

Registered number
10526412

EUROASIA INTERCONNECTOR PLC

Strategic Report of the Directors and Audited Financial Statements

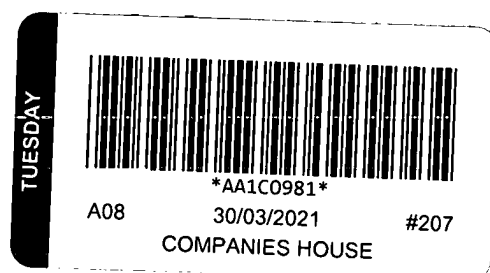
31 December 2020

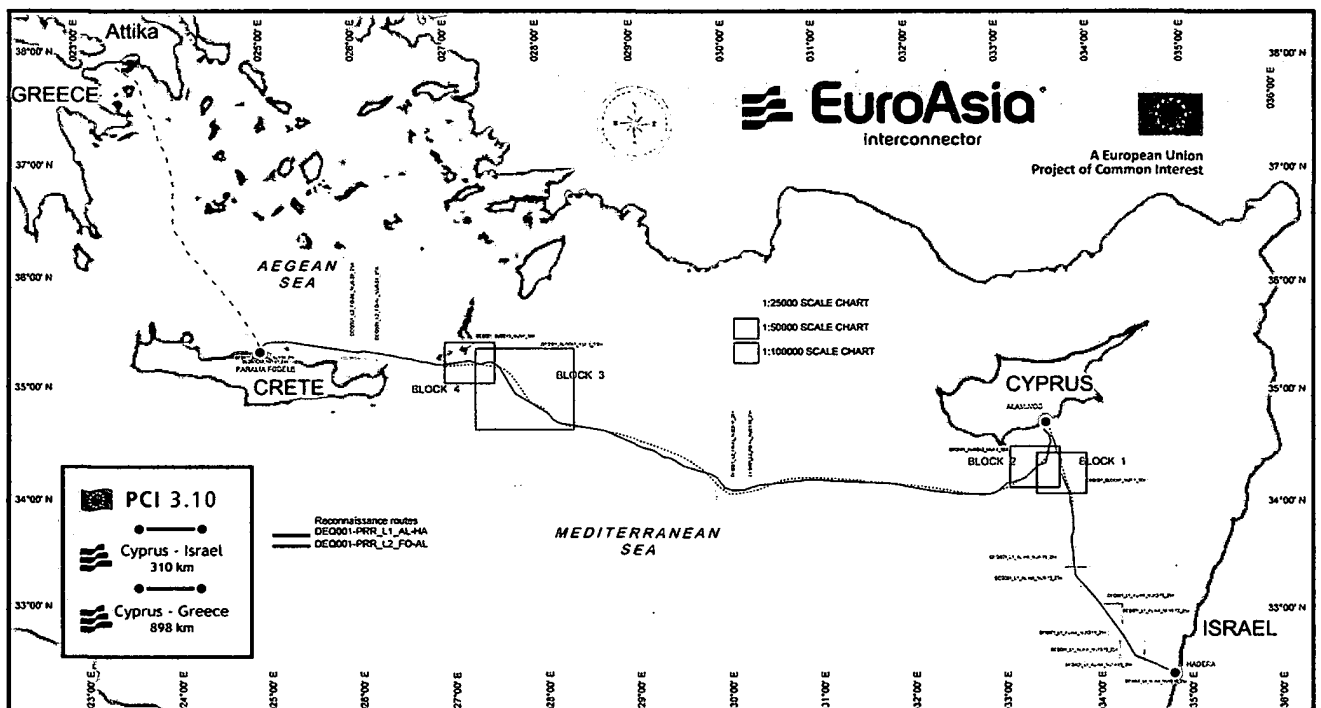


EuroAsia Interconnector PLC

www.euroasia-interconnector.com

JT Accountants Limited
Chartered Certified Accountants and Registered Auditors
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for the Year Ended 31 December 2020

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EuroAsia Interconnector Plc

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	Mr M Demetriades (resigned on 1 December 2020) Mr A Ktoridis Mr N Nicolaou Mr S Sofokleous Mr H Vovides
SECRETARY:	Quantum Secretarial Services Limited
REGISTERED OFFICE:	Suite 48 88-90 Hatton Garden London United Kingdom EC1N 8PN
BUSINESS ADDRESS:	Filippou & Kavalas Quantum Tower Agios Dometios Nicosia 2363
REGISTERED NUMBER:	10526412 (England and Wales)
ACCOUNTANTS:	JT Accountants Chartered Certified Accountants & Statutory Auditors Flat 1 Sir Matt Busby Way Old Trafford Manchester M16 0QG
SENIOR STATUTORY AUDITOR:	Mr Marios Georgiades, FCCA, FMAAT
AUDITORS:	M Georgiades & Associates Chartered Certified Accountants & Statutory Auditors 130A Darkes Lane Potters Bar Hertfordshire EN6 1AF
BANKERS:	Astro Bank Nicosia Cyprus

EuroAsia Interconnector Plc

Strategic Report **for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The company proceeded into its third year and seeks future listing on a recognised stock exchange. The business continued its activities to invest within the Energy & Financial Services sectors with the investment tranches.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the business are lack of sufficient investors wanting to subscribe to the EuroAsia Interconnector plc Class I Shares, from which the company derives capital to invest into pre-Initial Public Offering opportunities (IPO). Further risks and uncertainties that have been identified are the performance capabilities of counter parties in the financial eco-system and it is fair to say that the company strategy in general would be considered above average risk, bearing in mind that the principal activity of EuroAsia Interconnector plc is to invest into EuroAsia Interconnector.

CORPORATE SOCIAL RESPONSIBILITY

EuroAsia Interconnector plc aims to be aware at all times of its social and ethical impact on the environment, society in general and its own stakeholders. To this end, the company will continue to review ways it can reduce its carbon footprint and impact on the environment and work in a sustainable manner. The company will treat all employees and stakeholders fairly and ethically, and the company will look to source and partake in Socially Responsible Investments.

PRINCIPAL ACTIVITY

The principal activity of the Company, in the period under review, is to act for the purpose of scheduling solution of the energy needs of Cyprus, Greece and Israel. The research, planning, establishment, construction, management and exploitation of projects which relate to transportation and distribution of electricity.

The EuroAsia Interconnector is part of the European network of intra country and cross border electricity grids that are interconnected via bidirectional cables to provide stable and sufficient electricity supply through national transmission operators.

REVIEW OF CURRENT POSITION, FUTURE DEVELOPMENT AND PERFORMANCE

Developments and Achievements in 2020

Political support for Israel-Cyprus-Greece electricity interconnection

January 2, 2020 – The leaders of Greece, Israel and Cyprus reiterated their political support and commitment to the EuroAsia Interconnector electricity interconnection as a European Union Project of Common Interest between the three countries.

In his official remarks after the signing ceremony for the interstate agreement for the construction of the EastMed natural gas pipeline between Cyprus, Greece and Israel, Cyprus President Anastasiades said:

“I don't have any doubt that the joint decision will be implemented so that in addition to the (EastMed) project, we proceed with the Israel-Cyprus-Greece electricity connection through a submarine cable, known also as the EuroAsia Interconnector, a project which also enjoys the concrete support of the European Union.”

The three ministers of Greece, Cyprus and Israel – Kostis Hatzidakis, Yiorgos Lakkotrypis and Yuval Steinitz – also discussed the Crete-Cyprus-Israel electricity interconnection and agreed that the project should proceed as planned as it will remove the energy isolation of Cyprus. They also said: “The technical issue of interoperability of the EuroAsia [Interconnector] will be resolved and is not a concern, as well as the financing and the economic viability of the project.”

Support from the Greens

January 2, 2020 – The official Cyprus News Agency referred to comments by the Greens Party that the interstate agreement between Cyprus, Greece and Israel “enhances the geopolitical position of Cyprus.”

“From an energy point of view, of even greater importance is the electricity interconnection of the three countries (through the EuroAsia Interconnector) which will lift the isolation of Cyprus and will bolster the production of electricity from solar energy. The joint effort of the countries of the region to utilise the natural gas reserves, beyond the geopolitical importance, must not replace the common effort to turn to renewable energy sources and supply.”

EuroAsia Interconnector Plc

Strategic Report **for the Year Ended 31 December 2020**

TSOC Terms for Connection

February 6, 2020 – The Transmission System Operator of Cyprus (TSOC) issued Preliminary Terms for Connection to the applicant EuroAsia Interconnector Ltd. for the connection of the Cyprus-Crete-Israel interconnector to the Cyprus Transmission System High Voltage Direct Current (HVDC) System with a total capacity of 1060MVA.

COVID19

March 10, 2020 – The unprecedented health crisis created challenges to which EuroAsia Interconnector quickly adapted, maintaining the timeframes for implementation of the project. The entire staff adopted remote working conditions, cancelled all meetings and communications were carried out through teleconferencing. At the same time, we responded to several calls for the purchase and donation of medical and other supplies.

Siemens AG preferred bidder

March 27, 2020 – Siemens AG was selected as the preferred bidder for the award of the contract for the construction of the VSC Converter Stations of EuroAsia Interconnector. The contract encompasses the design, manufacture,

supply, installation and commissioning of the VSC-HVDC Converters as a multi-terminal system. The Tender was published in Tenders Electronic Today of the Official Journal of the European Union.

Letter to Ministry of Energy of Greece

April 28, 2020 – In a letter to the Ministry of the Environment and Energy of Greece, the Director General of the Cyprus Ministry of Energy, Commerce and Industry said that it is imperative that discussions begin immediately, as agreed, so that the best solutions, both from a technical as well as financial side, are found in relation to the interconnection of the two systems, EuroAsia Interconnector and Ariadne. The Director General reiterated that the PCI “EuroAsia Interconnector” is an important and priority project for the Cyprus Government, both to ensure energy supply and also to achieve the committed energy goals.

Support during Hellenic American Chamber panel

June 3, 2020 – Speaking during the Hellenic American Chamber of Commerce online conference, “East Med and the trilateral partnership and its role in regional energy security and economic cooperation in the age of COVID-19 and beyond”, the Energy Ministers of Israel, Greece and Cyprus highlighted the importance of the EuroAsia Interconnector in ensuring energy security and economic prosperity between the three countries.

Dr Yuval Steinitz – Minister of Energy, Israel: “We have areas of cooperation, like the electricity interconnection, that will enable Israel and Cyprus and also the island of Crete, to be electricity interconnected, and ultimately to mainland Europe.”

Kostis Hatzidakis – Minister of Energy and Environment, Greece: “The energy component is the core of our partnership among Greece, Israel and Cyprus that dates back to 2011-2012 and is centered on two flagship projects related to the electricity and gas interconnectivity. I refer to the EuroAsia Interconnector whose inclusion in the future PCI projects of common interest list of the European Union we continue to support and also the EastMed gas pipeline.”

Georgios Lakkotrypis – Minister of Energy and Commerce, Cyprus: “This partnership, and more recently the addition of the US as well, has given us the platform where we can discuss common issues, common challenges, common solutions. As regards strategy, the EastMed pipeline, and of course the EuroAsia Interconnector for electricity, are both backed up by the European Union very strongly.”

Final building permit for converter station in Cyprus

July 24, 2020 – The Republic of Cyprus issued the final building permit to EuroAsia Interconnector for the construction of the 500KV high voltage direct current (HVDC) converter station in Cyprus. The issue of the relevant permit provides the green light for the construction of the HVDC converter station, for which Siemens has been chosen as the preferred bidder.

Already, the Planning and Housing Bureau of the Republic of Cyprus has approved since November 2019 the planning permit for the HVDC converter station with a capacity of 2,000 MW, as well as the landing points of the subsea cable that connects the electricity networks of Cyprus and Israel with Greece (Crete) and the EU.

The construction cost for the first phase of the PCI3.10 Israel-Cyprus-Greece (Crete) interconnection with a transmission capacity of 1,000MW is estimated at €2.5 bln, with significant social and economic benefits for all the countries involved.

EuroAsia Interconnector Plc

Strategic Report **for the Year Ended 31 December 2020**

EuroAsia Interconnector remains committed to the timely implementation of the 1208km subsea electricity interconnection that links the electricity grids of Cyprus and Greece through Crete by December 2023. The EuroAsia Interconnector, as a leading European Project of Common Interest, is eligible for funding from the European Union's 'Connecting Europe Facility' (CEF) financing resource for projects up to €8.7 bln.

Congratulations to EMGF charter signing partners

September 23, 2020 – EuroAsia Interconnector congratulated the seven energy ministers who signed the charter turning the East Med Gas Forum into an international body. This historic event, with the ministers of Egypt, Greece, Israel, Cyprus, Italy, Jordan and the Palestinian Authority signing the charter during a virtual ceremony, paves the way to cooperating on infrastructure and facilitating development of regional energy markets. In Nicosia, the charter was signed by Cyprus Energy Minister Natasa Pilidou, in the presence of the ambassadors of Jordan, Italy, Egypt, Israel and the United States.

“We congratulate the leaders of the partner countries who had the vision to establish this platform that will develop a sustainable regional gas market,” said EuroAsia Interconnector Strategic Council Chairman and former Cyprus Foreign Minister Dr. Ioannis Kasoulides.

The EuroAsia Interconnector, the 1,000MW landmark electricity interconnector, remains committed to facilitating the transmission of electrical energy from regional producers to Europe, especially from renewable sources of energy, as part of European Commission President Ursula von der Leyen's vision and target of the “Green Deal” for cleaner energy, reduction of emissions and efficient use of electricity.

Nobel prize laureate Sir Christopher Pissarides

September 24, 2020 – Sir Christopher Pissarides, Nobel prize laureate and Professor of Economics at the London School of Economics, has been appointed Chairman of the Economic Council of EuroAsia Interconnector. Prof. Pissarides, universally acknowledged for his contribution in economics, was picked by Prime Minister Kyriakos Mitsotakis in February 2020 to chair the committee tasked with the long-term growth strategy for Greece.

“It is a great honour for us to welcome a distinguished economist and highly respected academic such as Dr. Pissarides, contributing his knowledge and extensive wisdom,” said EuroAsia Interconnector Strategy Council Chairman and former Foreign Minister of the Republic of Cyprus, Dr. Ioannis Kasoulides.

“We are building bridges between continents, as the electricity grid of Cyprus will be connected to Greece, in Crete. The PCI 3.10 EuroAsia Interconnector ends the energy isolation of Cyprus, the last EU member state that remains fully isolated without any electricity energy interconnection,” Dr. Kasoulides added.

“The EuroAsia Interconnector will contribute significant social and economic benefits for all the countries involved and help develop the energy resources of the eastern Mediterranean, mainly from renewables and the recent discoveries of hydrocarbon deposits,” Dr. Kasoulides concluded.

Cyprus President reiterates “full support”

December 22, 2020 – The President of the Republic of Cyprus, has reiterated his “full support” to the project of greatest importance EuroAsia Interconnector during his address delivered at the “8th Energy Symposium 2020” in Nicosia, organised by the Institute of Energy for South-East Europe (IENE) and the communications conferences company Financial Media Way.

In his speech, the President briefly explained the energy strategy of the Republic of Cyprus, which is based, on the basis of a comprehensive strategic planning, with the aim of:

- lifting the energy isolation of Cyprus, through the mutually beneficial cooperation with countries of the greater neighbouring region;
- the development of an internal energy market and the gradual transition of Cyprus to green energy and a “cyclical economy”;
- the utilisation of hydrocarbon resources within the Republic's Exclusive Economic Zone.

“In relation to the pillar of lifting the energy isolation of Cyprus, one of our most important goals for the promotion of Projects of Common Interest of the utmost importance for the European Union was set as a priority.”

“The electricity interconnection of Israel, Cyprus and Greece, through a submarine power cable, known as the EuroAsia Interconnector, will essentially be the interconnected ‘electricity highway’ that will connect Asia with Europe.”

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"Beyond that, we also provide full support to the EuroAfrica Interconnector, which will connect Cyprus with Egypt and Greece. Energy Minister Ms. Natasa Pilidou referred to the strategic aspirations of the Republic of Cyprus, such as ensuring the energy supply of Cyprus, the transition to clean energy, based on the objectives of the EU "Green Deal" targets, the creation of a competitive energy market and the utilisation of domestic Renewable Energy Sources (RES). She referred to the importance of the EuroAsia Interconnector, an EU Project of Common Interest, which will connect the electrical systems of Israel, Cyprus and Greece, through a submarine cable.

USE OF ESTIMATES AND JUDGMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements which have been prepared under the historical cost convention requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Functional and presentation currency

The financial statements are presented in Euro (Euro €) which is the functional and presentation currency of the Company.

ENVIRONMENTAL POLICY

The Board acknowledges that environmental protection is one of the company's business responsibilities. It aims for a continuous improvement in the company's environmental performance and to comply with all relevant regulations.

Also, the Board does not consider that this line of business has a large adverse impact upon the environment. As a result, the company does not manage its business by reference to any environmental key performance indicators. The company seeks to maintain a high proportion of its records electronically and of the paper it does use, over 80% of its paper consumption is recycled through the use of recycling bags.

ON BEHALF OF THE BOARD:



Mr A Ktoridis - Director

10 March 2021

EuroAsia Interconnector Plc

Report of the Directors **for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company for Euroasia Holdings Ltd which is unchanged from last year, and acts as a scheduling solution of the energy needs of Cyprus, Greece and Israel. The research, planning, establishment, construction, management and exploitation of projects which relate to transportation and distribution of electricity.

The company is seeking to float onto a recognised stock exchange.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

RESEARCH AND DEVELOPMENT

The EuroAsia Interconnector is part of the European network of intra country and cross border electricity grids that are interconnected via bidirectional cables to provide stable and sufficient electricity supply through national transmission operators.

The following significant developments took place during 2020 with regards to the timely implementation of the EuroAsia Interconnector.

The President of the Republic of Cyprus together with the Council of Ministers decided during its meeting on 22.11.2017, (decision No. 1778/2017) to approve the expropriation of land of about 74,000 sq. in Kofinou on which the HVDC EuroAsia Interconnector Converter Station will be built.

On June 2, 2019, a 33-year land lease agreement was signed with the government of the Republic of Cyprus for the site at Kofinou, paving the way for the construction of the EuroAsia Interconnector HVDC converter station in Cyprus. The agreement was signed on behalf of the Republic of Cyprus, by the Minister of Energy, Trade and Industry, Mr. Giorgos Lakkotropis and the Director General of the Ministry, Dr. Stelios Himonas, and on behalf of the Project Promoter of the European Project of Common Interest (PCI 3.10) the CEO Mr. Nassos Ktoridis and the Project Director, Mr. George Killas. The duration of the agreement is 33 years, with the Project Promoter having the option to renew the lease for a further 66 years. The signing of the agreement follows the administrative decision no.133 published in the Gazette of the Republic of Cyprus, after the relevant unanimous decision of the Council of Ministers. The expropriated property near Kofinou has a total area of 74,088 square meters.

On October 4, 2019, the government of the Hellenic Republic decided to proceed with the internal line Crete-Attica as a 'national' project and to be excluded from the 4th PCI List of European Union projects of common interest.

On November 12, 2019, the EuroAsia Interconnector was included in 4th Union List of Projects of Common Interest (PCI List) and is on course for timely implementation. The first stage of the 1,000MW project has been included in the European Commission's updated list of PCIs and is proceeding as planned, with PCI 3.10.1 Cyprus-Israel commissioning in December 2023 and PCI 3.10.2 Cyprus-Crete commissioning in December 2023. The EuroAsia Interconnector was included in the earlier 1st, 2nd and 3rd Union PCI Lists of 2013, 2015 and 2017, respectively. With the financial cost of Stage 1 estimated at €2.5 billion euros, the project will provide to the partner countries significant socio-economic benefits worth €10 billion euros which will derive from the decrease of electricity cost by using more efficient methods in power generation, i.e. natural gas, renewable energy sources, and from the reduced cost of replacing old power plants which will be avoided. As a leading European PCI, also labelled by the European Commission as an 'electricity highway', the EuroAsia Interconnector electricity project PCI 3.10 Israel-Cyprus-Greece is eligible for grants from the €8.7 billion euros fund of the "Connecting Europe Facility" (CEF).

On the 24th of October 2019 the Town Planning Permit (Permit No. AAP/00375/2019) for the construction of the Converter Station in Cyprus was issued by the department of Town Planning and Housing of the Ministry of Interior of the Republic of Cyprus. The Town Planning Permit is the predecessor for the submission of the Building Permit Application that will follow shortly.

The Planning and Housing Bureau of the Republic of Cyprus has approved the planning permit for which EuroAsia Interconnector Limited, the official project promoter of the European Project of Common Interest PCI 3.10 Israel-Cyprus-Greece, had submitted a relevant application, following the approval of the Environmental Impact Assessment (EIA) from the competent Cyprus authorities which was ratified on December 11, 2017. The planning permit pertains to the construction of the high voltage direct current (HVDC) converter station with a capacity of 2,000 MW, as well as the landing points of the subsea cable that connects the electricity networks of Cyprus and Israel with Greece and the EU.

On November 26, 2019, EuroAsia Interconnector Limited, the Project Promoter of the EuroAsia Interconnector PCI 3.10, issued the Contract Notice for the "Engineering, Procurement, Construction and Installation of the HVDC Cable System." The contract notice has an estimated value of €1 682 000 000. EuroAsia Interconnector Limited. invites all interested Economic Operators to submit a Request to Participate in a "Negotiated Procedure with Prior Call for Competition" for the award of the works contract.

On November 30, 2019, tenders were received for the construction of the converter stations of the EuroAsia Interconnector, with the evaluation getting underway for the award of the €710 million euros contract. EuroAsia Interconnector Limited received binding tenders for the construction of the three converter stations of the EuroAsia Interconnector from a world-leading organisation in the energy sector. The stations will be located in Kofinou, Cyprus, in Hadera, Israel and in Crete, Greece, interconnected by the 1,000MW capacity cable, with a length of 1,208km. The binding offers are currently being technically, commercially, legally and financially evaluated by the procurement and engineering teams of EuroAsia Interconnector, with the assistance of its technical consultants Teshmont Consultants LP, its legal consultant Clifford Chance LLP and its strategic consultant Elia Grid International.

On December 10, 2019, the Greek and Israeli energy ministers repeated their official support to the EuroAsia Interconnector. Greek Energy and Environment Minister Kostas Hatzidakis and Israeli Energy Minister Yuval Stenitz, during the 25th UN Climate Change Conference in Madrid, both reiterated their countries' support in the Israel-Cyprus-Greece (Crete) electricity interconnection project, the PCI 3.10 EuroAsia Interconnector. According to an announcement issued in Athens, the two ministers "discussed the strategic cooperation between the countries, as well as with the Republic of Cyprus, on matters of energy. In particular, the cooperation between Greece, Cyprus and Israel was discussed for the electricity interconnection from Crete to Israel, via Cyprus, the PCI 3.10 EuroAsia Interconnector."

FUTURE DEVELOPMENTS

EuroAsia Interconnector as the official EU project developer is undertaking the studies and implementation of the 2,000MW electricity interconnector between Israel, Cyprus, Greece and Europe. Initial electricity production is generated at local power stations (fossil fuels, natural gas, renewable sources, hydro and solar) and transferred via high voltage direct current cables (HVDC) on to consumers, both retail and industrial. The European Commission fully supports the construction of the EuroAsia Interconnector by declaring it a Project of Common Interest (PCI) as part of its strategic policy to provide diversity and security of supply in electric energy.

EuroAsia Interconnector enjoys high ranking by the European Union, falls within the EU energy policy and contributes to the energy targets:

- * Ends the Energy Isolation of Cyprus as an EU member state. Cyprus is the last member of the European Union which remains fully isolated without any electricity or gas interconnections. Ending the energy isolation is an important EU objective.
- * EuroAsia Interconnector creates the electricity highway from Israel Cyprus Crete Greece (Europe) through which the European Union can securely be supplied with electricity produced by the gas reserves in Cyprus and Israel as well as from the available Renewable Energy Sources, contributing at the same time to the completion of the European Internal market.
- * The EuroAsia Interconnector is ensuring the security of energy of supply of the three countries and of the EU system altogether, through the integration of the isolated small systems of Cyprus and Crete with the Israeli and European Network and the uninterrupted - multidirectional flow of energy.
- * Promotes the substantial development of the Renewable Energy Sources and contributes to the reduction of the CO2 emissions.
- * Offers significant economic and geopolitical benefits to the involved countries.

EuroAsia Interconnector Plc

Report of the Directors for the Year Ended 31 December 2020

* Contributes to the target of the European Union for 10% of electricity interconnection between Member States.

* Provides significant socio-economic benefits at the range of 10 billion euros€.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

Mr A Ktoridis
Mr N Nicolaou
Mr S Sofokleous
Mr H Vovides

Other changes in directors holding office are as follows:

Mr M Demetriades resigned on 1 December 2020

FINANCIAL INSTRUMENTS

The company has 1 class of Ordinary Shares. The Shares, which carry voting rights. The Ordinary Shares each carry one vote and a right to dividends.

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements and in stating the financial position of the Company.

Finance income

Finance income includes loan interest income which is recognised based on an accrual basis and foreign exchange differences.

Finance expenses

Interest expense and other borrowing costs are recognised to profit or loss using the effective interest method.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro €, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

EuroAsia Interconnector Plc

Report of the Directors **for the Year Ended 31 December 2020**

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payments with the suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the payments by inclusion of the relevant terms in contracts; and
- pay in accordance with company's contractual and other legal obligations.

FINANCIAL INSTRUMENT RISK

The Project Promoter, EuroAsia Interconnector ("EuroAsia") is proceeding with a fund-raising drive involving both equity and debt issues, to finance its share of contribution in the Interconnection between Kofinou in Cyprus and Korakia in Crete, Greece, and the Internal line between Korakia in Crete and Attica region in Greece.

According to CBCA with the Cyprus Energy Regulatory Authority (CERA) and the Regulatory Authority for Energy (RAE) Greece, on 10 October 2017 EuroAsia is required to invest €236,302,500 (two hundred thirty-six million three hundred two thousand and five hundred euros) as it shares.

EuroAsia Interconnector is in the final process of securing commitments from Leading institutional investors for participation in both issues.

The principal risks to the business are lack of sufficient investors wanting to subscribe to the PLC's Class I Shares, from which the company derives capital to invest into pre-IPO opportunities. Further risks and uncertainties that have been identified are the performance capabilities of counter parties in the financial eco-system and it is fair to say that the company strategy in general would be considered above average risk, bearing in mind that the principal activity of the PLC is to invest into EuroAsia Interconnector.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Covid -19 (coronavirus) has caused a serious shock to the global economy EuroAsia Interconnector Plc is not alone in this. The Bank of England has announced that it could prove sharp and large but should temporary ', however the immediate consequences of this shock have been a great source of uncertainty for many businesses. The management of EuroAsia Interconnector Plc recognised the fast-changing situation and adhere to it. With all of its resources to keep moving the business.

b) Financial risk management objectives and policies of the company including the policy of hedging each major type of foreseeable transaction for which hedge accounting is used; and

c) the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk; unless such information is not material for the assessment of the assets, liabilities, financial position and profit and loss of the company.

ENGAGEMENT WITH EMPLOYEES

It is the policy of the Company's to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the Company and adequate opportunities for internal promotion are created. The Board is committed to a systematic training policy and has a comprehensive training and development programme creating the opportunity for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. In this way, staff will make their best possible contribution to the organisation's success. The Company supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability. It is also the policy of the Company, where possible, to give sympathetic consideration to disabled persons in their application for employment with the Company and to protect the interests of existing members of the staff who are disabled.

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Report of the Directors
for the Year Ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, M Giorghiades & Associates, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Mr A Ktoridis - Director

10 March 2021

**Report of the Independent Auditors to the Members of
EuroAsia Interconnector Plc**

Opinion

We have audited the financial statements of EuroAsia Interconnector Plc (the 'company') for the year ended 31 December 2020 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

We draw your attention to note 24 of the financial statements, which describes the Company's assessment of the COVID-19 impact on its ability to continue as a going concern. The Company have explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis of preparation nor do they cast significant doubt about the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
EuroAsia Interconnector Plc**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page ten, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

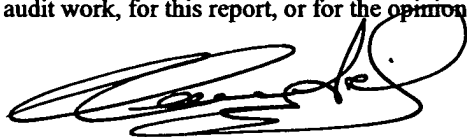
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr Marios Georghiades, FCCA, FMAAT (Senior Statutory Auditor)
for and on behalf of M Georghiades & Associates
Chartered Certified Accountants &
Statutory Auditors
130A Darkes Lane
Potters Bar
Hertfordshire
EN6 1AF

10 March 2021

EuroAsia Interconnector Plc**Statement of Profit or Loss
for the Year Ended 31 December 2020**

	Notes	2020 €	2019 €
CONTINUING OPERATIONS			
Revenue		— -	— -
PROFIT BEFORE INCOME TAX		-	-
Income tax	4	— -	— -
PROFIT FOR THE YEAR		— -	— -

The notes form part of these financial statements

EuroAsia Interconnector Plc

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2020

	2020 €	2019 €
PROFIT FOR THE YEAR	-	-
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>-</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

EuroAsia Interconnector Plc**Statement of Financial Position**
31 December 2020

	Notes	2020 €	2019 €
ASSETS			
NON-CURRENT ASSETS			
Investments	5	<u>162,085,500</u>	<u>162,085,500</u>
CURRENT ASSETS			
Trade and other receivables	6	1,731,496	1,736,040
Cash and cash equivalents	7	<u>8,621</u>	<u>8,771</u>
		<u>1,740,117</u>	<u>1,744,811</u>
TOTAL ASSETS		<u><u>163,825,617</u></u>	<u><u>163,830,311</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	<u>162,085,500</u>	<u>162,085,500</u>
TOTAL EQUITY		<u>162,085,500</u>	<u>162,085,500</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	<u>1,740,117</u>	<u>1,744,811</u>
TOTAL LIABILITIES		<u>1,740,117</u>	<u>1,744,811</u>
TOTAL EQUITY AND LIABILITIES		<u><u>163,825,617</u></u>	<u><u>163,830,311</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 March 2021 and were signed on its behalf by:



Mr A Ktoridis - Director

The notes form part of these financial statements

EuroAsia Interconnector Plc**Statement of Changes in Equity**
for the Year Ended 31 December 2020

	Called up share capital €	Retained earnings €	Total equity €
Balance at 1 January 2019	162,085,500	-	162,085,000
Changes in equity			
Balance at 31 December 2019	<u>162,085,500</u>	<u>-</u>	<u>162,085,500</u>
Changes in equity			
Balance at 31 December 2020	<u><u>162,085,500</u></u>	<u><u>-</u></u>	<u><u>162,085,500</u></u>

The notes form part of these financial statements

EuroAsia Interconnector Plc**Statement of Cash Flows**
for the Year Ended 31 December 2020

	31.12.20 €	31.12.19 €
Cash flows from operating activities		
Profit before income tax	-	-
Decrease/(Increase) in receivables	4,544	(1,736,040)
Decrease in payables	(4,694)	1,744,811
	<hr/>	<hr/>
Net cash from operating activities	(150)	8,771
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of fixed asset investments	-	-
	<hr/>	<hr/>
Net cash from investing activities	-	-
	<hr/>	<hr/>
Cash flows from financing activities		
Share issue	-	-
	<hr/>	<hr/>
Net cash from financing activities	-	-
	<hr/>	<hr/>
(Decrease)/Increase in cash and cash equivalents	(150)	8,771
Cash and cash equivalents at beginning of year	8,771	-
	<hr/>	<hr/>
Cash and cash equivalents at end of year	8,621	8,771
	<hr/>	<hr/>

The notes form part of these financial statements

EuroAsia Interconnector Plc

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2020

1. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	€	€
Cash and cash equivalents	<u>8,621</u>	<u>8,771</u>

Year ended 31 December 2019

31.12.19	1.1.19
<u>€8,771</u>	<u>€-</u>

EuroAsia Interconnector Plc

Notes to the Financial Statements **for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

EuroAsia Interconnector Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted. The company is tax resident in Cyprus

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2020 nor for the year ended 31 December 2019.

	31.12.20	31.12.19
	€	€
Directors' remuneration	—	—

4. INCOME TAX

Analysis of tax expense

No liability of corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

EuroAsia Interconnector Plc**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****5. INVESTMENTS**

	Shares in group undertakings €
COST	
At 1 January 2020 and 31 December 2020	<u>162,085,500</u>
NET BOOK VALUE	
At 31 December 2020	<u>162,085,500</u>
At 31 December 2019	<u>162,085,500</u>

6. TRADE AND OTHER RECEIVABLES

	2020 €	2019 €
Current:		
Other debtors	<u>1,731,496</u>	<u>1,736,040</u>

Amounts due from related parties represents the amounts due from Euroasia Interconnector Ltd, a subsidiary of the Company and the Euroasia project promoter. The amount due does not carry interest and it is anticipated that the amount due will be settled in the future by the issue of shares to the parent company.

7. CASH AND CASH EQUIVALENTS

	2020 €	2019 €
Bank accounts	<u>8,621</u>	<u>8,771</u>

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	€	€
46,499,500	Ordinary Shares	€1.00	46,499,500	46,499,500
115,586,000	Ordinary Shares	€1.00	<u>115,586,000</u>	<u>115,586,000</u>
			<u>162,085,500</u>	<u>162,085,500</u>

The amounts due to shareholders are interest free and do not have a set repayment date.

9. RESERVES

	Retained earnings €
Profit for the year	-
At 31 December 2020	-

EuroAsia Interconnector Plc

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. TRADE AND OTHER PAYABLES

	2020 €	2019 €
Current:		
Other creditors	<u>1,740,117</u>	<u>1,744,811</u>

11. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 31st December 2020.

12. OTHER FINANCIAL COMMITMENTS

The company had no capital or other financial commitments as at 31st December 2020.

13. EVENTS AFTER THE REPORTING PERIOD

There were no reportable events after the reporting period.

14. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr A. Ktoridis.

15. OTHER INFORMATION

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

16. RISK MANAGEMENT

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligation and arises principally from the Company's receivables from customers and cash balances. The company had trade receivables from its major customer, a strong multinational company for which there is no significant credit risk. All trade receivables were paid following the year end.

Market risk - foreign currency

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The company does not have exposure to market risk within its balance sheet.

Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

17. BORROWINGS

Borrowings are recorded initially at the proceeds received; net of transaction costs incurred. Any borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.

18. FOREIGN CURRENCY TRANSLATION AND PRESENTATION CURRENCY

Foreign Currency Translation:

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in the Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Conversion rates used as at the period ended 31st December 2019 were not applicable.

Presentation Currency:

The financial statements are presented in Euro€.

19. TRADE CREDITORS AND TRADE PAYABLES

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

20. LEAL FORM OF ENTITY, COUNTRY OF INCORPORATION & PRINCIPAL PLACE OF BUSINESS

Legal form of entity and country of incorporation

EUROASIA INTERCONNECTOR PLC is a public limited company and is incorporated in England and Wales with registration number: 10526412.

Principal place of business

The address of the company's principal place of business is:

Filippou & Kavalas
Quantum Tower
Agios Dometios
Nicosia 2363
Cyprus

21. FINANCIAL INSTRUMENTS

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

22. TRADE DEBTORS AND TRADE RECEIVABLES

Trade debtors/receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

23. CASH AND CASH EQUIVALENT

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand.

24. GOING CONCERN CONSIDERATION

The Company's management does not see a severe impact of COVID-19 outbreak to its activity. The Company tested the financial impact on the following areas of financial statements that can be affected:

- Breach of trade contracts
- Revenue
- Cost of sales
- Investments fair value measurements
- Debt repayment