalyanov, Managing Partner
Registered auditor responsible for the review



The notes on pages 8 to 32 are an integral part of these condensed interim consolidated financial statements.

AKILES CORPORATION SE
30 June 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 30 June 2020 EUR'000	Six months to 30 June 2019 EUR'000
Loss before tax	(5,519)	(15,254)
Adjustments to loss:		
Depreciation and amortisation	93	36
Interest expense	767	1,024
Other finance costs	13	25
Share of loss of equity accounted investees	-	531
(Profit)/Loss on share lending	(414)	1,638
(Profit)/Loss on disposal of investments	(695)	1,195
Goodwill impairment	41	-
Impairment losses and write-offs	1,019	6,970
Equity investments at FVTPL - net change in fair value	4,108	-
Loss on disposal of associates	-	3,229
Net exchange rate (gains)/losses	(51)	-
Cash flows from operations before working capital changes	<u>(638)</u>	<u>(606)</u>
Change in:		
Inventories	(1)	122
Trade and other receivables	561	44
Trade and other payables	(279)	135
Other cash flow from operating activities		
Interest paid	(216)	(26)
Other finance costs paid	(13)	(25)
Exchange rate differences realized	27	(34)
Net cash flows from operating activities	<u>(559)</u>	<u>(390)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(3)
Proceeds from sale of investments	1,304	343
Proceeds from sale of property, plant and equipment	1	-
Loans provided	(6)	(54)
Loans repaid	90	-
Cash acquired through acquisition of subsidiaries	-	304
Net cash flows from investing activities	<u>1,389</u>	<u>590</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan from related party	(21)	(47)
Proceeds on loan from related party	1	-
Proceeds from sale of own shares	55	-
Repurchase of own shares	(55)	-
Proceeds from bank and other borrowing	200	831
Repayment of bank and other borrowing	(594)	(322)
Payment of lease liabilities	(20)	(20)
Net cash flows from financing activities	<u>(434)</u>	<u>442</u>
Net increase/ (decrease) in cash and cash equivalents	<u>396</u>	<u>642</u>
Cash and cash equivalents at 1 January	186	87
Cash and cash equivalents at 30 June	<u>582</u>	<u>729</u>

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim consolidated financial statements for issue.

Executive Director (Jose Oscar Leiva Mendez)

AKILES CORPORATION SE
Sofia

Preparer (Sonja Mihaylova)

Reviewed according to the review report dated 30.10.2020

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



AKILES CORPORATION SE

30 June 2020

Notes to the condensed interim consolidated financial statements

1. Incorporation and principal activities

Incorporation of the parent company

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. The financial statements as at 30 June 2020 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

30 June 2020

Notes to the condensed interim consolidated 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 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 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 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.

With resolution dated 30 June 2017, the ordinary General meeting of the Company resolved to delegate explicit powers to the Board of Directors of EBIOSS ENERGY SE to perform capital increase up to 34,000,000 Euro of the registered capital and to waive the pre-emptive rights of the current shareholders to subscribe shares on a pro-rata basis in case such capital increase is accomplished.

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:

- 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 July 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.
- 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 March 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.

AKILES CORPORATION SE

30 June 2020

Notes to the condensed interim consolidated financial statements

1. Incorporation and principal activities (continued)

Incorporation (continued)

- 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.

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 which Akiles had 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.

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pelets 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 commodities trading, retail sales, waste container, real estate etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020 and 2021.

As of 30 June 2020 and 31 December 2019, the following subsidiaries of Akiles Corporation SE were consolidated in the interim consolidated financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 30.06.2020	% ownership 31.12.2019
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%
Brilla EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	100%	100%
Energotec Eco AD	Bulgaria	100%	100%
Wintec World SL (former Addom SL)	Spain	100%	100%
TNL World EOOD	Bulgaria	100%	100%
TNL SL	Spain	80%	80%
PetrolProm Bulgaria EOOD	Bulgaria	50.43%	50.43%
Silena Company EOOD	Bulgaria	50.43%	50.43%

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Notes to the condensed interim consolidated financial statements

1. Incorporation and principal activities (continued)

Principal activities (continued)

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.

During the first half of 2019 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 was no longer considered an associated company in future. The remaining participation of 95,698 shares was valued with reference to the market price at AIM on the London Stock Exchange as at 30 June 2020 which was 0.745 GBX/share (31 December 2019: 450,595,698 shares at 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 condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Group's board of directors on 30.10.2020.

3. Use of judgements and estimates

The preparation of the condensed interim consolidated financial statements in conformity with IAS 34 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.

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.

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Notes to the condensed interim consolidated financial statements

3. Use of judgements and estimates (continued)

A. Going concern basis of accounting

The interim consolidated financial statements of Akiles Corporation SE as at 30 June 2020 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 5,282 thousand mainly due to finance costs. The accumulated loss as at 30 June 2020 amounts to EUR 53,635 thousand. The Group is in delay on covering principle under bond emissions amounting to EUR 3,000 thousand and interest payments amounting to EUR 2,906 thousand in relation to its unsecured corporate bonds issued. The non-payment of these liabilities represents an event of default and the total amount of the bond liabilities EUR 17 730 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 503 thousand as well as overdue principal amounting to EUR 964 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 4,360 thousand could become immediately payable upon discretion of the bank.

On 7 June 2019 the Group signed an agreement with two of its principal bondholders according to which a certain part of the issued corporate bonds together with the pending interest will be converted into capital with nominal value of EUR 1 each share. The rest of the liabilities will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years with collaterals on the debt. The Group has committed to meet certain financial performance criteria. As of the date of the agreement the bond liabilities towards Preemat amounted to EUR 12,056 thousand and loan liabilities amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR 4,000 thousand. The terms of the conversion 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 and the interested parties are in negotiations for new pre-conditions with the bondholders. The details of the new conversion agreement are planned to be available by the end of 2020.

The applicability of the going concern principle is subject to significant estimation uncertainty related to the management's judgement on the successful completion of conversions of the bond liabilities.

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 Indonesia.

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, retail sales, real estate, construction etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020-2021. The Group 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. In view of the above directors have a reasonable expectation that the 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 interim separate financial statements.

B. Significant sources of estimation uncertainties

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). 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.

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Notes to the condensed interim consolidated financial statements

3. Use of judgements and estimates (continued)

B. Significant sources of estimation uncertainties (continued)

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 first 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 negotiations for sale of the power plants in Karlovo Biomass and Heat Biomass have been also delayed due to the low economic activity. Due to uncertainties of a potential delay in the start of operations of Tvarditsa and Plovdiv pellet plants the management has considered to recognize 10% impairment of the related R&D assets (Note 8).

One of the Spanish subsidiaries, Winttec World SL, is in the process of dissolution. Akiles Corporation SE plans to adopt a resolution on measures for ensuring that the debt to Akiles Corporation SE will be converted into equity of Winttec World S.L. to fulfil with the Spanish Commercial Code no later than by the approval of the Annual Report for 2020. In addition, during 2020 Winttec World SL has not renewed the contract with its former customer Arrizabal for the renovation of Santander's underground containerization equipment (phase II). All revenues and cost of sales and the other operating expenses of Winttec World SL are related to this contract. Due to the stoppage of the company's activity, Winttec World SL had to lay off some employees with only 2 employees remaining as of June 2020. Considering this slow-down in the activities the management has considered to fully impair the intangible asset – patent, related to the waste management line of business (Note 8).

In 2020 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.

C. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement at 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.

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Notes to the condensed interim consolidated financial statements

3. Use of judgements and estimates (continued)

C. Measurement of fair values (continued)

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 the end of the reporting period during which the change has occurred.

4. 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.

For the six months ended 30 June

	2020	2019
	EUR'000	EUR'000
Revenue from contracts with customers	657	1,527
Other revenue	1	-
Total revenue	658	1,527

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.

For the six months ended 30 June	Sale and management of waste collection systems		Gas and oil trading		Total	
	2020	2019	2020	2019	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Major business lines						
Sales of production	-	-	178	-	178	-
Sales of goods	-	9	452	362	452	371
Rendering of services	23	1,156	4	-	27	1,156
	23	1,165	634	362	657	1,527

C. 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.

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4. Revenue (continued)

C. Performance obligations and revenue recognition policies (continued)

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.

5. Employee benefit expenses

For the six months ended 30 June

	2020 EUR'000	2019 EUR'000
Wages and salaries	277	365
Social security contributions	37	68
	314	433

6. Finance income and costs

For the six months ended 30 June

	2020 EUR'000	2019 EUR'000
Profit on sale of investments (a)	695	-
Profit on revaluation of shares lent (b)	414	-
Net exchange rate differences	51	12
Finance income	1,160	12
Interest expense	(767)	(1,024)
Equity investments at FVTPL - net change in fair value (c)	(4,108)	-
Loss on sale of investments (a)	-	(1,195)
Loss on revaluation of shares lent (b)	-	(1,638)
Bank expenses	(13)	(25)
Finance costs	(4,888)	(3,882)
Net finance costs recognised in profit or loss	(3,728)	(3,870)

(a) The profit/loss on sale of investments relates to sales of shares held in Eqtec plc. As at 30 June 2020 Akiles owns 95,698 shares in Eqtec plc (31.12.2019: 450,595,898 shares). Eqtec plc's shares are quoted on AIM of the London Stock Exchange market and their market price as at 30 June 2020 is 0.745 GBX/share (31.12.2019: 0.115 GBX/share).

(b) Profit/Loss on revaluation of shares lent from Elektra relates to the share lending agreements signed between the parties where Elektra has effectively lent 5,016,968 shares (31.12.2019: 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 30 June 2020 – 0.107 EUR per share (31 December 2019 – 0.174 EUR per share).

(c) Equity investments at FVTPL - net change in fair value – the Company accounts for other equity investments at fair value through profit and loss. Those include investments in Eqtec plc, Interavers OOD and HM Hotels JSC. .

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Notes to the condensed interim consolidated financial statements

7. Property, plant and equipment

	Land	Buildings	ROU	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 2019	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
Additions	-	-	-	-	-	-	1	40	-	41
Disposals	-	-	-	-	-	-	(1)	-	-	(1)
At 30 June 2020	859	1,024	124	2,429	284	4	15	84	23	4,846
Depreciation and impairment loss										
Balance at 1 January 2019	-	-	-	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
Depreciation for the period	-	21	21	-	19	-	3	7	-	71
Balance at 30 June 2020	-	154	62	2	246	1	8	10	-	483
Net book value										
At 31 December 2019	859	891	83	2,427	57	3	10	41	23	4,394
At 30 June 2020	859	870	62	2,427	38	3	7	74	23	4,363

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Notes to the condensed interim consolidated financial statements

7. Property, plant and equipment (continued)

As at the end of 2019 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 as at 30 June 2020 and 31 December 2019 are attributable to the following projects:

	Assets under construction
	EUR'000
Plovdiv Biomass EOOD	14
Tvardica Biomass EOOD	9
	<u>23</u>

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.

Measurement of fair value

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 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. No valuation reports have been prepared as at 30 June 2020. However, the Management considers that Covid – 19 pandemic has not affected significantly the fair values of land. The valuation reports of the appraiser show 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
	<u>859</u>

Fair value hierarchy

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.

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Notes to the condensed interim consolidated financial statements

7. Property, plant and equipment (continued)

Measurement of fair value (continued)

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);

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.

8. Intangible assets

	Develop- ment costs in progress EUR 000	Develop- ment costs EUR 000	Patents and trade marks EUR 000	Software EUR 000	Other EUR 000	Total EUR 000
Cost						
Balance at 1 January 2019	10,302	10	622	19	-	10,953
Additions through business combination	-	-	-	26	-	26
Additions	-	-	-	-	4	4
Disposals	(4)	-	-	(12)	-	(16)
Balance at 31 December 2019	10,298	10	622	33	4	10,967
Balance at 30 June 2020	10,298	10	622	33	4	10,967
Amortisation						
Balance at 1 January 2019	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
Charge for the period	-	-	10	12	-	22
Impairment loss	-	-	579	-	-	579
Balance at 30 June 2020	7,549	10	622	14	-	8,195
Net book value						
At 1 January 2019	4,769	-	620	18	-	5,407
At 31 December 2019	2,749	-	589	31	4	3,373
At 30 June 2020	2,749	-	-	19	4	2,772

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Notes to the condensed interim consolidated financial statements

8. Intangible assets (continued)

Development costs in progress as at 30 June 2020/31 December 2019 represent licences, contracts, permits, designs, etc. related to development phase of the following three projects for construction and operation of pelletization plants:

	Development costs in progress EUR'000
Thermal plant and pelletization plant of Tvarditsa Biomass EOOD	1,745
Thermal plant and pelletization plant of Plovdiv Biomass EOOD	1,003
Thermal plant and pelletization plant of Tvarditsa PV EOOD	1
	<u>2,749</u>

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. Their amortisation will start when the projects are finalised and the production commences.

Impairment testing for CGUs containing goodwill

As at 31 December 2019 the Group performed a test for impairment based on the best estimates and judgments of the Management.

9. 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 2019	Goodwill as at 30 June 2020
Heat Biomass EOOD	30 November 2012	1,221	-	-
Karlovo Biomass EOOD	30 November 2012	825	-	-
Nova Zagora Biomass EOOD	30 November 2012	185	-	-
United Biomass EOOD	30 November 2012	103	-	-
Tvardica Biomass EOOD	30 November 2012	411	411	370
Eqtec Iberia SL	30 November 2012	76	-	-
WINTEC 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 EOOD	3 June 2019	627	627	627
Total		9,602	1,038	997

Impairment loss of EUR 41 thousand was recognized during the first six months of 2020 in respect of the goodwill that had arisen upon acquisition of Tvardica Biomass EOOD (2019: EUR 288 thousand related to Nova Zagora Biomass EOOD and United Biomass EOOD due to the management decision to the development of these investment projects). The impairment loss is provisional considering that the project has still not started and there is uncertainty regarding the underlying assumptions of the valuation.

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Notes to the condensed interim consolidated financial statements

9. Acquisitions and disposals of subsidiaries (continued)

9.1 Acquisition of PetrolProm Bulgaria EOOD

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.

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

in thousand EUR	PetrolProm Bulgaria EOOD 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

9.2 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

9.3 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 Corporation SE 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.

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Notes to the condensed interim consolidated financial statements

9. Acquisitions and disposals of subsidiaries (continued)

9.4 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		-
<i>Less share of consolidated carrying value at the date control is lost</i>		
	Net assets	(4,388)
	Liabilities and loans to parent	3,931
		<u>457</u>
Group profit on disposal		<u>457</u>

10. 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. However significant influence was retained throughout 2018. 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 if 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).

During the first six months of 2019 Akiles Corporation SE sold or transferred ownership in exchange for settling liabilities over 165,810,670 shares of Eqtec plc. As at 30 June 2019 Akiles Corporation SE owned 510,595,698 shares. However further share emissions of Eqtec plc shares subscribed by other shareholders took place on 28 June 2019 decreasing Akiles Corporation participation in the capital of Eqtec plc to 16,59%. Akiles Corporation SE 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)
		<u>(4,948)</u>
Group loss on disposal		<u>(3,229)</u>

The fair value of the investment retained was determined based on the number of shares owned (510,595,698 ordinary shares) and the share price on AIM on that day (0.745 GBX/share).

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11. Other investments

As at 30 June 2020 and 31 December 2019 the other investments include the following:

	30.06.2020	31.12.2019
	EUR'000	EUR'000
Equity securities – at FVTPL (Investment in Eqtec plc, held by Akiles Corporation)	481	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)	1	100
	482	5,209

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 they were not consolidated. The fair value of the companies was determined based on valuation reports prepared by independent certified experts.

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 3 April 2019 which Akiles signed with Stanislav Novakov for the acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this termination the 50% of the share capital of HM Hotels JSC were returned to their previous owner, Stanislav Novakov, while Akiles obtained ownership over 99,700 of its own shares.

On 6 July 2020 a settlement agreement was signed between Akiles Corporation and Omar Omarovich with the regards to the 50% participation in the capital Interavers OOD, obtained by Akiles in 2019. Due to the continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 29 March 2019 which Akiles signed with Omar Omarovich for the acquisition of 50% of the registered capital of Interavers OOD was to be considered terminated. As a result of this termination on 6 July 2020, 50% of the share capital of Interavers OOD, were returned to their previous owner, Omar Omarovich, while Akiles obtained ownership over 4,500,000 own shares. The fair value of the investment in Interavers OOD as at 30 June 2020 is therefore calculated with reference to the market price of Akiles own shares at MAB as at that date.

As at 30 June 2020 Akiles Corporation SE owned 95,698 shares (31 December 2019: 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 0.745 GBX/share (31.12.2019: 0.115 GBX/share).

12. Assets classified as held for sale

	30.06.2020	31.12.2019
		EUR'000
Assets classified as held for sale related to:		
Karlovo Biomass	8,636	8,636
Heat Biomass	1,274	1,274
	9,910	9,910

At the end of 2018 the management decided to discontinue the development of the investment projects of Karlovo Biomass EOOD, Heat Biomass EOOD and Biomass Distribution EOOD. Negotiations for the sale of the power plants of Karlovo Biomass EOOD and Heat Biomass EOOD continue and sale is expected in 2020-2021. The negotiations have been delayed due to the low economic activity related to COVID-19 ongoing pandemic. 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.

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12. Assets classified as held for sale (continued)

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.

Impairment loss amounting to EUR 5,000 thousand was recognized in the first half of 2019 based on the best management estimates.

The assets held for sale are part of Operating Segment 1 Construction, management and operation of biomass power plants and pelletization plants (see Note 18).

13. Inventory

	30.06.2020 EUR'000	31.12.2019 EUR'000
Goods	123	85
Raw materials and consumables	76	76
Production	6	13
Work in progress	-	30
	<u>205</u>	<u>204</u>

14. Cash at bank and in hand

	30.06.2020 EUR'000	31.12.2019 EUR'000
Cash at bank	411	55
Cash in hand	109	131
Cash in transit	62	-
	<u>582</u>	<u>186</u>

15. Capital and capital reserves

15.1. 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. In respect of the Company's shares that are held by the Company (of any), all rights are suspended until those shares are reissued.

As at 31 December 2019 and 30 June 2020 the Company has issued 27,367,811 ordinary shares 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 thousand being an in-kind contribution of a 50% holding in Interavers OOD;
- EUR 100 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.

Akiles and FACET have agreed the conversion price of the debt into new shares will be EUR 1 per share. In case where the average of the VWAP of the 10 last trading days prior to the admission for trading of the new shares on MAB is lower than EUR 1 nominal value, Akiles undertakes to settle the difference. The newly emitted shares were admitted for trading on 12 June 2020 resulting in an additional share issue cost and a liability of Akiles towards FACET for the amount of EUR 1,412 thousand. On 7 October 2020 in an additional agreement the parties agree that this liability will be settled against emitted shares from the capital of the Company.

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Notes to the condensed interim consolidated financial statements

15. Capital and capital reserves (continued)

15.2. Reserve for own shares

The reserve for own shares comprises the cost of the Company's shares held.

As at 30 June 2020 the Company held 99,700 own shares with nominal value EUR 1 at total amount of EUR 100 thousand. As at 31 December 2019 the Company held no own shares.

15.3 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.

16. Loss per share

Basic loss per share

The calculation of basic loss per share (LPS) at 30 June 2020 (30 June 2019) is based on the loss attributable to ordinary shareholders of EUR 5,282 thousand (30 June 2019: loss of EUR 15,303 thousand), and a weighted average number of ordinary shares outstanding of 27,318 thousand (30 June 2019: 20,918 thousand), calculated as follows:

(i) Loss attributable to ordinary shareholders (basic)

<i>In thousands of EUR</i>	30.06.2020	30.06.2019
Loss for the period	(5,282)	(15,303)
Loss attributable to ordinary shareholders	(5,282)	(15,303)

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

<i>In thousands of shares</i>	30.06.2020	30.06.2019
Issued ordinary shares at 1 January	27,368	20,918
Effect from repurchased own shares	(50)	-
Weighted average number of ordinary shares at 30 June	27,318	20,918
Loss per share (EUR)	(0.19)	(0.73)

Diluted loss per share

On 18 March 2019 and in regards to the SSF signed between Ebioss Energy SE and GEM Global Yield Fund in October 2018, Akiles Corporation SE issued 5,500,000 warrants, giving the right to GEM to subscribe for 5,500,000 newly issued Ordinary Shares from the capital of Akiles Corporation SE. The warrants were issued for no consideration and may be exercised at a price of EUR 1.35 per share within 12 months of their issuance and at EUR 1 within the period commencing on the first date after 12 months and ending 36 months after the issue date.

Potential exercise of the warrants would have resulted in a decrease of the loss per share and therefore have an anti-dilutive effect.

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Notes to the condensed interim consolidated financial statements

17. 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.

<i>In thousands of EUR</i>	<i>Note</i>	30.06.2020	31.12.2019
Non-current liabilities			
Bank loans	(c)	341	611
Lease liabilities		45	74
Other non-current loans and borrowings		9	69
		395	754
Current liabilities			
Unsecured corporate bonds issues	(a)	17,730	17,206
Bank loans and overdrafts	(c)	4,725	4,853
Loans payable to related parties	19	906	910
Lease liabilities		59	48
Other loans and borrowings	(b)	2,938	2,887
		26,358	25,904
Total		26,753	26,658

(a) Corporate bonds issue

In thousands of EUR

Carrying amount of liability at 1 January 2019	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
Accrued interest	539
Net FX loss on GBP bonds during first half of 2020	(15)
Carrying amount of liability at 30 June 2020	17,730

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.

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.

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Notes to the condensed interim consolidated financial statements

17. Loans and borrowings (continued)

(a) Corporate bonds issue (continued)

On 12 July 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 12th 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 at 30 June 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 30 June 2020 interest payments for the total amount of EUR 2,906 thousand, which fell due in 2018, 2019 and the first half of 2020 and the repayment of the principle of the first bond emission for the amount of EUR 3,000 thousand which was due on 18 June 2020 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 with collaterals on the debt.

The terms of this agreement and the 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 by the end of 2020.

(b) Loans payable to third parties

As at 30 June 2020 the Group's main credit funding granted by third parties included 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.

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Notes to the condensed interim consolidated financial statements

17. Loans and borrowings (continued)

(b) Loans payable to third parties (continued)

- 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.

(c) Bank loans

Bank loans structure as at 30 June 2020:

Bank	Borrower	Interest rate	Balance 30.06.2020 EUR'000	Maturity
UBB AD	Karlovo Biomass EOOD	3M EURIBOR +6%	4,214	overdue principle payments; payable on demand
BBVA	Akiles Corporation SE	2.00%	360	30.11.2023
GPM - overdraft	Akiles Corporation SE	n/a	7	Payable on demand
Sabadell – credit card	Akiles Corporation SE	n/a	11	Payable on demand
Eurobank Bulgaria	PetrolProm Bulgaria EOOD	Prime Eurobank+3.25%	269	30.06.2021
Popular Bank	TNL SL	4.00%	11	14.11.2020
Banco Sabadell	TNL SL	4.00%	56	31.07.2028
La Caixa Bank	TNL SL	4.62%	131	Payable on demand
Credit cards	TNL SL	n/a	3	Payable on demand
Credit cards	Wintec Word SL	-	4	Payable on demand
TOTAL BANK LOANS			5,066	

Repayment of principle amounting to EUR 964 thousand on the loan granted by UBB AD to Karlovo Biomass EOOD 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.

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	

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Notes to the condensed interim consolidated financial statements

17. Loans and borrowings (continued)

(d) 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 2020	17,206	910	5,464	122	2,956	26,658
Changes from financing cash flows						
Proceeds from loans and borrowings	-	1	-	-	200	201
Repayment of borrowings	-	(21)	(336)	-	(258)	(615)
Payment of lease liabilities	-	-	-	(20)	-	(20)
Total changes from financing cash flows	-	(20)	(336)	(20)	(58)	(434)
The effect of changes in foreign exchange rates	(15)	-	(9)	-	-	(24)
Other changes Liability related						
New lease	-	-	-	8	-	8
Temporary lease reduction, Covid	-	-	-	(6)	-	(6)
Interest expense	539	16	160	3	49	767
Interest paid	-	-	(213)	(3)	-	(216)
Total liability related other changes	539	16	(53)	2	49	553
Balance at 30 June 2020	17,730	906	5,066	104	2,947	26,753

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Notes to the condensed interim consolidated financial statements

18. Segment reporting

As at 30 June 2020/ 31 December 2019 the Group has three reportable segments:

In thousands of EUR

	Segment 1 Construction, management and operation of biomass power plants and peletization plants		Segment 2 Sale and management of waste collection systems		Segment 3 Gas and oil trading		Total	
For the six months ended	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Revenues	-	-	23	1,165	635	362	658	1,527
Raw materials and consumables used	(7)	(26)	-	-	(154)	(1)	(161)	(27)
Cost of goods sold	-	-	(32)	(955)	(435)	(322)	(467)	(1,277)
Expenses for hired services	(100)	(209)	(35)	(90)	(13)	(2)	(148)	(301)
Employee benefit expenses	(221)	(225)	(66)	(194)	(27)	(14)	(314)	(433)
Depreciation and amortisation	(63)	(23)	(17)	(9)	(13)	(4)	(93)	(36)
Goodwill impairment	(41)	-	-	-	-	-	(41)	-
Impairment of tangible and intangible assets	-	(1,970)	(579)	-	-	-	(579)	(1,970)
Impairment loss on remeasurement of assets held for sale	-	(5,000)	-	-	-	-	-	(5,000)
Impairment loss on trade receivables	-	-	(27)	-	(413)	-	(440)	-
Other expenses	(202)	(82)	(3)	(25)	(1)	-	(206)	(107)
Loss from operating activities	(634)	(7,535)	(736)	(108)	(421)	19	(1,791)	(7,624)
Finance income	1,160	12	-	-	-	-	1,160	12
Finance expenses	(4,880)	(3,858)	-	(22)	(8)	(2)	(4,888)	(3,882)
Inter-segment finance income	33	27	-	-	-	-	33	27
Inter-segment finance (expense)	-	-	(33)	(27)	-	-	(33)	(27)
Net finance costs	(3,687)	(3,819)	(33)	(49)	(8)	(2)	(3,728)	(3,870)
Share of loss of equity accounted investees	-	(531)	-	-	-	-	-	(531)
Loss on disposal of associates	-	(3,229)	-	-	-	-	-	(3,229)
Profit/(Loss) before income tax	(4,321)	(15,114)	(769)	(157)	(429)	17	(5,519)	(15,254)
Income tax (expense)/ benefit	-	(78)	-	-	-	-	-	(78)
Profit/(Loss) for the period	(4,321)	(15,192)	(769)	(157)	(429)	17	(5,519)	(15,332)
Other comprehensive income	-	7	-	-	-	-	-	7
Total comprehensive income/ (loss)	(4,321)	(15,185)	(769)	(157)	(429)	17	(5,519)	(15,325)

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Notes to the condensed interim consolidated financial statements

18. Segment reporting (continued)

In thousands of EUR

	Segment 1		Segment 2		Segment 3		Total		
	Construction, management and operation of biomass power plants and pelletization plants	Sale and management of waste collection systems	Sale and management of waste collection systems	Gas and oil trading	Gas and oil trading				
Total assets for reportable segments	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	31.12.2019
	18,983	23,507	412	1,116	1,619	2,479	21,014	27,102	
Total liabilities for reportable segments	30,469	29,144	1,645	1,685	1,425	1,857	33,539	32,686	

19. 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 Elkartea SL, Portugal	shareholder in the subsidiary TNL SL
Eqtec plc and its subsidiaries	Associate (after August 2018; till June 2019)

Directors

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

Remuneration of key management personnel of the group for the period 01.01.2020-30.06.2020 is EUR 84 thousand (for the first six months of 2019: EUR 84 thousand).

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Notes to the condensed interim consolidated financial statements

19. Related party transactions and balances (continued)

Balances with related parties

In thousands of EUR

	Balance outstanding as at			
	30.06.2020		31.12.2019	
	Receivables	Payables	Receivables	Payables
Elektra Holding AD	-	(547)	-	(805)
Eqtec plc	-	(70)	-	(70)
Directors	76	(109)	72	(114)
	<u>76</u>	<u>(726)</u>	<u>72</u>	<u>(989)</u>

EUR 537 thousand out of the total amount of EUR 547 thousand payable to Elektra Holding AD (31.12.2019: EUR 795 thousand out of EUR 895 thousand) are related to share lending agreements signed between the parties where Elektra has effectively lent 5,016,968 shares (31.12.2019: 4,568,216) 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 30 June 2020 – 0.107 EUR per share (31 December 2019 – 0.174 EUR per share).

Loans due to related parties

In thousands of EUR

Payables to:	Balance outstanding as at	
	30.06.2020	31.12.2019
Elektra Holding AD	707	714
Close family members of the management	199	196
	<u>906</u>	<u>910</u>

Transactions with related parties

In thousands of EUR

Description	For the period	For the period	
	ended 30.06.2020	ended 30.06.2019	
Elektra Holding AD – amounts received	Loans	1	-
Elektra Holding AD – amounts repaid	Loans	(21)	(45)
Elektra Holding AD – interest accrued	Loans	13	14
Close family members – amounts repaid	Loans	-	(2)
Close family members – interest accrued	Loans	3	3

20. 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 30 June 2020 (31 December 2019) the outstanding liability to this loan is EUR 4,360 thousand (EUR 4,500 thousand) out of which EUR 146 thousand (EUR 130 thousand) is capitalized in the costs of the qualifying non-current asset. As of 30 June 2020, under this debt loan the Group accounts for overdue payment of principle amounting to EUR 964 thousand (2019: EUR 840 thousand) which was due prior to the reporting period end.

The Group has no other commitments or contingent liabilities as at 30 June 2020 and 31 December 2019.

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Notes to the condensed interim consolidated financial statements

21. Events after the reporting period end

On 6 July 2020 the Executive Director of Akiles Corporation and OMAROV ABDULLAGADZHI OMAROVICH terminated on the grounds of mutual consent and based on 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 29.03.2019 and Annex 1 thereto for acquisition of 50% of the registered capital of INTERAVERS LTD. As a result of this termination of the contractual relations with OMAROV ABDULLAGADZHI OMAROVICH, Akiles returned to him the ownership over 50% of the shares capital of INTERAVERS LTD.

There are no other significant events, adjusting or non-adjusting, which have a bearing on the understanding of the condensed interim consolidated financial statements of the Group.



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Report on Review of Interim Consolidated Financial Information

To the shareholders of Akiles Corporation SE
Address: 1404, Sofia
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Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Akiles Corporation SE as of 30 June 2020, which comprise the condensed interim consolidated statements of financial position as of 30 June 2020 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and the accompanying summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards, as adopted by EU. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not give a true and fair view of the financial position of the Group as of 30 June 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards, as adopted by EU.

Material Uncertainty Related to the Going Concern

We draw attention to the disclosures in Note 3 "Use of judgements and estimates", section A "Going concern basis of accounting" in the condensed interim consolidated financial statements, which states that the condensed interim consolidated financial statements as of 30 June 2020 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 5,282 thousand mainly due to finance costs. The accumulated loss as of 30 June 2020 amounts to EUR 53,635 thousand. The Group is in delay on covering principle under bond emissions amounting to EUR 3,000 thousand and interest payments amounting to EUR 2,906 thousand in relation to its unsecured corporate bonds issued. The non-payment of these liabilities (principal and interests) represents an event of default and the bond liabilities amounting to EUR 17,730 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 503 thousand as well as overdue principal amounting to EUR 964 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 4,360 thousand could become immediately payable upon discretion of the bank.

The applicability of the going concern principle is subject to significant estimation uncertainty related to the management's judgement on the successful completion of conversions of the bond liabilities as presented in Note 3. These facts indicate material uncertainty with regards to the Group's ability to continue as a going concern without continuing support of its shareholders and providers of finance. Our conclusion is not modified in respect of this matter.

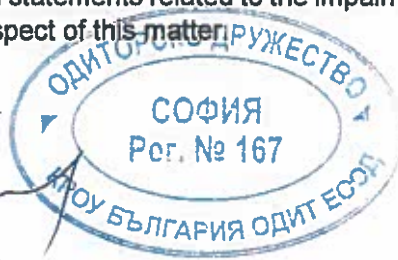
Emphasis of matter

We draw attention to the disclosures in Note 3 "Use of judgements and estimates", Section B "Significant sources of estimation uncertainties" in the condensed interim consolidated financial statements which discloses the possible and predictable consequences of the material uncertainty related to the spread of the coronavirus pandemic (COVID-19). The disruption of the normal economic activity worldwide as a result of COVID-19 had adversely affected the Group's operations. Due to the unpredictable dynamics of COVID-19 in future, the management has disclosed the underlying uncertainties in the judgements, estimations and assumptions made in the condensed interim consolidated financial statements related to the impairments of the Group's assets. Our conclusion is not modified in respect of this matter.

Crowe Bulgaria Audit Ltd.
Audit Firm

Georgi Kaloyanov, Managing partner
Registered auditor, responsible for the review

30 October 2020
Sofia



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 period ended 30.06.2020.

Incorporation and principal activities

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. The financial statements as at 30 June 2020 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

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 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 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 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.

With resolution dated 30 June 2017, the ordinary General meeting of the Company resolved to delegate explicit powers to the Board of Directors of EBIOSS ENERGY SE to perform capital increase up to 34,000,000 Euro of the registered capital and to waive the pre-emptive rights of the current shareholders to subscribe shares on a pro-rata basis in case such capital increase is accomplished.

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:

- 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 July 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.
- 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 March 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.

AKILES CORPORATION SE

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Incorporation (continued)

- 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.

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 which Akiles had 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.

Principal activities

The principal activities of the Group are management, engineering and construction of gasification power plants, production of pelets 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 commodities trading, retail sales, waste container, real estate etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020 and 2021.

As of 30 June 2020 and 31 December 2019, the following subsidiaries of Akiles Corporation SE were consolidated in the interim consolidated financial statements of the Group:

Subsidiary	Country of incorporation	% ownership 30.06.2020	% ownership 31.12.2019
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%
Brilla EOOD	Bulgaria	100%	100%
Tvardica PV EOOD	Bulgaria	100%	100%
Eqtec Bulgaria EOOD	Bulgaria	100%	100%
Energotec Eco AD	Bulgaria	100%	100%
Wintec World SL (former Addom SL)	Spain	100%	100%
TNL World EOOD	Bulgaria	100%	100%
TNL SL	Spain	80%	80%
PetrolProm Bulgaria EOOD	Bulgaria	50.43%	50.43%
Silena Company EOOD	Bulgaria	50.43%	50.43%

AKILES CORPORATION SE

DIRECTOR'S REPORT

1. Incorporation and principal activities (continued)

Principal activities (continued)

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.

During the first half of 2019 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 was no longer considered an associated company in future. The remaining participation of 95,698 shares was valued with reference to the market price at AIM on the London Stock Exchange as at 30 June 2020 which was 0.745 GBX/share (31 December 2019: 450,595,698 shares at 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. Review of current position, future developments and significant risks

The Group's development to date, financial results and position are presented in the interim consolidated financial statements. For the period ended 30.06.2020 the financial result of the Group is net loss in the amount of EUR 5 519 thousand from which EUR 237 thousand is attributable to Non-controlling interests. Net equity including Non-controlling interests of EUR 595 thousand is a negative value amounting to EUR 12 525 thousand. As of 30 June 2020 the earnings per share are a negative value of EUR 0.19.

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)

30.06.2020	31.12.2019
-2,68	-5,85

Liquidity ratio (current assets / current liabilities)

30.06.2020	31.12.2019
0,36	0,40

4. Events after the reporting period

On 6 July 2020 the Executive Director of Akiles Corporation and OMAROV ABDULLAGADZHI OMAROVICH terminated on the grounds of mutual consent and based on 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 29.03.2019

AKILES CORPORATION SE

DIRECTOR'S REPORT

and Annex 1 thereto for acquisition of 50% of the registered capital of INTERAVERS LTD. As a result of this termination of the contractual relations with OMAROV ABDULLAGADZHI OMAROVICH, Akiles returned to him the ownership over 50% of the shares capital of INTERAVERS LTD.

There are no other significant events, adjusting or non-adjusting, which have a bearing on the understanding of the condensed interim consolidated financial statements of the Group.

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, construction etc. The in-kind contributions of the new business lines of activities are expected to be finalized in 2020 - 2021.

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 30 June 2020 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 at 30 June 2020 the Company held 99,700 own shares with nominal value EUR 1 at total amount of EUR 100 thousand. As at 31 December 2019 the Company held no own shares.

8. Existence of branches of the Group companies

The Company does not have branches in 2019 and as of 30.06.2020.

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

AKILES CORPORATION SE

DIRECTOR'S REPORT

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.

(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.

AKILES CORPORATION SE

DIRECTOR'S REPORT

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

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 30 June 2020 the major shareholders in the Company are: Omarov Abdullagadzhi 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.

AKILES CORPORATION SE

DIRECTOR'S REPORT

- **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

As of 30.06.2020 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 interim consolidated financial statements as of 30.06.2020.

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 30 June 2020 Managing Director is Jose Oscar Leiva Mendez.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director

Sofia, 30 October 2020

AKILES CORPORATION SE

**CONDENSED INTERIM SEPARATE
FINANCIAL STATEMENTS**

For the six months ended 30 June 2020

AKILES CORPORATION SE

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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AKILES CORPORATION SE

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

CONDENSED INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	Note	2020 EUR'000	2019 EUR'000
Depreciation and amortization	8,9	(23)	(23)
Expenses for hired services		(90)	(164)
Employee benefit expenses	4	(221)	(225)
Investments impairment		(302)	(3,754)
Impairment loss on loans and trade receivables	5	(603)	(5,143)
Other expenses		(188)	(100)
Result from operating activities		(1,427)	(9,409)
Finance income		1,570	412
Finance cost		(4,740)	(2,209)
Net finance expense	6	(3,170)	(1,797)
Loss before income tax		(4,597)	(11,206)
Income tax benefit		-	-
Loss for the period		(4,597)	(11,206)
Total comprehensive loss for the period		(4,597)	(11,206)
Basic loss per share (in EUR)	12	(0.17)	(0.54)

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim separate financial statements for issue.

Executive Director:
Jose Oscar Lelva Mendez

АКИЛЕС КОРПОРЕЙШЪН ЕД
София
AKILES CORPORATION SE
Sofia

Prepared by:
Sonia Mihaylova

Reviewed according to review report dated 30.10.2020

Crowe Bulgaria Audit EOOD., Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the review

AKILES CORPORATION SE

CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 EUR'000	31 December 2019 EUR'000
ASSETS			
Non-current assets			
Investments in subsidiaries	7	3,785	4,087
Other investments	7	482	5,209
Deferred tax asset		226	226
Property, plant and equipment	8	67	90
Loans provided	14.1	12	12
Intangible assets	9	4	4
Total non-current assets		4,576	9,628
Current assets			
Loans provided	14.1	15,727	15,526
Trade and other receivables		161	276
Cash and cash equivalents	10	468	51
Total current assets		16,356	15,853
Total assets		20,932	25,481
EQUITY AND LIABILITIES			
Equity			
Share capital	11.1	27,368	27,368
Share premium		14,292	15,614
Reserve of own shares	11.2	(100)	-
Accumulated loss		(46,296)	(41,699)
Total equity		(4,736)	1,283
Non-current liabilities			
Loans and borrowings	13	309	601
Total non-current liabilities		309	601
Current liabilities			
Loans and borrowings	13	21,008	20,399
Trade and other payables		4,351	3,198
Total current liabilities		25,359	23,597
Total liabilities		25,668	24,198
Total equity and liabilities		20,932	25,481

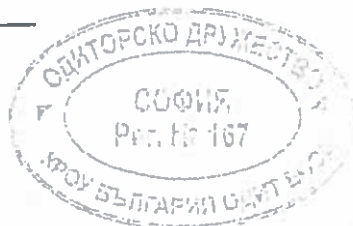
On 30.10.2020 the Board of AKILES CORPORATION SE authorised these condensed interim separate financial statements for issue.

Executive Director:
Jose Oscar Leiva Mendez

AKILES CORPORATION SE
Sofia

Reviewed according to review report dated 30.10.2020

Crowe Bulgaria Audit EOOD., Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the review



Prepared by:
Sonia Mihaylova

AKILES CORPORATION SE

CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital EUR'000	Share premium EUR'000	Reserve for own shares EUR'000	Accumulated loss EUR'000	Total EUR'000
Balance at 1 January 2020	27,368	15,614	-	(41,699)	1,283
Total comprehensive loss	-	-	-	(4,597)	(4,597)
Loss for the period	-	-	-	(4,597)	(4,597)
Total comprehensive loss	-	-	-	(4,597)	(4,597)
Transactions with owners of the Company					
Own shares acquired	-	(325)	(480)	-	(805)
Own shares sold	-	415	380	-	795
Share issue costs (See note 11)	-	(1,412)	-	-	(1,412)
Total transactions with owners of the Company	-	(1,322)	(100)	-	(1,422)
Balance at 30 June 2020	27,368	14,292	(100)	(46,296)	(4,736)
Restated balance at 1 January 2019	20,918	15,614	-	(23,737)	12,795
Total comprehensive loss	-	-	-	(11,206)	(11,206)
Loss for the period	-	-	-	(11,206)	(11,206)
Total comprehensive loss	-	-	-	(11,206)	(11,206)
Balance at 30 June 2019	20,918	15,614	-	(34,943)	1,589

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim separate financial statements for issue.

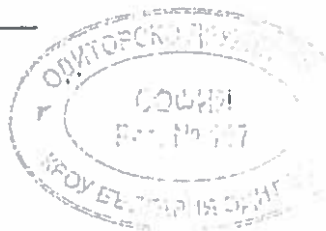
Executive Director:
Jose Oscar Lelva Mendez

АКИЛЕС КОРПОРЕЙШЪН ЕД
София
.....
AKILES CORPORATION SE
Sofia

Prepared by:
Sonia Mihaylova

Reviewed according to review report dated 30.10.2020

Crowe Bulgaria Audit EOOD., Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the review



AKILES CORPORATION SE

CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS

Note	Six months to 30 June 2020 EUR'000	Six months to 30 June 2019 EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before tax	(4,597)	(11,206)
Adjustment for:		
Depreciation expense	23	23
Impairments	905	8,897
Interest expense	619	764
Interest income	(410)	(401)
(Profit)/Loss on share lending	(414)	225
(Profit)/Loss on disposal of Investments	(695)	1,195
Other financial expenses	13	25
Equity Investments at FVTPL - net change in fair value	4,108	-
Net exchange rate (gains)/losses	(51)	(11)
	(499)	(489)
Changes in working capital:		
Trade and other payables	149	(92)
Trade and other receivables	115	(33)
Cash used in operating activities	(235)	(614)
Interest paid	(12)	-
Other financial expenses paid	(13)	(25)
Exchange rates gains realized	27	5
Net cash used in operating activities	(233)	(634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans provided to related parties	(394)	(159)
Repaid loans from related parties	-	51
Proceeds from sale of investments	1,304	343
Net cash from Investing activities	910	235
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans from related parties	1	35
Repayment of loans from related parties	(21)	(62)
Proceeds from loans from third parties	200	200
Proceeds from bank loans	(200)	581
Repayment of bank loans	(224)	-
Proceeds from sale of own shares	55	-
Repurchase of own shares	(55)	-
Payment of lease liabilities	(16)	(20)
Net cash (used in)/from financing activities	(260)	734
Net change in cash and cash equivalents	417	335
Cash and cash equivalents at 1 January	51	23
Cash and cash equivalents at 30 June	468	358

On 30.10.2020 the Board of Directors of AKILES CORPORATION SE authorised these condensed interim separate financial statements for issue.

Executive Director:
Jose Oscar Leyva Mendez

АКИЛЕС КОРПОРЕЙШЪН ЕД
София
AKILES CORPORATION SE
Sofia

Preparer (Sonia Miroslava)

Reviewed according to review report dated 30.10.2020

Crowe Bulgaria Audit EOOD., Audit firm
Georgi Kaloyanov, Managing partner
Registered auditor responsible for the review

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM 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
Sun Group 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:

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

30 June 2020

NOTES TO THE CONDENSED INTERIM 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.

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 which Akiles had 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.

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. Principal activities (continued)

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 principle 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 and 2021.

2. Basis of accounting

These condensed interim separate financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's board of directors on 30.10.2020.

3. Use of judgements and estimates

The preparation of the condensed interim separate financial statements in conformity with IAS 34 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.

The significant judgements made by management in applying the Company's accounting policies and the key sources of uncertainty were the same as those described in the last annual financial statements, except for those disclosed in section B "Significant sources of estimation uncertainties".

A. Going concern basis of accounting

The interim separate financial statements of Akiles Corporation SE as at 30 June 2020 have been prepared on the basis of the going concern concept. The Company's financial result for the period is a loss amounting to EUR 4,597 thousand mainly due to revaluations of investments carried at fair value through profit and loss and interest expenses. The accumulated loss as at 30 June 2020 amounts to EUR 46,296 thousand. The equity as of 30 June 2020 is negative and amounts to EUR (4,736) thousand. Based on art. 252, para. 1, item 5 of the Bulgarian Commercial Act, when the net worth of a joint-stock company falls below the amount of the registered capital, such company is obligated within one year to convoke a general meeting and to take a decision for reduction of the capital, for transformation or termination. However, the Management of the Company is actively working to realize new capital increase in order to comply with the provisions of the law.

The Company is in delay on covering principle under bond emissions amounting to EUR 3,000 thousand and interest payments amounting to EUR 2,906 thousand in relation to its unsecured corporate bonds issued. The non- payment of these liabilities represents an event of default and the total amount of the bond liabilities EUR 17 730 thousand 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 two of its principal bondholders according to which a certain part of the issued corporate bonds together with the pending interest will be converted into capital with nominal value of EUR 1 each share. The rest of the liabilities will be considered as debt with 2% fixed interest on an annual basis for 7 years and grace period of 2 years with collaterals on the debt. The Company has committed to meet certain financial performance criteria. As of the date of the agreement the bond liabilities towards Preemat amounted to EUR 12,056 thousand and loan liabilities amounting to EUR 1,000 thousand, as well as bonds held by Pactio for the total amount of EUR

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

3. Use of judgements and estimates (continued)

A. Going concern basis of accounting (continued)

The terms of this agreement and the 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 and the interested parties are in negotiations for new pre-conditions with the bondholders. The details of the new conversion agreement are planned to be available by the end of 2020. The applicability of the going concern principle is subject to significant estimation uncertainty related to the management's judgement on the successful completion of conversions of the bond liabilities.

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 Indonesia.

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, construction 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. In view of the above 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 interim separate financial statements.

B. Significant sources of estimation uncertainties

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 first 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 negotiations for sale of the power plants in Karlovo Biomass and Heat Biomass have been also delayed due to the low economic activity. Due to uncertainties of a potential delay in the start of operations of Tvarditsa and Plovdiv pellet plants the management has recognized 10% impairment in the investments in subsidiaries Tvardica Biomass EOOD and Plovdiv Biomass EOOD (Note 7).

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

3. Use of judgements and estimates (continued)

B. Significant sources of estimation uncertainties (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.

C. 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:

- 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.

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4. Employee benefit expenses

For the six months ended 30 June

	2020 EUR'000	2019 EUR'000
Wages and salaries	205	209
Social security contributions	16	16
	<u>221</u>	<u>225</u>

5. Impairment loss on loans and trade receivables

For the six months ended 30 June

	2020 EUR'000	2019 EUR'000
Impairment of loans provided to Karlovo Biomass	538	4,516
Impairment of loans to Biomass Distribution	10	5
Impairment of loans to Heat Biomass	55	511
Impairment of trade receivables	-	111
	<u>603</u>	<u>5,143</u>

6. Finance income and costs

For the six months ended 30 June

		2020 EUR'000	2019 EUR'000
Interest income	(a)	410	401
Profit on sale of investments	(b)	695	-
Profit on revaluation of shares lent	(c)	414	-
Net FX gains		51	11
		<u>1,570</u>	<u>412</u>
Equity investments at FVTPL - net change in fair value	(d)	(4,108)	-
Interest expense		(619)	(764)
Loss on sale of investments	(b)	-	(1,195)
Loss on revaluation of shares lent	(c)	-	(225)
Bank expenses		(13)	(25)
Finance costs		<u>(4,740)</u>	<u>(2,209)</u>
Net finance expense recognized in profit or loss		<u>(3,170)</u>	<u>(1,797)</u>

(a) Interest income relates to loans granted to the subsidiaries of the Company or its employees.

(b) The profit/loss on sale of investments relates to sales of shares held in Eqtec plc. As at 30 June 2020 Akiles owns 95,698 shares in Eqtec plc (31.12.2019: 450,595,898 shares). Eqtec plc's shares are quoted on AIM of the London Stock Exchange market and their market price as at 30 June 2020 is 0.745 GBX/share (31.12.2019: 0.115 GBX/share).

(c) Profit/Loss on revaluation of shares lent from Elektra relates to the share lending agreements signed between the parties where Elektra has effectively lent 5,016,968 shares (31.12.2019: 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 30 June 2020 – 0.107 EUR per share (31 December 2019 – 0.174 EUR per share).

(d) Equity investments at FVTPL - net change in fair value – the Company accounts for other equity investments at fair value through profit and loss. Those include investments in Eqtec plc, Interavers OOD and HM Hotels JSC.

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

7. Investments

	30.06.2020 EUR'000	31.12.2019 EUR'000
Balance at 1 January	9,296	13,162
New investments	-	5,152
Investments disposals	(619)	(1,982)
Impairments and/or revaluations of investments to fair value	(4,410)	(7,036)
Balance at the end of the period	4,267	9,296
Investments in subsidiaries	3,785	4,087
Other investments	482	5,209
Total investments	4,267	9,296

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.

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.

During 2019 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 2019 the shareholding of Akiles Corporation in Eqtec plc has decreased from 37.48% to 11.44% and Akiles Corporation SE lost its significant influence over Eqtec plc and the latter is no longer considered an associated company. The remaining participation was valued with reference to the market price at AIM on the London Stock Exchange (see Note 7 (b)).

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 3 April 2019 which Akiles signed with Stanislav Novakov for the acquisition of 50% of the registered capital of HM Hotels JSC. As a result of this termination the 50% of the share capital of HM Hotels JSC were returned to their previous owner, Stanislav Novakov, while Akiles obtained ownership over 99,700 of its own shares.

On 6 July 2020 a settlement agreement was signed between Akiles Corporation and Omar Omarovich with regards to the 50% participation in the capital Interavers OOD, obtained by Akiles in 2019. Due to the continuous period of force-majeure and objective negative economic factors, the Shareholders Agreement dated 29 March 2019 which Akiles signed with Omar Omarovich for the acquisition of 50% of the registered capital of Interavers OOD was to be considered terminated. As a result of this termination on 6 July 2020, 50% of the share capital of Interavers OOD, were returned to their previous owner, Omar Omarovich, while Akiles obtained ownership over 4,500,000 own shares. The fair value of the investment in Interavers OOD as at 30 June 2020 is therefore calculated with reference to the market price of Akiles own shares at MAB as at that date.

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

7. Investments (continued)

The investment in subsidiaries as at 30 June 2020 and 31 December 2019 are presented below:

Subsidiaries	Country of incorporation	% ownership 30.06.2020	Investment amount in EUR '000 30.06.2020	% ownership 31.12.2019	Investment amount in EUR '000 31.12.2019
Heat Biomass EOOD	Bulgaria	100%	-	100%	-
Karlovo Biomass EOOD	Bulgaria	100%	-	100%	-
Tvardica Biomass EOOD	Bulgaria	100%	1,841	100%	2,045
Nova Zagora Biomass EOOD	Bulgaria	100%	-	100%	-
Plovdiv Biomass EOOD	Bulgaria	100%	881	100%	979
United Biomass EOOD	Bulgaria	100%	-	100%	-
Energotec-Eco AD	Bulgaria	100%	22	100%	22
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	50.43%	540
Total investments in subsidiaries			3,785		4,087

Other investments at fair value through profit and loss	Country of incorporation	% ownership 30.06.2020	Investment amount in EUR '000 30.06.2020	% ownership 31.12.2019	Investment amount in EUR '000 31.12.2019
Eqtec plc	Ireland	Less than 1%	1	11.44%	609
Interavers OOD	Bulgaria	50%	481	50%	4,500
HM Hotels JSC	Bulgaria	-	-	50%	100
Total			482		5,209

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 30 June 2020 the principal to be repaid by Karlovo Biomass OOD to United Bulgarian Bank AD amounts to EUR 3,854 thousand (31 December 2019: EUR 3,955 thousand) out of which the payment of principle amounting to EUR 964 thousand (31 December 2019: 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 the Company performed a test for impairment of its investment in subsidiaries based on valuations from independent appraisers and impairment amounting to EUR 302 thousand has been recognized in relation to the investments in Tvardica Biomass EOOD and Plovdiv Biomass EOOD. Valuations reports are prepared on a yearly basis; thus, such have not been prepared as at 30 June 2020.

AKILES CORPORATION SE
30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

8. Property, plant and equipment

	ROU office	Computers and equipment	Vehicles	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost				
Balance at 1 January 2019	-	21	2	23
Initial application IFRS 16	124	-	-	124
Additions	-	6	-	6
Balance at 31 December 2019	124	27	2	153
Balance at 30 June 2020	124	27	2	153
Depreciation				
Balance at 1 January 2019	-	17	2	19
Charge for the year	41	3	-	44
Balance at 31 December 2019	41	20	2	63
Charge for the period	21	2	-	23
Balance at 30 June 2020	62	22	2	86
Carrying amounts				
At 31 January 2019	-	4	-	4
At 31 December 2019	83	7	-	90
At 30 June 2020	62	5	-	67

9. Intangible assets

	Software	Other	Total
	EUR'000	EUR'000	EUR'000
Cost			
Balance at 1 January 2019	6	-	6
Additions	-	4	4
Balance at 31 December 2019	6	4	10
Balance at 30 June 2020	6	4	10
Amortisation			
Balance at 1 January 2019	5	-	-
Charge for the year	1	-	-
Balance at 31 December 2019	6	-	6
Balance at 30 June 2020	6	-	6
Carrying amounts			
At 1 January 2019	1	-	1
At 31 December 2019	-	4	4
At 30 June 2020	-	4	4

10. Cash and cash equivalents

	30.06.2020	31.12.2019
	EUR'000	EUR'000
Cash at bank	406	49
Cash in transit	62	-
Cash in hand	-	2
Cash and cash equivalents	468	51
	30.06.2020	31.12.2019
	EUR'000	EUR'000
Cash and cash equivalents are denominated in following currencies:		
GBP	62	49
BGN	-	2
USD	1	-
EUR	405	-
	468	51

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

11. Capital and capital reserves

11.1. 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 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 and 30 June 2020 the Company has issued 27,367,811 ordinary shares 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 thousand being an in-kind contribution of a 50% holding in Interavers 00D;
- EUR 100 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.

Akiles and FACET have agreed the conversion price of the debt into new shares will be EUR 1 per share. In case where the average of the VWAP of the 10 last trading days prior to the admission for trading of the new shares on MAB is lower than EUR 1 nominal value, Akiles undertakes to settle the difference. The newly emitted shares were admitted for trading on 12 June 2020 resulting in an additional share issue cost and a liability of Akiles towards FACET for the amount of EUR 1,412. On 7 October 2020 in an additional agreement the parties agree that this liability will be settled against emitted shares from the capital of the Company.

11.2. Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company.

As at 30 June 2020 the Company held 99,700 own shares with nominal value EUR 1 at total amount of EUR 100 thousand.

As at 31 December 2019 the Company held no own shares.

12. Loss per share

Basic loss per share

The calculation of basic loss per share at 30 June 2020 is based on the loss attributable to ordinary shareholders of EUR 4,597 thousand (30 June 2019: loss of EUR 11,206 thousand), and a weighted average number of ordinary shares outstanding of 27,318 thousand (30 June 2019: 20,918 thousand), calculated as follows:

(i) Loss attributable to ordinary shareholders (basic)

<i>In thousands of EUR</i>	30.06.2020	30.06.2019
Loss for the period	(4,597)	(11,206)
Loss attributable to ordinary shareholders	<u>(4,597)</u>	<u>(11,206)</u>

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

<i>In thousands of shares</i>	30.06.2020	30.06.2019
Issued ordinary shares at 1 January	27,368	20,918
Effect from repurchased own shares	(50)	-
Weighted average number of ordinary shares at 30 June	<u>27,318</u>	<u>20,918</u>
Loss per share (EUR)	<u>(0.17)</u>	<u>(0.54)</u>

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

12. Loss per share (continued)

Diluted loss 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.

On 18 March 2019 and in regards to the SSF signed between Akiles Corporation SE and GEM Global Yield Fund in October 2018, Akiles Corporation SE issued 5,500,000 warrants, giving the right to GEM to subscribe for 5,500,000 newly issued Ordinary Shares from the capital of Akiles Corporation SE. The warrants were issued for no consideration and may be exercised at a price of EUR 1.35 per share within 12 months of their issuance and at EUR 1 within the period commencing on the first date after 12 months and ending 36 months after the issue date. Potential exercise of the warrants would have resulted in a decrease of the loss per share and therefore have an anti-dilutive effect.

13. 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.

In thousands of EUR

	Note	30.06.2020	31.12.2019
Non-current liabilities			
Bank loans	(c)	286	556
Lease liabilities		23	45
		309	601
Current liabilities			
Unsecured corporate bonds issues	(a)	17,730	17,206
Loans payable to related parties		912	916
Overdraft		19	15
Bank loans	(c)	73	37
Lease liabilities		45	45
Loans payable to third parties	(b)	2,229	2,180
		21,008	20,399
		21,317	21,000

(a) Corporate bonds issue

In thousands of EUR

Carrying amount of liability at 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
Accrued interest	539
Net FX loss on GBP bonds during the period	(15)
Carrying amount of liability at 30 June 2020	17,730

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.

AKILES CORPORATION SE

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NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

13. Loans and borrowings (continued)

(a) Corporate bonds issue (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 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.

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 12th 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 at 30 June 2020 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 30 June 2020 interest payments for the total amount of EUR 2,906 thousand, which fell due in 2018, 2019 and the first half of 2020 and the repayment of the principle of the first bond emission for the amount of EUR 3,000 thousand which was due on 18 June 2020 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 thousand 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 with collaterals on the debt.

The terms of this agreement and the 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 by the end of 2020.

AKILES CORPORATION SE

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NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

13. Loans and borrowings (continued)

(b) Loans payable to third parties

As at 30 June 2020 the Company was granted credit 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 bond's 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.

During the reporting period the Company obtained funding for the amount of EUR 200,000 which was to be repaid with 80,000,000 shares of Eqtec plc and 350,000 own shares of Akiles. The amount was fully covered in the first half of 2020.

(c) Bank loans

During the first half of 2019 the Company obtained additional financing of GBP 500 thousand. The indicative interest rate on the loan was 2.14% (subject to change) and the loan was repayable 3 years after its receipt. The loan was repaid throughout the year of 2019 by virtue of part of the shares used as collateral. In July 2019 The Company was granted a further funding of 200,000 GBP where the interest rate was 2.0675%. The amount was repaid in the first half of 2020.

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%.

(d) 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 2020	17,206	916	608	90	2,180	21,000
Changes from financing cash flows						
Proceeds from loans and borrowings	-	1	-	-	200	201
Repayment of borrowings	-	(21)	(224)	-	(200)	(445)
Payment of lease liabilities	-	-	-	(16)	-	(16)
Total changes from financing cash flows	-	(20)	(224)	(16)	-	(260)
The effect of changes in foreign exchange rates	(15)	-	(9)	-	-	(24)
Other changes						
Liability related						
Temporary lease reduction, Covid	-	-	-	(6)	-	(6)
Interest expense	539	16	13	2	49	619
Interest paid	-	-	(10)	(2)	-	(12)
Total liability related other changes	539	16	3	(6)	49	601
Balance at 30 June 2020	17,730	912	378	68	2,229	21,317

AKILES CORPORATION SE

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NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

14. 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 GY 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
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
PetrolProm Bulgaria OOD	subsidiary, 50.43% owned by Akiles Corporation SE
Syngas Italy S.R.L.	subsidiary, 100% owned by Akiles Corporation SE, controlled till 24 October 2019
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)
Interavers OOD	Investment, 50% owned by Akiles Corporation SE
HM Hotels JSC	Investment, 50% owned by Akiles Corporation SE, till 3 April 2020
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
EI Invest	under common control

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

14. Related party transactions and balances (continued)

Directors

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

The remuneration accrued in favour of the key management personnel for the first six months of 2020 amounts to EUR 62 thousand (first six months of 2019: EUR 62 thousand).

14.1 Loans provided to related parties

	30.06.2020 EUR'000	31.12.2019 EUR'000
Karlovo Biomass EOOD		
- principal	3,529	3,745
- interest	2,442	2,247
Biomass Distribution		
- principal	4,636	4,868
- interest	947	897
Heat Biomass EOOD		
- principal	1,402	1,451
- interest	575	526
TNL SL		
- principal	1,294	1,291
- interest	183	151
Wintec World SL		
- principal	181	112
- interest	7	4
Eqtec Bulgaria		
- principal	84	81
- interest	7	5
Nova Zagora EOOD		
- principal	279	-
- interest	1	-
Winttec Greece IKE		
- principal	7	-
- interest	-	-
Plovdiv Biomass EOOD		
- principal	28	28
- interest	7	7
Tvardica Biomass EOOD		
- principal	23	23
- interest	5	5
TNL World EOOD		
- principal	17	17
- interest	3	3
Eqtec Iberia		
- principal	-	-
- interest	4	4
PetrolProm Bulgaria OOD		
- principal	55	55
- interest	3	1
	<u>15,719</u>	<u>15,521</u>

The Company has also provided loans to employees and other third parties amounting to EUR 20 thousand (31 December 2019: EUR 17 thousand).

During the first six months of 2020 impairment loss amounting to EUR 603 thousand (first six months of 2019: EUR 5,032 thousand) has been recognised in regards to the loans receivable from related parties.

AKILES CORPORATION SE

30 June 2020

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

14. Related party transactions and balances (continued)

14.2 Other payables to related parties

	30.06.2020 EUR'000	31.12.2019 EUR'000
Jose Oscar Leiva Mendez	109	114
Eqtec plc	70	70
Elektra Holding AD	547	805
	<u>726</u>	<u>989</u>

EUR 537 thousand out of the total amount of EUR 547 thousand payable to Elektra Holding AD (31.12.2019: EUR 795 thousand out of EUR 895 thousand) are related to share lending agreements signed between the parties where Elektra has effectively lent 5,016,968 shares (31.12.2019: 4,568,216) 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 30 June 2020 – 0.107 EUR per share (31 December 2019 – 0.174 EUR per share).

14.3 Loans received from related parties

	30.06.2020 EUR'000	31.12.2019 EUR'000
Elektra Holding AD	695	702
Close family members of the management	199	196
Energotec Eco AD	18	18
	<u>912</u>	<u>916</u>

14.4 Trade and other receivables from related parties

	30.06.2020 EUR'000	31.12.2019 EUR'000
Jose Oscar Leiva Mendez	38	34
	<u>38</u>	<u>34</u>

15. 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 4,360 thousand (EUR 3,955 thousand) out of which delayed interest and other penalty interest and taxes amounting to EUR 503 thousand as well as overdue principal amounting to EUR 964 thousand.

16. Events after the reporting period

On 6 July 2020 the Executive Director of Akiles Corporation and OMAROV ABDULLAGADZHI OMAROVICH terminated on the grounds of mutual consent and based on 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 29.03.2019 and Annex 1 thereto for acquisition of 50% of the registered capital of INTERAVERS LTD. As a result of this termination of the contractual relations with OMAROV ABDULLAGADZHI OMAROVICH, Akiles returned to him the ownership over 50% of the shares capital of INTERAVERS LTD.

There are no other significant events, adjusting or non-adjusting, which have a bearing on the understanding of the condensed interim separate financial statements of the Company.



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Report on Review of Interim Separate Financial Information

To the shareholders of Akiles Corporation SE
Address: 1404, Sofia
3 Bulgaria Blvd., fl.11-12

Introduction

We have reviewed the accompanying condensed interim separate financial statements of Akiles Corporation SE as of 30 June 2020, which comprise the condensed interim separate statements of financial position as of 30 June 2020 and the related condensed interim separate statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period then ended and the accompanying summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards, as adopted by EU. Our responsibility is to express a conclusion on this condensed interim separate financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as of 30 June 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards, as adopted by EU.



Material Uncertainty Related to the Going Concern

We draw attention to the disclosures in note 3 "Use of judgements and estimates", section "Going concern basis of accounting" in the condensed interim separate financial statements, which states that the interim separate financial statements of Akiles Corporation SE as of 30 June 2020 have been prepared on the basis of the going concern concept. The Company's financial result for the period is a loss amounting to EUR 4,597 thousand mainly due to revaluations of investments carried at fair value through profit and loss and interest expenses. The accumulated loss as of 30 June 2020 amounts to EUR 46,296 thousand. The equity as of 30 June 2020 is negative and amounts to EUR (4,736) thousand. Based on art. 252, para. 1, item 5 of the Bulgarian Commercial Act, when the net worth of a joint-stock company falls below the amount of the registered capital, such company is obligated within one year to convoke a general meeting and to take a decision for reduction of the capital, for transformation or termination. However, the Management of the Company is actively working to realize new capital increase in order to comply with the provisions of the law. The Company is in delay on covering principle under bond emissions amounting to EUR 3,000 thousand and interest payments amounting to EUR 2,906 thousand in relation to its unsecured corporate bonds issued. The non- payment of these liabilities represents an event of default and the total amount of the bond liabilities EUR 17 730 thousand could become immediately payable upon discretion of the bondholders.

The applicability of the going concern principle is subject to significant estimation uncertainty related to the management's judgement on the successful completion of conversions of the bond liabilities as presented in Note 3. These facts indicate material uncertainty with regards to the Company's ability to continue as a going concern without continuing support of its shareholders and providers of finance. Our conclusion is not modified in respect of this matter.

Emphasis of matter

We draw attention to the disclosures in Note 3 "Use of judgements and estimates", Section B "Significant sources of estimation uncertainties" in the condensed interim separate financial statements which discloses the possible and predictable consequences of the material uncertainty related to the spread of the coronavirus pandemic (COVID-19). The disruption of the normal economic activity worldwide as a result of COVID-19 had adversely affected the Company's operations. Due to the unpredictable dynamics of COVID-19 in future, the management has disclosed the underlying uncertainties in the judgements, estimations and assumptions made in the condensed interim separate financial statements related to the impairments of the Company's assets. Our conclusion is not modified in respect of this matter.

Crowe Bulgaria Audit Ltd.

Georgi Kaloyanov, Managing partner
Registered auditor, responsible for the review

30 October 2020
Sofia



AKILES CORPORATION SE

DIRECTOR'S REPORT

The Board of Directors presents its report and audited condensed interim separate financial statements of AKILES CORPORATION SE (the Company) for the period ended 30 June 2020.

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
Sun Group 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:

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 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.

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 which Akiles had 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

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relations with Stanislav Novakov, Akiles returned to him the ownership over 50% of the shares capital of HM Hotels JSC.

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 principle 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 and 2021.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position are presented in the Interim individual financial statements. For the period ended 30 June 2020 the financial result of the Company is net loss in the amount of EUR 4 597 thousand and the net equity is a negative value amounting to EUR 4 736 thousand. As of 30 June 2020, the earnings per share are a negative value of EUR 0,17.

Share capital

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

As at 30 June 2020 the Company held 99,700 own shares with nominal value EUR 1.

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.

Events after the reporting period

On 6 July 2020 the Executive Director of Akiles Corporation and OMAROV ABDULLAGADZHI OMAROVICH terminated on the grounds of mutual consent and based on 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 29.03.2019 and Annex 1 thereto for acquisition of 50% of the registered capital of INTERAVERS LTD. As a result of this termination of the contractual relations with OMAROV ABDULLAGADZHI OMAROVICH, Akiles returned to him the ownership over 50% of the shares capital of INTERAVERS LTD.

There are no other significant events, adjusting or non-adjusting, which have a bearing on the understanding of the condensed interim separate financial statements of the Company.

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 interim separate financial statements for the period ended 30 June 2020.

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 30 June 2020, the Managing Director is Jose Oscar Leiva Mendez.

By order of the Board of Directors,

Jose Oscar Leiva Mendez
Executive Director
Sofia, 30 October 2020