

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

1.1 INFORMATION ABOUT THE GROUP

Ezpada AG ("the Company") is domiciled in Switzerland with its registered seat at Baarerstrasse 139, 6300 Zug, Switzerland. Its consolidated financial statements include the results of the Company and its fully controlled subsidiaries in various locations in Europe (the "Group").

The Company is the sole trading entity within the Group. Trading activities are primarily carried in Western Continental Europe, Scandinavia, Central and South-Eastern Europe, the United Kingdom, the USA and Singapore. The commodities traded include power, natural gas, and related network capacities, agricultural products, emission allowances, oil, refined products, dry bulk, and environmental products. While power and gas are traded both in a physical and financial manner, other commodities are only traded financially.

1.2 GROUP STRUCTURE

Company	Country of Domicile	Main Activity	% Owned 31.12.2021	% Owned 31.12. 2020
Ezpada AG (parent company)	Switzerland	Multi-commodity Trading	-	-
Ezpada s.r.o	Czech Republic	Power Trading / Service center	100%	100%
Ezpada d.o.o. Zagreb	Republic of Croatia	Power Trading / Transit	100%	100%
Ezpada d.o.o. Mostar	Bosnia and Herzegovina	Power Trading / Transit	100%	100%
Ezpada d.o.o. Beograd	Republic of Serbia	Power Trading / Transit / Service Center	100%	100%
Ezpada Elektik Enerjisi Töptan Satis Sirketi*	Republic of Turkey	Power Trading	-	-
Ezpada DOOEL Skopje	Republic of N. Macedonia	Power Trading / Transit	100%	100%
Ezpada Commodities AG *	Liechtenstein	Power Trading / Direct Market Access	-	-
Proenergy d.o.o. Zagreb	Republic of Croatia	Supply of power and natural gas	100%	100%
Proenergy d.o.o. Ljubljana *	Republic of Slovenia	Administrative unit - gas transit	-	-
Proenergybgd d.o.o. Beograd **	Republic of Serbia	Supply of power and natural gas	-	100%

*Liquidated in 2020

** Liquidated in 2021

On 5 October 2021, the Group liquidated Proenergybgd d.o.o. Beograd.

1.3 SIGNIFICANT EVENTS IN 2021

In early 2021, the Company entered the environmental trading business and established a trading desk for this purpose. Next to providing diversification opportunities and additional revenue streams, it has resulted in synergies to the Group's existing set up, while supporting the Group's intention to help the energy transition. The environmental trading portfolio focuses on guarantees of origin and voluntary carbon credits.

During 2021, the coronavirus (COVID-19) pandemic continued to affect economic activity across the globe. While vaccines were developed in a record time and proved to be efficient, new variants of the virus quickly developed, spreading out very rapidly, yet with not as severe symptoms and effects as earlier versions. At the time of publication of these financial statements, Management has not experienced any decrease in the Group's activities thanks to well-handled preparation of the situation, flexible working conditions and strong implications from all the Group's employees.

The year was marked by increased, and sometimes significant volatility of commodity prices, as a result of declining stockpiles, uneven demand recovery, supply chain bottlenecks, and specifics of regional markets, including liquidity, fiscal support and exposure. This has led to significant margin calls and payment obligations towards trading partners within the industry. Thanks to a) the Group's well designed risk management framework implying the reduction of exposure held in volatile times, b) the Group's trading philosophy of primarily relative

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31 December 2021

Consolidated	within maturity	within 30 days	30-60 days	60-90 days	90-365 days	more than 1 year	TOTAL
Expected loss rate	0%	0%	0%	0%	0%	63%	0%
Financial Assets	238.376	-	-	-	-	1.039	239.415
Lifetime expected credit loss	(78)	-	-	-	-	(652)	(730)
Financial Assets after provision	238.298	-	-	-	-	387	238.685
Statutory provision						(1.078)	(1.078)
IFRS 9 provision	(78)	-	-	-	-	-	(78)

31 December 2020

Consolidated	within maturity	within 30 days	30-60 days	60-90 days	90-365 days	more than 1 year	TOTAL
Expected loss rate	0%	0%	0%	0%	14%	72%	1%
Financial Assets	199.216	85	44	-	187	2.535	202.070
Lifetime expected credit loss	(315)	-	-	-	(25)	(1.826)	(2.167)
Financial Assets after provision	198.901	85	44	-	162	709	199.903
Statutory provision						(2.533)	(2.533)
IFRS 9 provision	(309)	-	-	-	-	-	(309)

The below table shows the movement of the lifetime ECL from 1 January 2021 to 31 December 2021

	in EUR Thousands
1 January 2021 Opening balance Finance Assets (as reported in 2020)	199.903
Reversal ECL 2020	2.167
Acquired Financial Assets during 2021 (change between Financial assets as at 31 December 2020 and 31 December 2021)	37.345
Lifetime expected credit loss during 2021	(730)
Closing balance Finance Assets as at 31 December 2021	238.685

4.4.2.3 Loan assets

The Group is a creditor under several loan agreements whose sole purpose is to generate an interest income with no intention to sell those for economic benefits.

The total resulting expected credit loss amount is EUR 8 thousand as at 31 December 2021. The expected credit loss also amounted to EUR 8 thousand as at 31 December 2020.

4.4.3 **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of fluctuations in foreign exchange rate.

The Group is exposed to transactional foreign currency risks to the extent that there is a mismatch between the currencies in which trades, sales, purchases, receivables, payables and borrowings are denominated and the respective functional currencies of the Group companies. The functional currency of Ezpada Group is EUR. The main currencies in which various transactions may otherwise be denominated are EUR, CHF, CZK, USD, RON.

The Group uses currency forwards and currency swaps to mitigate foreign currency risk resulting from a currency gap or to secure individual positions to avoid material impact resulting from foreign currency volatility. Foreign currency instruments' maturity used by the Group is mostly less than one year from the reporting date.