EMERGY
SUSTAINABLE STORIES

Annual Report

East Renewable AB

2021

DIRECTORS REPORT 2021

East Renewable AB (the "Company") is a Swedish public limited company, based in Stockholm. The Company is a wholly owned subsidiary of the Norwegian wind power company ERH AS and the main activity of the Company is to own and manage ERH's investment in the Syvash wind farm project, located near Lake Syvash in the Kherson region in southern Ukraine.

Construction of the Syvash wind farm started in 2019 and was close to finalized at year end. The wind farm has been financed through a EUR 262 million loan from a syndicate of eight development banks, including the European Bank for Reconstruction and Development. The wind farm is one of the largest renewable energy project in Ukraine and the first wind farm in Ukraine to be financed in the international market. The wind farm will generate 900.000 MWh per year and expected to generate an annual turnover of approximately EUR 80 million.

On 24th February 2022 the wind farm was damages by Russian shelling in the early morning of the invasion of Ukraine. The wind farm and the surrounding Kherson region is currently occupied by Russian forces and ERH and its partner Total Eren does not have access to the wind farm and has not been able to assess the damage to the asset. Syvashenergoprom LLC, the project company for the wind farm, has placed a war and terror insurance policy in the London market. Insurers have been duly notified and the claims process is ongoing. The insurance covers physical damage to the property and consequent loss of revenue. It does not cover annexation of the territory on which the wind farm is located.

COMPANY PROFILE

East Renewable AB (the "Company") is a Swedish public limited company, based in Stockholm. The Company is a wholly owned subsidiary of the Norwegian company ERH AS.

The main activity of the Company is to hold investment of the ERH AS Group in the 245.7 MW Syvash wind farm, located near Lake Syvash in the Kherson region south in Ukraine. The Syvash wind farm is formally owned by Syvashenergoprom LLC (the "Project Company") and is one of the largest wind farms in Ukraine. The wind farm was close to finalized at hear end and once put into full production it is expected to produce about 900 GWh annually and generate a turnover of about EUR 80 million.

The syvash wind farm is a joint venture between the French renewable energy company Total Eren S.A ("Total Eren"), the Saudi Arabian Al Gihaz Group (Al Gihaz") and ERH which, via the Company indirectly controls 46.5% of the Project Company. The joint venture company East Renewable Ukraine AB control, via East Renewable Energy AB, all shares in the Project Company.

THE SYVASH WIND FARM

The Syvash wind farm consist of 63 Nordex 3.9 MW turbines, which one remained to be erected as of 31 December 2021. ERH indirectly own 46.5% and Total Eren and Al Gihaz own 53.5 per cent through their 70/30 owned joint venture New Wind 1 SA. The shares owned by New Wind 1 SA are preference shares with preferential rights to dividend. The preference shares can be converted to ordinary shares in October 2022. The wind farm is financed by the European Bank of Reconstruction and Development (EUR 75 million), FMO (EUR 50 million), Proparco (EUR 42 million), Black Sea Trade and Development Bank (EUR 30 million), Green for Growth Fund (EUR 25 million), IFU (EUR 15 million), Finnfund (EUR 15 million) and NEFCO (EUR 10 million). At the date of this report a total of EUR 248 million has been drawn under the loan facility and EUR 44 million has been repaid through ordinary amortization of the loan.

The commissioning of the Syvash wind farm has been severely delayed due to issues with the main EPC contractor, Power China. In March 2021 the owners decided to terminate the EPC contract with Power China and work directly with Nordex, the turbine supplier, to complete the project.

On 24th February 2022 Russian forces invaded Ukraine from Crimea. The Syvash wind farm is located very close to Crimea and was one of the first infrastructure assets to take direct fire. At 05:30 in the morning of the 24h February at least two mortars, rockets or other explosive devices hit the substation and at least one of the turbines. We have visual evidence of damage to the transformers and destruction of one of the turbines. All employees managed to evacuate the plant with only minor injuries to personnel. Since the outbreak of the war neither the employees nor the owners have had any access to the site, and the territory is currently occupied by enemy forces.

The project company Syvashenergoprom LLC has a war and terror insurance issued by a local insurer and reinsured in the London market. The policy covers damage to the asset from war and terror and consequential loss of revenue. The policy is capped at EUR 200 million, of which EUR 134 million is for lost revenue and the remaining is for reconstruction of damaged assets. The insurers were notified of the incident 25h February, and the claims process is ongoing.

Under the common terms agreement for the non-recourse loan for Syvash, and act of war is an event of default. This would allow the lenders to call a mandatory prepayment of the loan. The owners are in close dialogue with the lenders and no prepayment has been called and none is expected in the current circumstances. The owners are working with the banks to agree a standstill of the loan until 17th August 2022. The project company has liquidity to operate but due to martial law in Ukraine it is unable to transfer funds outside of Ukraine.

FINANCING

As a part of the financing of its investment in the Syvash wind farm the Company raised EUR 75 million by issuing green bonds. The original maturity date for the bonds was 21st May 2021. The bonds carry an interest of 13.5 per annum and are listed on the Oslo Stock Exchange. In February 2022 the Company agreed certain amendments to the bond terms as part of a restructuring of the parent company ERH. As part of the restructuring the bond holders agreed to extend maturity to 1. January 2025 and to receive all interest in kind by issuance of additional bonds. The bond holders also waived their rights to enforce on the security until 1. January 2025. As part of the restructuring the Company paid EUR 15 million to the bond holders for accrued interest and amendment fees.

SHARE ISSUES

The Company has not issued any further shares during 2021. In order for it to pay the bond holders as part of the restructuring the Company received an unconditional shareholders contribution of EUR 15 million from the parent in February 2022.

INCOME STATEMENT

The Company reports a net loss of EUR 25.3 for the year compared with a net loss of EUR 12.3 million in 2020. The main reason for the loss is interest and financing costs related to the Company's investment in the Syvash wind farm. Total financing costs for 2021 amounts to EUR 25.147 million and include interest and fees to bondholders and financial advisor.

The Company's equity contribution to the Syvash joint venture investment has essentially been financed via the green bonds issued by the Company. The Company expects that the green bonds willl be refinanced at a considerably lower effective interest rate if the Syvash wind farm becomes recovered at the end of the war.

The Company has no employees and the day to day management of the Company is mainly performed by the parent company. A management fee of NOK 0.8 million (EUR 76 thousand) has been charged to the Company by the parent for services provided in 2021.

As the Company's main assets is the shares held in East Renewable Ukraine AB it is not expected to report any profit before dividends can be up streamed from the Syvash wind farm. Dividends was previous expected to occur at the end of 2023, however under current circumstances it is challenging to predict.

BALANCE SHEET

The main asset of the Company is the investment in the joint venture holding company for the Syvash wind farm, East Renewable Ukraine AB with a carrying value of EUR 43.2 million.

The Company has provided a stand-by-equity facility of EUR 10 million to the Syvash project. This facility has formally been granted to East Renewable Energy AB, through East Renewable Ukraine AB, and serves as security for the lenders participating in the Syvash project financing. As part of the standstill agreement with the lenders, the standby equity will be called and will be transferred to the debt service reserve account as security for the lenders. Part of the standby equity will be used to pay offshore costs such as insurance and advisors at the discretion of the lenders. The Company do not expect to receive any proceeds from the standby equity and the facility has been impaired in full.

At the end of 2021 the Company had a total cash balance of TEUR 2, compared to 0 million last year.

As of year-end 2021 the carrying value of the interest-bearing green bonds amounts to EUR 74.7 million. The aggregate face value of the green bonds amounts to EUR 75 million and the deviation between the face value and the carrying value consists of capitalised loan costs that is amortised over the lifetime of the bonds. Other current liabilities include accrued interest costs on the green bonds of EUR 15 million.

By the end of the reporting period the Company reports a negative book equity of EUR 47.9 million.

According to requirements in the Swedish Company's Law a fair value balance sheet (Swedish "kontrollbalansräkning") was prepared in April 2020 for the year-end 2019. The fair value balance sheet was prepared by reference to the comparable valuation at which Total Eren bought into the project during the first quarter of 2019, also applying a discount factor of 10% to reflect the fact that Total Eren invested in preference shares, as compared with the ordinary shares held by the Company. The estimated excess value is approximately EUR 19 million. This valuation fully restores the equity in the Company.

The Company has performed an impairment test of the investment value per year end 2021, based on expected discounted cash flow to equity. No impairment losses were identified in 2021 , as the determined value adjusted equity was positive as of year-end.

LIQUIDITY AND GOING CONCERN

The EUR 75 million green bonds loan matures 1. January 2025. As interest is accrued and paid in kind by issuing new bonds the company has limited liquidity need for the period. The Company is however depending upon a valuation its indirect ownership of Syvash being higher than the repayment value of the bonds at the time of the maturity. As of 31st December 2021, management prepared a valuation of the asset that supports this assumption. This valuation was done before the outbreak of the war in Ukraine.

On 24th February 2022 Russian forces invaded Ukraine and subsequently occupied most of the territory of Kherson Oblast. Since the outbreak of war, the Company has not been able to control the asset. The project company has a war and terrorism policy that covers direct damage to the asset as a consequence of acts of war and terrorism. The policy also covers consequential loss of revenue. The policy is capped at EUR 200 million. The board would emphasize that there is no guarantee that the insurers will agree to fully compensate for revenue that would have been received on a normal operational scenario. As long as the war is continuing it is not possible to assess the damage and carry out a full claims process.

As long as the war in Ukraine continues and the Syvash wind farm is prevented from operating the Company does not expect to receive any cash disbursements or repayment of loans from its affiliates. The Company is dependent upon resources from the parent for the day to day management of the business.

The board has based its going concern analysis on the following assumptions:

That the war in Ukraine will end that Ukraine will regain control of Kherson and the territory where the wind farm is located.
That the insurers will agree to compensate reconstruction of the asset with limited deductions
That the project company will be compensated for all or parts of its lost revenues by the insurers
That the wind farm will be able to assume operations within 2022
That the lenders will agree to a standstill of the loan for as long as the war is continuing

Should all or any of these assumptions not materialize the going concern assumptions would be jeopardized. The board would like to stress that the going concern assumptions is made under very difficult and extraordinary circumstances and that the situation in Ukraine is very volatile and subject to unforeseen events at any time. Should the going concern assumption be jeopardize there is a risk that the Company will be unable to service its debt and pay for its ongoing obligations.

In the opinion of the Board of Directors, the financial statements provide a true and fair view of the Company's financial performance during 2021 and financial position at 31 December 2021. It is confirmed that the financial statements have been prepared based on a going concern assumption and the Board of Directors is of the opinion that it is appropriate to make such assumption. The board would however underline the uncertainty related to the outcome of the war in Ukraine. An outcome where Russia continues to occupy all or parts of Ukraine for a long period could seriously jeopardize the going concern assumption.

MULTI-YEAR REVIEW OF THE PROFIT AND LOSS STATEMENT

(Amounts in EUR 1000)	2019	2020	2021
Total operating revenues	**11**	-	**-**
Total operating expenses	(1,378)	(228)	**(157)**
Operating result	(1,367)	(228)	**(157)**
Net financial items	(15,963)	(12,094)	**(25,187)**
Profit/(loss) before tax	(17,330)	(12,321)	**(25,344)**

PROPOSED ALLOCATION OF RESULTS

The board of directors proposes that the loss for the year of EUR 25.3 million is carried forward as losses carried forward. Total losses carried forward at year-end 2021 totals EUR 47.9 million.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in EUR 1000)	**Note**	**2021**	2020
Other income		**-**	-
Total operating revenues		**-**	-
Other operating expenses	12	**(157)**	(228)
Total operating expenses		**(157)**	(228)
Operating result		**(157)**	(228)
Financial expenses	11	**(25,147)**	(12,129)
Net foreign exchange gain/(loss)	11	**(40)**	32
Net financial items		**(25,187)**	(12,097)
Result before tax		**(25,344)**	(12,325)
Tax expense	10	**-**	-
Profit/(loss) for the period		**(25,344)**	(12,325)
Other comprehensive income (that may be reclassified subsequently to profit or loss):			
Exchange differences on translation of foreign operations		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year, net of tax		**(25,344)**	(12,325)

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

(Amounts in EUR 1000)	Note	**2021**	2020
ASSETS			
Investments in joint ventures	5	**43,235**	43,235
Other non-current receivables	13	**-**	-
Total non-current assets		**43,235**	43,235
Trade and other receivables		**1**	14
Other receivables group	13	**67**	84
Other receivables joint ventures	13	**831**	10,532
Cash and cash equivalents, restricted funds	6	**2**	-
Cash and cash equivalents	6	**-**	-
Total current assets		**901**	10,630
Total assets		**44,136**	53,865
EQUITY AND LIABILITIES			
Share capital	7	**55**	55
Total restricted equity		**55**	55
Share premium	7	**4,389**	4,389
Other paid in equity	7	**3,505**	3,505
Accumlated losses		**(30,519)**	(18,194)
Profit/(loss) for the year		**(25,344)**	(12,325)
Total non-restricted equity		**(47,969)**	(22,625)
Total equity		**(47,914)**	(22,570)
Interest-bearing long-term debt	8	**74,666**	-
Total non-current liabilities		**74,666**	-
Interest-bearing short-term debt	8	**14,972**	75,637
Trade payables		**24**	4
Other current liabilities group	13	**1,254**	755
Other current liabilities		**1,134**	39
Total current liabilities		**17,384**	76,435
Total liabilities		**92,050**	76,435
Total liabilities and equity		**44,136**	53,865

STATEMENT OF CASH FLOWS

(Amounts in EUR 1000)	**2021**	**2020**
Operating activities		
Result before tax	(25,344)	(12,325)
Adjustments to reconcile profit before tax to net cash flows:		
Impairment changes	10,010	-
Unrealized gain / loss on exchange	37	(40)
Interest expenses/income	13,775	10,700
Other changes	601	1,429
Working capital adjustments:		
Change in interest-free assets, trade receivables, other receivable and prepayments	(316)	(110)
Change in interest-free liabilities, trade and other payables, and refund liabilities	1,239	383
Interest paid	-	(10,600)
Net cash flow from operating activities	2	(10,563)
Investing activities		
Payments for property,plant and equipments	-	-
Payments for intangibles	-	-
Payments for acquisitions and equity investments(net of cash acquired)	-	-
New receivable to joint ventures	-	-
New long-term receivable interest bearing	-	-
Total payments	-	-
Proceeds from sales of property, plant and equipment	-	-
Proceeds from sales of intangibles	-	-
Proceeds from sale of subsidiaries and other equity investments	-	-
Instalment long-term receivable, interest bearing	-	2,020
Instalment short-term receivable, interest bearing	-	-
Total proceeds	-	2,020
Net cash flows used in investing activities	-	2,020
Financing activities		
Instalments long-term debt, external (Loans)	-	-
Instalments short term debt, external (Loans)	-	-
Instalments long-term debt, internal (Loans)	-	-
Instalments short-term debt, internal (Loans)	-	-
Net change short-term debt (no loans)	-	-
New long-term debt, external (Loan)	-	-
New short-term debt, external (Loan)	-	-
New long-term debt, internal (Loan)	-	-
New short-term debt, internal (Loan)	-	-
Net payment and issue of interest-bearing debt	-	-
Proceeds from equity contribution	-	3,505
Proceeds from exercise of share options	-	-
Paid dividend	-	-
Received/paid group contribution	-	-
Net cash flow from transactions with owners	-	3,505
Net cash flows from/(used in) financing activities	-	3,505
Net cash-flow	2	(5,038)
Net foreign exchange difference	-	-
Cash and cash equivalents at 1 January	-	5,038
Cash and cash equivalents at 31 December	2	-

STATEMENT OF CHANGES IN EQUITY

(Amounts in EUR 1000)	Share capital	Share premium	Other paid in equity	Uncovered losses/ retained earnings	Total equity
Equity at 1 January 2020	55	4,389	-	(18,194)	(13,750)
Profit or loss for the period	-	-	-	(12,325)	(12,325)
Total comprehensive income for the year	-	-	-	(12,325)	(12,325)
Transaction with owners	-	-	-	-	-
Capital contribution	-	-	3,505	-	3,505
Equity at 31 December 2020	55	4,389	3,505	(30,519)	(22,570)
Profit or loss for the period	-	-	-	(25,344)	(25,344)
Total comprehensive income for the year	-	-	-	(25,344)	(25,344)
Transaction with owners	-	-	-	-	-
Capital contribution	-	-	-	-	-
Equity at 31 December 2021	55	4,389	3,505	(55,863)	(47,914)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

East Renewable AB tax.nr 559155-6252 is an unlisted public limited company incorporated in Sweden. The company's head office is located at Birger Jarlsgatan 2, 114 34, in Stockholm, Sweden.

The Company is a wholly owned subsidiary of the Norwegian wind power company ERH AS and the main activity for the Company is to hold the ERH Group's investment in the 245.7 MW Syvash wind farm project (Syvashenergoprom LLC) near Lake Syvash in the Kherson region south in Ukraine.

NOTE 2 SUMMARY OF KEY ACCOUNTING PRINCIPLES

2.1 Basis of preparation

The annual financial statements of the Parent Company are presented in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 states that in the annual report for the legal entity, the Company is to apply all EU-endorsed IFRS as far as possible within the framework of the Annual Accounts Act and with consideration given to the connection between accounting and taxation.

The Company's ultimate parent ERH AS, a Company incorporated in Norway produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB.

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

2.2 New standards and interpretations

New and amended IFRS standards that are effective for the current year has not have a material impact on the financial statements of the Group.

There are standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Company has decided not to adopt early. None of these would be expected to have a material impact on the entity in the future reporting periods and on foreseeable future transactions.

2.3 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to be sold or consumed in the normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period Or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. IAS 1.60 IAS 1.66

A liability is current when:

It is expected to be settled in the normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Accounting for investments in joint ventures.

Shares in joint ventures are recognized at cost including related transaction costs less any impairment.

Impairment is assessed according to IAS 36.

2.5 Foreign currencies

(a) Accounting currency

Items included in the financial statement of the company are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in euro (EUR).

(b) Transactions and balance sheet items

Transactions in foreign currencies are translated to the accounting currency using the exchange rate on the date the transaction took place. Any foreign exchange gains or losses arising in connection with the settlement of such transactions or the translation of monetary items (assets and liabilities) at the year-end exchange rates are recognised in profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates in effect at the dates of the initial transactions. Foreign exchange differences on non-monetary items are included as part of the gain/loss when calculating fair value in connection with an assessment of impairment or realisation.

2.6 Financial Instruments

IFRS 9 handles classification, valuation and accounting of financial assets and liabilities. The company applies the exemption from applying IFRS 9 to a legal entity and values its financial instruments based cost according to RFR 2 in Swedish GAAP.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the balance sheet when the contractual right to the cash flow from the asset ceases, is settled or when the company loses control over it. A financial liability or part thereof is removed from the balance sheet when the agreed obligation is fulfilled or otherwise ceases.

On initial recognition current assets and current liabilities are measured at cost. Long term receivables and long-term liabilities are valued on initial recognition at amortised cost. Borrowing costs are accrued as part of the loan's interest expense using the effective interest method (see below).

The company is using the general approach in calculation expected credit losses of receivables. Receivables is mainly loans to joint ventures.

Payment history of the counterparty and other known information about the current and future economic conditions are applied in the calculation of potential cash shortfall under different scenarios for the calculation of expected credit losses. After initial recognition current assets are valued at the lower of acquisition cost and net sales value of the balance sheet date

Current liabilities are valued at nominal amount.

Financial non-current assets and long-term liabilities are valued after initial recognition as amortised cost.

Amortised cost
Amortised cost refers to the amount at which the assets or the financial liability was initially recognised, less repayment, supplements or deductions for accumulated accruals using the effective interest method of the initial difference between the amount received/paid and the amount payable/receivable on the due date, and less impairment losses.

The effective interest rate is the rate at which discounting of all future expected cash flows over the expected term results in the initial carrying amount if the financial assets or financial liability.

2.7 Cash and cash equivalents
Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. The company's bank deposits are held in solid international banks with low expected credit risk.

2.8 Share capital and share premiums
Share capital and share premium are classified as equity when no liability exists with respect to the transfer of cash or assets (fully paid in). Costs directly attributable to the issue of shares are presented as a reduction in equity, net after tax.

2.9 Income Tax
The income tax expense for a period comprises current tax and deferred tax. Tax is recognised in profit and loss, except when it relates to items that are recognised in other comprehensive income or directly in equity. In such cases, tax is recognised in other comprehensive income or directly in equity. The tax expense is calculated in accordance with the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is calculated on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using the liability method. If the company participates in a transaction for the purchase of an asset or liability that does not qualify as a business combination, deferred tax is not recognised at the time of the transaction. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and which is expected to be applied when the deferred tax asset is realised, or when the deferred tax liability is settled.

Deferred tax assets are capitalised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

2.10 Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.11 Payment of dividend
Dividend to the company's shareholders is classified as a liability from the date on which the dividend is approved by the annual general meeting.

2.12 Group contribution
Income from group contribution is recognised when the company's rights to receive the contribution has have been established. The group contribution is classified on a separate line after financial items.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk management
The company is exposed to a number of risk factors including operational risks and financial risks in the underlying joint venture company and financial risks at company level. As the main source of income for the company is future dividends from the Syvash wind farm, both operational and financial risks in the joint venture may have considerable impact on future earnings and value creation for the company. The Syvash wind farm has set up its own risk management system.

Financial risk management within the company is intended to support the value creation at the company level and relates to market price risks (which comprises of currency risk and interest rate risk), credit risks and liquidity and financing risks and arising from the financial instruments it holds. The financial risk management risk initiatives and processes are performed by the board of directors in cooperation with the company's parent company with the actual processes mainly performed through a management service agreement between the company and the parent company. The main focus for the financial risk management is to ensure stable cash flow and sufficient financing for the company. The board of directors' monitors cash flow forecasts on a regular basis, and the overall financial risk position for the company is reviewed on a yearly basis.

The risk management initiatives employed by the company are discussed below.

3.2 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Variable interest-bearing instruments expose the company to cash flow interest rate risk. Fixed interest-bearing instruments expose the company to fair value interest rate risk.

The company has entered into a fixed interest bond loan agreement and all interest are paid in kind. The Company has no cash flow fluctuations from changes in interest rates. The company is, however, exposed to a fair value risk for the bond loan up to the maturity of the bond loan in January 2025.

The project company has entered into a project finance agreement with a consortium of banks. The loan has a floating interest rate. The project company has entered into a number of interest rate swaps with the same banks, and approximately 70 per cent of the loan is swapped to fixed rates. Due to the ongoing war in Ukraine, there is a risk that the banks will have to unwind their swaps. This would result in unwinding costs being charged to the project company.

The non-current receivable carries an interest of EURIBOR plus a margin and is floored at zero per cent. The current receivables do not carry interest.

3.3 Foreign currency rate risk
The company prepare its financial statements in euro and its interest-bearing debt is denominated in euro. Consequently, there is not currency risk related to its interest-bearing debt and financing costs. Most of the operational costs are denominated in Swedish kroner and Norwegian kroner. On an overall basis the operational costs are immaterial compared with its investments, hence no hedging instruments are applied in this respect.

The main investment of the company is the investment in the Syvash wind farm located in Ukraine. The wind farm is constructed and the exposure to any currency fluctuations under any contracts are insignificant. The project loan is denominated in euro. The feed in tariff regime for wind farms in Ukraine contain clauses that the tariff is adjusted for currency movements between the Ukrainian hryvna and euro. Even though the primary economic environment is assessed to be in euros, Ukrainian law does not allow the local financial statement to be reported in other currency than Ukraine hryvnia (UAH). Due to this fact, the long-term dividend payments from the Syvash wind farm will be affected by currency fluctuations between the Ukrainian hryvna and the euro.

3.4 Credit risks

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company has no trading activity and hence no trade receivables. Furthermore, the company is exposed to credit risk from its financing activities, including deposits with banks and other financial instruments. The company is exposed to credit risk from loans given to its joint venture company and from its parent company. The company evaluates the credit losses on each loan individually based on a specific assessment, considering the characteristics of the loan, past events, current and forecasted conditions and cash flow for the debtor based on supportable information available for the company at the time of the preparation of the financial statement.

The company has given a stand-by-equity loan to the Syvash wind farm project through a loan arrangement to the joint venture holding company East Renewable Ukraine AB. The stand-by-equity loan is granted to the Syvash project as an additional security for the lenders of the Syvash project. As part of the proposed stand still agreement with the lenders the standby equity will be called upon and the receivable will have to be impaired.

The company has also other receivable on the joint venture companies. The credit risk on the joint venture companies are considered low, no credit losses has been recognized. The construction of Syvash is nearly finished, and it has not been any indication of cost overruns that needs to be paid by the "stand-by-equity" loan.

The company's bank deposits are held in solid well recognised Norwegian and international banks. The project company has all of its deposits in Citibank in Ukraine. Due to martial law in Ukraine the project company is not allowed to transfer any currency abroad. Should the war continue and/or Russia annex Ukraine there is a risk that this money is lost.

The project company receives all of its income from the Guaranteed Buyer, a company owned by the Ukrainian state. This company has invoked the force majeure clause of the power purchase agreement and is currently paying approximately 15% of the full tariff to renewable energy. There is a significant risk that the Guaranteed Buyer will not be able to settle its debt to renewable energy producers.

3.5 Liquidity and financing risks
Liquidity risk is the risk that cash flows from operating, investing and financing activities do not correspond to the company's financial obligations, and financing risks is that the company is unable to raise required financing when required or will have to raise financing on unfavourable terms.

The company aims to have sufficient liquidity to meet its foreseeable obligations. As long as the war continues in Ukraine and the Syvash wind farm is unable to operate the Company has no other sources of liquidity than funding from the parent. As all interest on the Company's bonds are paid in kind the Company has limited liquidity needs until debt maturity 1st January 2025. The Company is dependent upon financing from its parent to sustain operations.

Please refer to information as part of going concern, in note 4 Significant accounting estimates.

The below table sets out the company's financial liabilities as of 31 December 2021 in relevant maturity categories:

(Amounts in EUR 1000)	0-3 months	3-12 months	12-24 months	24-36 months	More than 36 months	Total
Trade and other payables	24	-	834	-	-	858
Other liabilites	1,134	-	420	-	-	1,554
Interest and repayment of interest-bearing loans	15,000	-	-	-	74,638	89,638
Total	16,158	-	1,254	-	74,638	**92,050**

3.6. Classification of financial assets and liabilities
Financial assets are categorised in one category, financial assets at amortised cost), please refer to note 2.6 for more information.

Classification of financial assets and liabilities:

(Amounts in EUR 1000)	Financial instruments at amortised cost	**Total**
31.12.2021		
Assets		
Debt instruments		
Other receivables (Join ventures)	909	**909**
Cash and cash equivalents	2	**2**
Total financial assets	911	**911**
Liabilities		
Interest bearing loans and borrowings		
Long-term interest bearing debt	74,666	**74,666**
Short-term interest-bearing debt	14,972	**14,972**
Other financial liabilities		
Trade and other short-term payables	2,412	**2,412**
Total financial liabilities	92,050	**92,050**

(Amounts in EUR 1000)	Financial instruments at amortised cost	**Total**
31.12.2020		
Assets		
Debt instruments		
Other long-term receivables and prepayments (Group)	-	**-**
Other receivables (Join venutres)	10,630	**10,630**
Cash and cash equivalents	-	**-**
Total financial assets	10,630	**10,630**
Liabilities		
Interest bearing loans and borrowings		
Long-term interest bearing debt	-	**-**
Short-term interest-bearing debt	75,637	**75,637**
Other financial liabilities		
Trade and other short-term payables	798	**798**
Total financial liabilities	76,435	**76,435**

NOTE 4 SIGNIFICANT ACCOUNTING ESTIMATES

Judgements

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Going concern

The EUR 75 million green bonds loan matures 1. January 2025. As interest is accrued and paid in kind by issuing new bonds the company has limited liquidity need for the period. The Company is however depending upon a valuation its indirect ownership of Syvash being higher than the repayment value of the bonds at the time of the maturity. As of 31st December 2021, management prepared a valuation of the asset that supports this assumption. This valuation was done before the outbreak of the war in Ukraine.

On 24th February 2022 Russian forces invaded Ukraine and subsequently occupied most of the territory of Kherson Oblast. Since the outbreak of war, the Company has not been able to control the asset. The project company has a war and terrorism policy that covers direct damage to the asset as a consequence of acts of war and terrorism. The policy also covers consequential loss of revenue. The policy is capped at EUR 200 million. The board would emphasize that there is no guarantee that the insurers will agree to fully compensate for revenue that would have been received on a normal operational scenario. As long as the war is continuing it is not possible to assess the damage and carry out a full claims process.

As long as the war in Ukraine continues and the Syvash wind farm is prevented from operating the Company does not expect to receive any cash disbursements or repayment of loans from its affiliates. The Company is dependent upon resources from the parent for the day to day management of the business.

The board has based its going concern analysis on the following assumptions:

That the war in Ukraine will end that Ukraine will regain control of Kherson and the territory where the wind farm is located.
That the insurers will agree to compensate reconstruction of the asset with limited deductions
That the project company will be compensated for all or parts of its lost revenues by the insurers
That the wind farm will be able to assume operations within 2022
That the lenders will agree to a standstill of the loan for as long as the war is continuing

Should all or any of these assumptions not materialize the going concern assumptions would be jeopardized. The board would like to stress that the going concern assumptions is made under very difficult and extraordinary circumstances and that the situation in Ukraine is very volatile and subject to unforeseen events at any time. Should the going concern assumption be jeopardize there is a risk that the Company will be unable to service its debt and pay for its ongoing obligations.

In the opinion of the Board of Directors, the financial statements provide a true and fair view of the Company's financial performance during 2021 and financial position at 31 December 2021. It is confirmed that the financial statements have been prepared based on a going concern assumption and the Board of Directors is of the opinion that it is appropriate to make such **assumption. The** board would however underline the uncertainty related to the outcome of the war in Ukraine. An outcome where Russia continues to occupy all or parts of Ukraine for a long period could seriously jeopardize the going concern assumption.

NOTE 5 INVESTMENTS IN JOINT VENTURES

(Amounts in EUR 1000)	Ownership	**2021**	2020
East Renewable Ukraine AB	46.50%	**43,235**	43,235
Total Investments in Joint Ventures		**43,235**	45,255

East Renewable Ukraine AB (ERU) with organisation number 559173-8835:

ERU is the indirect holding company for Syvashenergoprom LLC, the project company for the Syvash wind farm. The project is jointly owned with New Wind 1 SAS, a company controlled by the French renewable energy company Total Eren SA and the Saudi Arabian Al Gihaz group.

East Renewable AB holds ordinary shares in ERU and New Wind 1 SAS has class B shares with certain preferential rights to dividend from ERU. The class B shares holds 53.5% of the voting rights in ERU and will receive the highest of 17% of the invested amount or 53.5% of the annual available dividend as dividend from ERU. The class B shares are convertible to ordinary shares in October 2022. East Renewable AB holds 100% of the ordinary shares in ERU that gives a voting right for 46.5%.

In addition, East Renewable AB made a shareholder's contribution to East Renewable Energy AB, a wholly owned subsidiary to ERU, on 29th January 2019. The contribution is accounted for as investment in ERU.

The Financial statement of East Renewable Ukraine AB for the year-end 2021, has a net loss of EUR .1.545 and total equity of EUR 117.762.

The investment was tested for impairment at the end of 2021. No impairment losses were identified in 2021 , as the determined value adjusted equity was positive as of year-end.

Agreements with New Wind related to shares in ERU:

a) Agreement to convert class B shares to ordinary shares
East Renewable AB has entered an agreement with New Wind that gives this company a right to convert the preference shares to ordinary shares in ERU in October 2022. The agreement stipulates that if the conversion right is exercised all shares must be converted. Furthermore, the agreement stipulates that

New Wind may be entitled to additional shares based on a pre agreed calculation model for the Syvash project. The effect of the conversion may be that East Renewable AB's shareholding of ordinary shares in ERU may be lower than 46.5% of the total issued ordinary shares subsequent to full conversion of the class B shares. The potential dilution effect is subject to a number of factors including an updated energy yield assessment, updated operating costs and other pre-defined parameters in the calculation model.

b) New Wind's option to sell its shares in ERU to East Renewable AB
In the event that New Wind decides not to convert the class B shares to ordinary shares I ERU, New Wind has a right to sell 99.99% of its holding of the class B (preference) shares in ERU to East Renewable AB. The option exercise date is the later of 31 October 2022 and two years following COD ("Completion of Delivery") for the Syvash wind farm as defined in the project financing agreement for the wind farm. The option price shall equal New Winds average purchase price for the ERU shares plus any accrued dividend on the shares. The agreement furthermore facilitates a seller's credit agreement to be given from New Wind with pre agreed interest terms and repayment terms. The execution of the option agreement will be subject to consent from the lenders to the non-course project financing for the Syvash wind farm.

NOTE 6 CASH AND CASH EQUIVALENTS

(Amounts in EUR 1000)	**2021**	2020
Bank deposit - restricted debt service account for bond loan interest payments	-	-
Total restricted cash and cash equivalents	**-**	-
Current accounts	**2**	-
Total unrestricted cash and cash equivalents	**2**	-
Total cash and cash equivalents	**2**	-

All banks are deemed to be reliable and creditworthy counterparties.

NOTE7 SHARE CAPITAL AND SHAREHOLDERS

At 31 December 2021, the company has issued 5640 shares with a nominal value of EUR 9,73. All shares issued carry equal rights.
The table below shows changes in the share capital and number of shares.

(Amounts in EUR 1000)

	Number of shares	Share capital	Share premium	Other paid in equity	Total paid in equity
31 December 2019	5,640	55	4,388	-	4,443
Unconditional shareholders contr.	-	-	-	3,505	3,505
31 December 2020	5,640	55	4,388	3,505	7,948
31 December 2021	5,640	55	4,388	3,505	7,948

All shares issued are fully paid in.

The Company is a wholly owned subsidiary of the Norwegian wind power company ERH AS, 987 646 977. The ultimate parent company ERH AS has its registered offices in Fillipstad Brygge 1, Oslo, Norway. The group is included in the consolidated accounts of ERH Group.

NOTE 8 BOND LOAN AND OTHER INTEREST-BEARING LIABILITIES

(Amounts in EUR 1000)	Non-current interest-bearing liabilities	Current interest-bearing liabilities
31.12.2020		
Bond loans	-	75,000
Accrued interest	-	-
Transaction borrowing cost	-	(2,741)
Amortisation of borrowing cost	-	2,181
Total carrying value of interest-bearing liabilities	-	74,440
31.12.2021		
Bond loans	**75,000**	-
Accrued interest	-	-
Transaction borrowing cost	**(7,616)**	-
Amortisation of borrowing cost	**7,282**	-
Total carrying value of interest-bearing liabilities	**74,666**	-

Reconciliation of interest-bearing debt

(Amounts in EUR 1000)	**2021**	2020
Total interest-bearing debt at the start of the year	**74,440**	73,011
Accrued interest (no cash effekt)	**-**	-
Capitalised loan cost (no cash effect)	**(1,125)**	-
Amortisation of loan cost (no cash effect)	**601**	1,429
Extension of loan cost (cash effect)	**750**	0
Total interest-bearing debt at year-end	**74,666**	74,440

EUR 75 million bond issued May 2019:
On 21st May 2019 the company made a green bond issue of EUR 75 million. The bond issue was issued to 99% of par and hence the net proceeds amounted to EUR 74.25 million.

The amended terms of the bond loan are as follows:

- Fixed interest rate of 13.5 percent per annum with semi-annually interest payments or payment in kind through issuance of additional Bonds,
- Maturity date 1st January 2025,
- Redemption price at 100% of par value,
- The bondholders have security over the shares in East Renewable AB and East Renewable Zophia AB,
- The Parent has issued a guarantee to the bondholders.

The Company had an obligation to list the green bond on a regulated stock exchange prior to 21st May 2020. The bond was listed on Oslo Stock Exchange on 5 August 2020. In the period from 21st May 2020 until the first listing date, the interest on the bond loan was increased to 16.5% per annum.

On 18 May 2021 the payment date for interest due on 21 May 2021 and the maturity date was extended to 21.11.2021. Further, the redemption price was increased to 105%.

On 22 November 2021 the bondholders voted in favour of extending the maturity date of the bonds to 21 November 2022. As a condition precedent to effectiveness of the agreement with bondholders the Company has agreed to settle accrued interest and fees up to 21 November 2021 of EUR 15 million. On 21 December 2021 it was agreed to extend the bonds until 1 January 2025. The payment of EUR 15 million was settled 3 February 2022.

The change in maturity is treated as a modification of the loan agreement according to IFRS 9.

NOTE 9 REMUNERATION

There has not been any remuneration to the board of directors. The board of directors have got remuneration from ERH AS (mother) and are included at one of the costs in the management fee that are been invoiced in 2021. Referring to 13 Related Parties - Transaction. East Renewable AB have no employees in 2021.

NOTE 10 TAXES

(Amounts in EUR 1000)	**2021**	2020
Taxable income:		
Profit before tax	**(25,344)**	(12,325)
Tax at the corporation tax rate of 20,6 per cent	**558**	2,570
Effect of write down LT financial assets	**(10,000)**	-
Write down shares	**-**	-
Change in temporary differences	**-**	-
Tax loss for the year that is not recognized in the balance sheet as deferred tax	**(558)**	(2,570)
Taxable income	**-**	-
Tax expense:		
Current tax expense	-	1
Deferred tax expense	-	-
Tax expense	**-**	1
Unused tax interest, brought forward		
Unused taxable interest, expire 2025	**(16,202)**	**(16,202)**
Unused taxable interest, expire 2026	**(12,679)**	**(12,679)**
Unused taxable interes, expire 2027	**(14,991)**	
Unused tax interest total	**(43,872)**	**(28,881)**
Unused tax losses	**(8,230)**	**(5,518)**
Unused tax losses total	**(8,230)**	**(5,518)**

NOTE 11 FINANCIAL INCOME AND EXPENSES

(Amounts in EUR 1000)	**2021**	2020
Interest income	**-**	-
Interest income, group companies	**-**	-
Total financial income	**-**	-
Interest on debts and borrowings	**(13,775)**	(10,700)
Impairment financial assets	**(10,000)**	-
Other financial expenses	**(1,372)**	(1,429)
Total financial expenses	**(25,147)**	(12,129)
Foreign exchange gains	**(37)**	40
Foreign exchange losses	**(3)**	(8)
Net foreign exchange gain/(loss)	**(40)**	32

NOTE 12 AUDIT FEES

Audit fees consist of fees for the annual audit-services engagement and other audit services and is estimated for 2021 with 17 212 euros.

NOTE 13 RELATED PARTIES – TRANSACTIONS

Name of company (Amounts in EUR 1000)	Sale to related parties		Purchases from related parties	
	2021	**2020**	**2021**	**2020**
Group Companies	-	-	80	752
Joint Ventures	-	-	-	-
Arctic Securities AS* – Shareholder in ERH AS with 24%	-	-	-	29
Total	-	-	80	781

The balance sheet includes the following receivables and payables resulting from transactions with associated companies:

Name of company (Amounts in EUR 1000)	Loan		Short term receivables		Short term payables	
	2021	2020	**2021**	2020	**2021**	2020
Group Companies	-	-	78	84	1,264	755
Joint Ventures	-	10,000	831	532	-	-
Group Companies	-	10,000	909	616	1,264	755

*Arctic Securities AS – Shareholder in NBT AS with 24%

In 2020 the Company granted East Renewable Ukraine AB a loan of EUR 10 million that again was injected in East Renewable Energy AB as equity. The "stand-by-loan" could under certain conditions be used to fund cost overrun in connection with the Syvash project. This facility served as security for the lenders participating in the Syvash project financing. As part of the standstill agreement with the lenders as of now, the standby equity will be called and will be transferred to the debt service reserve account as security for the lenders. Part of the standby equity will be used to pay offshore costs such as insurance and advisors at the discretion of the lenders. The Company do not expect to receive any proceeds from the standby equity and the facility has been impaired in full.

Management services
ERH AS invoices management services to its subsidiaries on an arms-length basis. The management services charges cover the cost of the services provided by ERH AS to its subsidiaries, with the addition of a mark-up of 5 percent. These services comprise management services in relation to financing, accounting, controlling, consultancy, legal advice, information services and services for follow up on and monitoring of the Syvash investment. For 2021 the management fee amounted to 79 547 Euros (NOK 800 thousand).

NOTE 14 SUBSEQUENT EVENTS

Russia's invasion and war in Ukraine

On 24th February 2022 Russian forces invaded Ukraine and started a war. The Syvash wind farm is located very close to Crimea and was one of the first infrastructure assets to receive enemy fire during the morning of the day of the invasion. The wind farm received incoming fire and damage to the substations and at least one of the wind turbines. Since the invasion, the project company and the owners have been prevented from accessing the site and operating the wind farm. As a consequence of the damage to the wind farm and the occupation of the territory by Russia the wind farm is unable to generate any revenues. Under the terms of the project finance loan from the consortium of banks an act of war constitutes an event of default and would allow the lenders to call for full repayment of the loan. The owners are in close dialogue with the lenders and no call for repayment has been made or is expected to be made in the current circumstances. The owners are in the process of obtaining a standstill of the loan until August 2022.

As long as the Russian forces are occupying Kherson the owners and the project company is unable to access the site and regain control of the asset. The outcome of the war is uncertain, and the board and management do not want to enter into speculations about probabilities of outcomes. It is however important to stress the significant risk that this situation imposes on the Company and that negative outcomes in Ukraine could seriously impair the value of the Company's main asset. For further information, see management's assessment of going concern in note 4.

Restructuring of the listed bond

In February 2022 the parent company completed a debt restructuring. This included the debt of its subsidiaries. The Company reached an agreement with its bond holders to extend maturity of the bonds to 1. January 2025 and to pay all interest until maturity in kind. As part of the agreement the Company paid EUR 15 million to the bond holders to cover accrued interest and restructuring and amendment fees. Under the terms of the restructuring agreement the bond holders have waived their right to enforce on any security until maturity of the bonds.

Restructuring of the parent

As part of the restructuring all employees of the parent company was transferred to a new management company. The parent therefore has no employees and is being managed by the board. The board draw on resources from the management company from time to time and engages third party advisors as needed. While the parent previously was engaged in wind power development its activities are now limited to managing the current assets in China, Ukraine and a minority ownership in Emergy Holding AB.

The Board of Directors of East Renewable AB
Stockholm 29th of April 2022

The annual report has been signed electorically

Ulf Juvèl
Chairman of the board

Thorstein Jenssen
CEO

Sverre Stavseth
Director

EMERGY
SUSTAINABLE STORIES

EMERGY AS
Filipstad Brygge 1
NO-0252 Oslo
Norway

Telephone: +47 63 79 11 00
Telefax: + 47 63 79 11 00