

EVERGY LTD (EX. Z.F.G. ENERGY LTD)

FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2020

EVERGY LTD (EX. Z.F.G. ENERGY LTD)

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For the year ended 31 Decemeber 2020

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

EVERGY LTD (EX. Z.F.G. ENERGY LTD)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Evergy Ltd (ex. Z.F.G. Energy Ltd) (the "Company"), which are presented on pages 5 to 17 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Company in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
EVERGY LTD (EX. Z.F.G. ENERGY LTD)

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
EVERGY LTD (EX. Z.F.G. ENERGY LTD)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law 2017, L.53(I)/2017, as amended from time to time and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Constantinos N. Kallis FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

19 July 2022

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**STATEMENT OF FINANCIAL POSITION****As at 31 December 2020**

| | Note | 2020 € | 2019 € |
|-------------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 2.974 | - |
| Intangible assets | 10 | <u>6.500</u> | <u>9.750</u> |
| Total non-current assets | | <u>9.474</u> | <u>9.750</u> |
| Current assets | | | |
| Trade and other receivables | 11 | 2.478 | 2.470 |
| Cash at bank | 12 | <u>199.500</u> | <u>199.900</u> |
| Total current assets | | <u>201.978</u> | <u>202.370</u> |
| Total assets | | <u><u>211.452</u></u> | <u><u>212.120</u></u> |
| Equity | | | |
| Share capital | 13 | 200.000 | 200.000 |
| Reserves | | <u>(34.757)</u> | <u>(7.486)</u> |
| Total equity | | <u>165.243</u> | <u>192.514</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | <u>46.209</u> | <u>19.606</u> |
| Total current liabilities | | <u>46.209</u> | <u>19.606</u> |
| Total liabilities | | <u>46.209</u> | <u>19.606</u> |
| Total equity and liabilities | | <u><u>211.452</u></u> | <u><u>212.120</u></u> |

On 19 July 2022 the Board of Directors of Evergy Ltd (ex. Z.F.G. Energy Ltd) approved and authorised these financial statements for issue.



.....
Costas Zorbas
Director



.....
Demetris Zorbas
Director

The notes on pages 9 to 17 are an integral part of these financial statements.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 Decemeber 2020**

| | Share capital € | Accumulated losses € | Total € |
|-----------------------------|--------------------|----------------------------|-----------------|
| Balance at 1 January 2019 | <u>200.000</u> | <u>(2.965)</u> | <u>197.035</u> |
| Comprehensive income | | | |
| Loss for the year | <u>-</u> | <u>(4.521)</u> | <u>(4.521)</u> |
| Balance at 31 December 2019 | <u>200.000</u> | <u>(7.486)</u> | <u>192.514</u> |
| Balance at 1 January 2020 | <u>200.000</u> | <u>(7.486)</u> | <u>192.514</u> |
| Comprehensive income | | | |
| Loss for the year | <u>-</u> | <u>(27.271)</u> | <u>(27.271)</u> |
| Balance at 31 December 2020 | <u>200.000</u> | <u>(34.757)</u> | <u>165.243</u> |

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31st of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits refer. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (31.12.2019 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 9 to 17 are an integral part of these financial statements.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 Decemeber 2020

1. Reporting entity

Evergy Ltd (ex. Z.F.G. Energy Ltd) (the "Company") is domiciled in Cyprus. The Company was incorporated in Cyprus on 11 June 2018 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Armenias 51, Strovolos 2006 1st floor, Nicosia Cyprus.

The Company has a licence from the Cyprus Energy Regulatory Authority for the supply of electricity to final customers. The Company started operations in 2021.

Change of Company name

On 7th November 2018, the Company changed its name from Dargera Investments Ltd to Z.F.G. Evergy Ltd. On 19th January 2021 the Company changed its name from Z.F.G. Energy Ltd to Evergy Ltd.

2. Basis of accounting**2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

3. Functional and presentation currency

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

4. Adoption of new and revised IFRSs and interpretations by the European Union (EU)

During the current year the Company adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020 . This adoption did not have a material effect on the accounting policies of the Company .

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

5. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, 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.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 Decemeber 2020

6. Significant accounting policies (continued)**6.3 Financial instruments (continued)**

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

6.3.2 Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

6.3.2.1 Financial liabilities - Classification, subsequent measurement and gains and losses

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

6.4 Share capital

Ordinary shares are classified as equity.

6.5 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 Decemeber 2020**10. Intangible assets**

| 2020 | License € |
|---------------------------|---------------------|
| Cost | |
| Balance at 1 January | 13.000 |
| Balance at 31 December | <u>13.000</u> |
| Amortisation | |
| Balance at 1 January | 3.250 |
| Amortisation for the year | <u>3.250</u> |
| Balance at 31 December | <u>6.500</u> |
| Carrying amounts | |
| Balance at 31 December | <u><u>6.500</u></u> |
| | |
| 2019 | License € |
| Cost | |
| Additions | <u>13.000</u> |
| Balance at 31 December | <u>13.000</u> |
| Amortisation | |
| Amortisation for the year | <u>3.250</u> |
| Balance at 31 December | <u>3.250</u> |
| Carrying amounts | |
| Balance at 31 December | <u><u>9.750</u></u> |

License represents professional fees paid for obtaining license from the Cyprus Energy Regulatory Authority for the supply of electricity to final customers. The license is valid until the termination date of the transitional period for the regulation of electricity market.

11. Trade and other receivables

| | 2020 € | 2019 € |
|----------------|---------------------|---------------------|
| Refundable VAT | <u>2.478</u> | <u>2.470</u> |
| | <u><u>2.478</u></u> | <u><u>2.470</u></u> |

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 16 to the financial statements.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 Decemeber 2020****15. Related party transactions**

The Company is controlled by Costas Zorbas, Demetris Zorbas and Anastasios Zorbas who own 100% of the Company's shares.

The transactions and balances with related parties are as follows:

(i) Payables to related companies (Note 14)

| | | 2020 | 2019 |
|--------------------------|-------------------------------|---------------|---------------|
| | | € | € |
| <u>Name</u> | <u>Nature of transactions</u> | | |
| A. Zorbas & Sons Limited | Finance | 25.930 | 2.536 |
| Haffneve Holding Ltd | Licence fee | <u>15.470</u> | <u>15.470</u> |
| | | <u>41.400</u> | <u>18.006</u> |

The payable to related companies are interest free, and have no specified repayment date.

16. Financial instruments - fair values and risk management**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

A. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see note A(i));
- liquidity risk (see note A(ii)); and

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 Decemeber 2020****17. Fair values**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

18. Events after the reporting period

In 2021 the Company started its operations for the supply of electricity to customers.

On 19 July 2022 the Board of Directors of Evergy Ltd (ex. Z.F.G. Energy Ltd) approved and authorised these financial statements for issue.

