EVERGY LTD

FINANCIAL STATEMENTS

For the year ended 31 December 2022

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For the year ended 31 December 2022

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EVERGY LTD

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Costas Zorbas Demetris Zorbas
Secretary	Michael Michael
Independent Auditors	KPMG Limited
Legal Advisors	Antis Triantafyllides & Sons
Banker	Bank of Cyprus Public Company Ltd
Registered Office	Armenias 51 Strovolos 2006 1st floor Nicosia Cyprus
Registration number	HE384974

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

EVERGY LTD

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Evergy Ltd (the "Company"), which are presented on pages 5 to 31 and comprise the statement of financial position as at 31 December 2022, 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 2022, 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.

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.
- 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

20 November 2023

EVERGY LTD

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 €	2021 €
Assets			
Non-current assets			
Property, plant and equipment	13	41.056	42.827
Right-of-use assets	14	81.139	-
Intangible assets	15	11.010	16.122
Total non-current assets		133.205	58.949
Current assets			
Trade and other receivables	16	1.456.267	2.396.557
Refundable tax	21	-	17.500
Cash and cash equivalents	17	702.901	212.836
Total current assets		2.159.168	2.626.893
Total assets		2.292.373	2.685.842
Equity			
Share capital	18	200.000	200.000
Reserves		889.347	(112.454)
Total equity		1.089.347	87.546
Liabilities			
Lease liabilities	19	62.367	-
Total non-current liabilities		62.367	-
Current liabilities			
Lease liabilities	19	19.772	-
Trade and other payables	20	1.036.422	2.598.296
Tax liability	21	84.465	-
Total current liabilities		1.140.659	2.598.296
Total liabilities		1.203.026	2.598.296
Total equity and liabilities		2.292.373	2.685.842

On .... 2023 the Board of Directors of Evergy Ltd approved and authorised these financial statements for issue.

.... | ....
Costas Zorbas | Demetris Zorbas
Director | Director

The notes on pages 9 to 31 are an integral part of these financial statements.

EVERGY LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 €	2021 €
Revenue	7	7.599.925	2.346.289
Cost of sales	8	(6.191.020)	(2.154.622)
Gross profit		1.408.905	191.667
Administrative expenses	9	(246.021)	(265.299)
Other operating expenses	10	(10.266)	-
Operating profit/(loss)		1.152.618	(73.632)
Net finance expenses	11	(11.352)	(4.065)
Profit/(loss) before tax		1.141.266	(77.697)
Tax	12	(139.465)	-
Profit/(loss) for the year		1.001.801	(77.697)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		1.001.801	(77.697)

The notes on pages 9 to 31 are an integral part of these financial statements.

EVERGY LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital €	(Accumulated losses)/ Retained Earnings €	Total €
Balance at 1 January 2021	200.000	(34.757)	165.243
Comprehensive income			
Loss for the year	-	(77.697)	(77.697)
Balance at 31 December 2021	200.000	(112.454)	87.546
Balance at 1 January 2022	200.000	(112.454)	87.546
Comprehensive income			
Profit for the year	-	1.001.801	1.001.801
Balance at 31 December 2022	200.000	889.347	1.089.347

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, the Company pays a General Health System (GHS) contribution on behalf of the shareholders at a rate of 2.65%, when the entitled shareholders are natural tax residents of Cyprus, regardless of their domicile.

EVERGY LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 €	2021 €
Cash flows from operating activities			
Profit/(loss) for the year		1.001.801	(77.697)
Adjustments for:			
Depreciation	13, 14	27.999	3.933
Amortisation of intangible assets	15	8.924	5.368
Impairment charge - intangible assets	15	10.266	-
Interest expense	11	2.425	102
Income tax expense		139.465	-
Cash generated from/(used in) operations before working capital changes		1.190.880	(68.294)
Increase in trade and other receivables		(1.246.534)	(2.394.079)
Increase in restricted cash at bank		(260.300)	-
Increase in trade and other payables		885.249	2.552.087
Cash generated from operations		569.295	89.714
Tax paid		(37.500)	(17.500)
Net cash generated from operating activities		531.795	72.214
Cash flows from investing activities			
Payment for acquisition of intangible assets	15	(14.078)	(14.990)
Payment for acquisition of property, plant and equipment	13	(5.943)	(43.786)
Net cash used in investing activities		(20.021)	(58.776)
Cash flows from financing activities			
Payments of leases liabilities		(21.600)	-
Interest paid		(109)	(102)
Net cash used in financing activities		(21.709)	(102)
Net increase in cash and cash equivalents		490.065	13.336
Cash and cash equivalents at beginning of the year		212.836	199.500
Cash and cash equivalents at end of the year	17	702.901	212.836

The notes on pages 9 to 31 are an integral part of these financial statements.

EVERGY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Reporting entity

Evergy 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.

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 2022. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, 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.

5. Use of estimates and judgements (continued)

5.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 24(i) "Measurement of ECL allowance for trade and other receivables" - key assumptions used.

6. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements.

6.1 Revenue recognition

Contracts identification

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The transaction price

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes).

Identification of the performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand alone selling prices. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Performance obligations and revenue recognition policies

Supply and sale of electricity

Refer to note 7.

6.2 Finance income and finance costs

The Company's finance income and finance costs include:

6. **Significant accounting policies** (continued)

6.2 Finance income and finance costs (continued)

- bank charges;
- interest expense.

6.3 Finance costs

Finance expenses include interest expense as well as bank charges. Finance expenses, excluding bank charges, are recognised to profit or loss using the effective interest method. Bank charges are recognised in profit or loss in the period which incurred.

6.4 Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

6.5 Dividends

Dividends distributions to the Company's shareholders are recognised in the Company's financial statements in the year in which they are approved.

6.6 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Motor vehicles	20
Furniture, fixtures and office equipment	10

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

6. Significant accounting policies (continued)

6.7 Intangible assets

(i) Licences

Licenses are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, not exceeding a period of four years. The annual amortisation rates used for the current and comparative periods are 25%.

(ii) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses. The annual amortisation rates used for the current and comparative periods are 33%.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted accordingly.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

6.8 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

6. **Significant accounting policies** (continued)

6.8 Leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents its right-of-use assets that do not meet the definition of investment property separately in the statement of financial position.

The lease liabilities are presented separately in the statement of financial position.

6. Significant accounting policies (continued)

6.8 Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

6.9 Financial instruments

6.9.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

6.9.2 Classification and subsequent measurement

6.9.2.1 Financial assets

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.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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. **Significant accounting policies** (continued)

6.9 Financial instruments (continued)

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

6.9.2.2 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.

The financial liabilities of the Company are measured as follows:

(i) Trade and other payables

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

6.9.3 Impairment

- *Financial instruments and contract assets*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

6. **Significant accounting policies** (continued)

6.9 Financial instruments (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

- *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

- *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

6. **Significant accounting policies** (continued)

6.9 Financial instruments (continued)

- *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

- *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognised amounts and it intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Outstanding balances due with related companies under the common control of the Company's shareholders, comprising of trade, financing and balances of other nature, are commonly offset and accounted for on a net basis, as it is the mutual understanding and agreement between the counterparties to treat, process and settle such balances due based on the net receivable or payable amounts.

6.11 Impairment of non-financial assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6. Significant accounting policies (continued)

6.12 Share capital

Ordinary shares are classified as equity.

6.13 Comparatives

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

7. Revenue

7.1 Revenue streams: The Company generates revenue primarily from the supply and sale of electricity to its customers in Cyprus.

	2022 €	2021 €
Supply of electricity	7.599.925	2.346.289
	7.599.925	2.346.289

7.2 Contract balances: The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 €	2021 €
Receivables, which are included in "Trade receivables" (note 16)	331.408	-
Receivables, which are included in "Receivables from related companies" (note 16)	1.124.859	2.396.557

7.3 Performance obligations and revenue recognition policies:

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Supply of electricity	The Company satisfies its performance obligation by transferring control over the promised service to the customer i.e. supply of the electricity to the customer based on the units of electricity delivered and consumed by the customers. Invoices are issued according to contractual terms, usually on a monthly basis, and are usually payable within 30 days.	Revenue is recognised as the customer consumes the electricity supplied by the Company. The output method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the electricity supply to the customer, based on the electricity consumption and the actual meter readings.

EVERGY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. Cost of sales

	2022 €	2021 €
Purchases of electricity	5.242.501	1.596.874
Charges from regulatory authorities related to electricity supply	941.760	548.094
Licenses	6.759	9.654
	6.191.020	2.154.622

9. Administrative expenses

	2022 €	2021 €
Expense relating to short-term leases	-	29.473
Electricity	8.058	4.827
Water supply and cleaning	50	-
Sundry expenses	14.851	3.690
Computer software	7.025	1.410
Independent auditors' remuneration	4.200	4.000
Legal fees	-	2.624
Consultancy services	74.100	74.100
Fines and penalties	10.980	-
Travelling	5.354	2.109
Management fees	84.000	132.000
Advertising	480	1.765
Amortisation (note 15)	8.924	5.368
Depreciation (note 13, 14)	27.999	3.933
	246.021	265.299

10. Other operating expenses

	2022 €	2021 €
Impairment charge - write off of intangible assets	10.266	-
	10.266	-

11. Net finance expenses

	2022 €	2021 €
Interest expense	2.425	102
Sundry finance expenses	8.927	3.963
	11.352	4.065

12. Taxation

	2022 €	2021 €
Corporation tax	139.465	-
Charge for the year	139.465	-

Reconciliation of tax based on the taxable income and tax based on accounting profits:

	2022	2022 €	2021	2021 €
Accounting profit/(loss) before tax		1.141.266		(77.697)
Tax calculated at the applicable tax rates	12,50 %	142.658	12,50 %	(9.712)
Tax effect of expenses not deductible for tax purposes	0,67 %	7.703	(1,51)%	1.175
Tax effect of allowances and income not subject to tax	(0,35)%	(3.959)	- %	-
Tax effect of tax losses brought forward	(1,42)%	(16.207)	- %	-
Tax effect of loss for the year	- %	-	(10,99)%	8.537
10% additional charge	0,81 %	9.270	- %	-
Tax as per statement of profit or loss and other comprehensive income - charge	12,22 %	139.465	- %	-

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

EVERGY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. Property, plant and equipment

2022

	Motor vehicles €	Furniture, fixtures and office equipment €	Total €
Cost			
Balance at 1 January	27.000	19.760	46.760
Additions	987	4.956	5.943
Balance at 31 December	27.987	24.716	52.703
Depreciation			
Balance at 1 January	2.249	1.684	3.933
Depreciation for the year	5.496	2.218	7.714
Balance at 31 December	7.745	3.902	11.647
Carrying amounts			
Balance at 31 December	20.242	20.814	41.056

2021

	Motor vehicles €	Furniture, fixtures and office equipment €	Total €
Cost			
Balance at 1 January	-	2.974	2.974
Additions	27.000	16.786	43.786
Balance at 31 December	27.000	19.760	46.760
Carrying amounts			
Balance at 31 December	24.751	18.076	42.827

14. Right-of-use assets

2022

	Buildings €
Cost	
Additions	101.424
Balance at 31 December	101.424
Depreciation	
Depreciation for the year	20.285
Balance at 31 December	20.285
Carrying amounts	
Balance at 31 December	81.139

Right-of-use assets (continued)

Right-of-use assets relate to the lease of office space used for the Company's business operations.

The amounts recognised in the statement of profit or loss and other comprehensive income in relation to leases are presented in the table below:

	2022 €	2021 €
Expense relating to short-term leases	-	(29.473)
Interest expense on lease liabilities	(2.316)	-
Depreciation expense	(20.285)	-
	(22.601)	(29.473)

The amounts recognised in the statement of cash flows in relation to leases are presented in the table below:

	2022 €	2021 €
Lease payments	(21.600)	(29.473)
Net cash (outflows) for leases	(21.600)	(29.473)

15. Intangible assets

2022

	Computer software €	Licences €	Total €
Cost			
Balance at 1 January	14.190	13.800	27.990
Additions	14.078	-	14.078
Write off	(16.268)	-	(16.268)
Balance at 31 December	12.000	13.800	25.800
Amortisation			
Balance at 1 January	2.040	9.828	11.868
Amortisation for the year	5.474	3.450	8.924
Write off	(6.002)	-	(6.002)
Balance at 31 December	1.512	13.278	14.790
Carrying amounts			
Balance at 31 December	10.488	522	11.010

15. Intangible assets (continued)

The Company recognised an impairment loss of €10.266 in profit or loss (note 10) in relation to the write off of the net carrying amount of computer software which the Company discontinued during the year, which was as a result derecognised from the Company's statement of financial position.

2021	Computer software €	Patents and trademarks €	Total €
Cost			
Balance at 1 January	-	13.000	13.000
Additions	14.190	800	14.990
Balance at 31 December	14.190	13.800	27.990
Amortisation			
Balance at 1 January	-	6.500	6.500
Amortisation for the year	2.040	3.328	5.368
Balance at 31 December	2.040	9.828	11.868
Carrying amounts			
Balance at 31 December	12.150	3.972	16.122

16. Trade and other receivables

	2022 €	2021 €
Trade receivables	331.408	-
Receivables from related companies (Note 23 (iii))	1.124.859	2.396.557
	1.456.267	2.396.557

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 24 to the financial statements.

17. Cash and cash equivalents

Cash balances are analysed as follows:

	2022 €	2021 €
Cash at bank and in hand	292.601	62.836
Restricted cash	410.300	150.000
	702.901	212.836

Restricted cash balance of €410.300 (2021: €150.000) relates to cash at bank of guarantee accounts,

17. Cash and cash equivalents (continued)
which is blocked as lien on credit balances of the Company.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 24 to the financial statements.

18. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
Authorised				
Shares of €1 each	200.000	200.000	200.000	200.000
Issued and fully paid				
Balance at 1 January	200.000	200.000	200.000	200.000
Balance at 31 December	200.000	200.000	200.000	200.000

19. Lease liabilities

	Future lease payments 2022 €	Future lease payments 2021 €	The present value of minimum lease payments 2022 €	The present value of minimum lease payments 2021 €
Not later than 1 year	21.600	-	19.772	-
Later than 1 year and not later than 5 years	64.800	-	62.367	-
	86.400	-	82.139	-
Future finance charges	(4.261)	-	-	-
Present value of finance lease liabilities	82.139	-	82.139	-

The Company sub-leases office space which is utilised for the Company's business operations.

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

20. Trade and other payables

	2022 €	2021 €
VAT	204.275	18.072
Accruals	310.415	6.400
Trade payables and other creditors	521.732	126.701
Payables to related companies (Note 23 (iv))	-	2.447.123
	1.036.422	2.598.296

Accruals relate primarily to purchases of electricity for which the related invoices were not yet billed at the reporting date.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 24 to the financial statements.

21. Tax liability/(current tax assets)

	2022 €	2021 €
Corporation tax	84.465	(17.500)
	84.465	(17.500)

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

22. Operating environment of the Company

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The Company has no direct exposure to Russia, Ukraine, and Belarus and as such does not expect any impact from direct exposures to these countries. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

23. Related party transactions

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

The transactions and balances with related parties are as follows:

23.1 Offseting of outstanding balances with related entities

On 30 December 2022, the shareholders of the Company approved the offsetting of the outstanding balances between the Company and related entities A. Zorbas & Sons Lrd and Evergy Ltd, which are entities under the common control of the Company's shareholders, as follows:

- debit balance amounting to €8.768.149, relating to a partial amount of the total receivable balance due of €9.759.191 from related entity A. Zorbas & Sons Ltd; with
- credit balance amounting to €8.768.149, comprising of a payable balance due of €7.982.079 and an accrual provision for purchases of electricity not billed yet at the reporting date of €786.070, to related entity Haffneve Holding Ltd.

As a result of the offsetting transaction, the Company derecognised the aforementioned balances due from its statement of financial position at the reporting date.

(i) Sales

		2022	2021
		€	€
	Nature of transactions		
Related companies	Supply and sale of electricity	6.821.732	2.338.892
		6.821.732	2.338.892

The related companies with whom the Company has transactions with are entities under the common control of the Company's shareholders.

The Company provides generally an agreed discount % to sales to related companies, compared to the consideration that the Company would generally charge on sale of electricity to third parties. For the current year, the Company provided an additional discount of €1.323.244 on sales to related companies, out of which an amount of €1.202.949 represents a rollover discount on discounts obtained for the purchase of electricity from related companies (note 21(ii)).

23. Related party transactions (continued)

(ii) Purchases

	Nature of transactions	2022 €	2021 €
Related companies	Purchase of electricity	4.848.112	1.594.269
Related companies	Management fees	48.000	96.000
Related companies	Administrative services	36.000	36.000
Related companies	Other services	29.913	34.345
		4.962.025	1.760.614

The related companies with whom the Company has transactions with are entities under the common control of the Company's shareholders.

For the current year, the Company obtained an additional discount of €1.202.949 on purchases of electricity from related companies.

The Company sub-leases office space from a related company - note 19.

(iii) Receivables from related companies (Note 16)

	Nature of transactions	2022 €	2021 €
Related companies	Trade	1.124.859	2.396.557
		1.124.859	2.396.557

The related companies with whom the Company has outstanding balances due are entities under the common control of the Company's shareholders. The balances due bear no interest and are repayable on demand and/or as per the credit period and terms provided in the trading transactions between them.

As at the reporting date, the Company derecognised as part of the offsetting transaction described in note 23.1 a total receivable balance due of €8.768.149 from a related entity.

(iv) Payables to related companies (Note 20)

	Nature of transactions	2022 €	2021 €
Related companies	Purchase of electricity	-	1.594.269
Related companies	Financing	-	852.854
		-	2.447.123

The related companies with whom the Company has outstanding balances due are entities under the common control of the Company's shareholders. The balances due bear no interest and are repayable on demand and/or as per the credit period and terms provided in the trading transactions between them.

As at the reporting date, the Company derecognised as part of the offsetting transaction described in note 23.1 a total liability due a related entity of €8.768.149.

24. 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. The Company has significant concentration of credit risk in relation to the receivables from a related company which accounts for 95,4% of the Company's total trade and other receivables as at the reporting date. Management considers that the credit risk is very low considering the financial information of the related company and their ability to repay the outstanding balances due. The Company has trade receivables from its operating activities with third parties, for which the Company has policies in place to ensure that sales are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for corporate customers as at 31 December

The Company assesses each debtor balance individually for the purposes of estimating ECLs of trade and other receivables, due to the fact that the Company's customer base is very small and comprises primarily of related parties (under common control of Company's shareholders).

24. Financial instruments - fair values and risk management (continued)

(i) ***Credit risk*** (continued)

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

In determining the PD and LGD, the Company uses historic information from Moody's. In determining the EAD for receivables with related companies, the Company takes into account any outstanding payables to the counterparties, as there is a mutual understanding in place that related company balances can be offset irrespective of their nature and terms.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from corporate customers as at 31 December, including trade and other receivables from related companies.

31 December 2022	Gross carrying amount €	Loss allowance €	Credit-impaired
Trade receivables from third parties	331.408	-	No
Trade and other receivables from related companies	1.124.859	-	No
Total	1.456.267	-	

31 December 2021	Gross carrying amount €	Loss allowance €	Credit-impaired
Trade and other receivables from related companies	2.396.557	-	No
Total	2.396.557	-	

Cash and cash equivalents

The table below shows an analysis of the Company's bank deposit by the credit rating of the bank in which they are held:

Bank group based on credit ratings by Moodys	No of banks	2022 €	2021 €
B1 to B3	1	702.901	212.836
	1	702.901	212.836

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

24. Financial instruments - fair values and risk management (continued)

(ii) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2022	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Non-derivative financial liabilities						
Trade and other payables	521.732	521.732	521.732	-	-	-
Lease liabilities	82.139	86.400	5.400	16.200	64.800	-
	603.871	608.132	527.132	16.200	64.800	-

31 December 2021	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Non-derivative financial liabilities						
Trade and other payables	126.701	126.701	126.701	-	-	-
Payables to related parties	2.447.123	2.447.123	2.447.123	-	-	-
	2.573.824	2.573.824	2.573.824	-	-	-

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

25. Fair values

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

EVERGY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

26. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding ofthe financial statements.

On .... 2023 the Board of Directors of Evergy Ltd approved and authorised these financial statements for issue.

EVERGY LTD

ADDITIONAL INFORMATION

For the year ended 31 December 2022

EVERGY LTD

ADDITIONAL INFORMATION

For the year ended 31 December 2022

Schedule 1

EVERGY LTD

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2022

	Schedule	€	€
Net profit before tax per income statement			1.141.266
Add:			
Annual levy		350	
Depreciation		7.714	
Depreciation on ROU		20.285	
Impairment charge - intangible assets		10.266	
Fines		10.980	
Interest on taxes		109	
Saloon car expenses		682	
Lease interest		2.316	
Amortisation		8.924	
			61.626
			1.202.892
Less:			
Capital allowances		10.071	
Actual Rent Payments as per IFRS16		21.600	
			(31.671)
Chargeable income for the year			1.171.221
Loss brought forward			(129.658)
Chargeable income			1.041.563

Calculation of corporation tax	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	1.041.563	12,50	130.195,38
Tax paid provisionally	300.000		(37.500,00)
			92.695,38
10% additional charge			9.269,54
TAX PAYABLE			101.964,92

Schedule 1

EVERGY LTD

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2022

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2017	2018	2019	2020	2021	2022
	€	€	€	€	€	€
Profits/(losses) for the tax year	-	(2.965)	(1.271)	(24.021)	(101.401)	1.171.221
Gains Offset (€)	-	2.965	1.271	24.021	101.401	-
- Year		2022	2022	2022	2022	
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						