

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

FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

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

FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

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



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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 25 and comprise the statement of financial position as at 31 December 2021, 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 2021, 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.

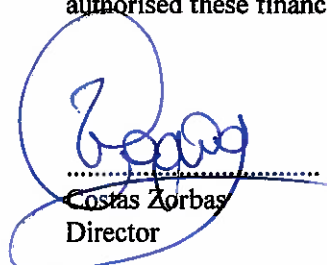

Constantinos N.Kallis FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

5 January 2023

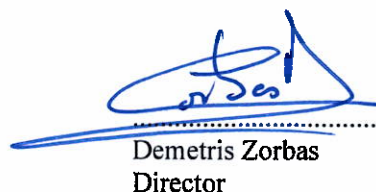
EVERGY LTD (EX. Z.F.G. ENERGY LTD)**STATEMENT OF FINANCIAL POSITION****As at 31 December 2021**

	Note	2021 €	2020 €
Assets			
Non-current assets			
Property, plant and equipment	10	42.827	2.974
Intangible assets	11	<u>16.122</u>	<u>6.500</u>
Total non-current assets		<u>58.949</u>	<u>9.474</u>
Current assets			
Trade and other receivables	12	2.396.557	2.478
Refundable tax	16	17.500	-
Cash at bank	13	<u>212.836</u>	<u>199.500</u>
Total current assets		<u>2.626.893</u>	<u>201.978</u>
Total assets		<u>2.685.842</u>	<u>211.452</u>
Equity			
Share capital	14	200.000	200.000
Reserves		<u>(112.454)</u>	<u>(34.757)</u>
Total equity		<u>87.546</u>	<u>165.243</u>
Liabilities			
Current liabilities			
Trade and other payables	15	<u>2.598.296</u>	<u>46.209</u>
Total current liabilities		<u>2.598.296</u>	<u>46.209</u>
Total liabilities		<u>2.598.296</u>	<u>46.209</u>
Total equity and liabilities		<u>2.685.842</u>	<u>211.452</u>

On 5 January 2023 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 25 are an integral part of these financial statements.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 Decemeber 2021**

	Note	2021 €	2020 €
Revenue	7	2.346.289	-
Cost of sales		<u>(2.154.622)</u>	<u>-</u>
Gross profit		191.667	-
Administrative and selling expenses		<u>(265.299)</u>	<u>(26.871)</u>
Operating loss		<u>(73.632)</u>	<u>(26.871)</u>
Net finance expenses	9	<u>(4.065)</u>	<u>(400)</u>
Loss for the year		<u>(77.697)</u>	<u>(27.271)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive expense for the year		<u><u>(77.697)</u></u>	<u><u>(27.271)</u></u>

The notes on pages 9 to 25 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 December 2021**

	Share capital €	Accumulated losses €	Total €
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>
Balance at 1 January 2021	<u>200.000</u>	<u>(34.757)</u>	<u>165.243</u>
Comprehensive income			
Loss for the year	<u>-</u>	<u>(77.697)</u>	<u>(77.697)</u>
Balance at 31 December 2021	<u>200.000</u>	<u>(112.454)</u>	<u>87.546</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 25 are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWSFor the year ended 31 Decemeber 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Loss for the year		(77.697)	(27.271)
Adjustments for:			
Depreciation of property, plant and equipment	10	3.933	-
Amortisation of intangible assets	11	5.368	3.250
Interest expense	9	102	-
Cash used in operations before working capital changes		<u>(68.294)</u>	<u>(24.021)</u>
Increase in trade and other receivables		(2.394.079)	(8)
Increase in trade and other payables		<u>2.552.087</u>	<u>23.629</u>
Cash generated from/(used in) operations		89.714	(400)
Tax paid		<u>(17.500)</u>	-
Net cash generated from/(used in) operating activities		<u>72.214</u>	<u>(400)</u>
Cash flows from investing activities			
Payment for acquisition of intangible assets	11	(14.990)	-
Payment for acquisition of property, plant and equipment	10	<u>(43.786)</u>	-
Net cash used in investing activities		<u>(58.776)</u>	-
Cash flows from financing activities			
Interest paid		<u>(102)</u>	-
Net cash used in financing activities		<u>(102)</u>	-
Net increase/(decrease) in cash and cash equivalents		13.336	(400)
Cash and cash equivalents at beginning of the year		<u>199.500</u>	<u>199.900</u>
Cash and cash equivalents at end of the year	13	<u>212.836</u>	<u>199.500</u>

The notes on pages 9 to 25 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 2021

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 19th January 2021, the Company changed its name from Z.F.G. Evergy 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 2021 . 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 2021

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.

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).

The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

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**6.2 Finance income and finance costs**

The Company's finance income and finance costs include:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

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 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

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

For the year ended 31 Decemeber 2021

6. Significant accounting policies (continued)**6.5 Property, plant and equipment (continued)**

sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

6.6 Intangible assets**(i) Licenses**

Licenses are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. The annual depreciation 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 depreciation rates used for the current and comparative periods are 33%.

6.7 Financial instruments***6.7.1 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.

6.7.2 Classification and subsequent measurement***6.7.2.1 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.

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 Decemeber 2021****6. Significant accounting policies (continued)****6.7 Financial instruments (continued)**

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.

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.
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6.7.2.2 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.

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

For the year ended 31 Decemeber 2021

6. Significant accounting policies (continued)**6.7 Financial instruments (continued)****6.7.3 Impairment****• Financial instruments and contract assets**

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

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.

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).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

6. Significant accounting policies (continued)

6.7 Financial instruments (continued)

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.

6.8 Share capital

Ordinary shares are classified as equity.

6.9 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 sale of electricity to its customers in Cyprus.

	2021	2020
	€	€
Credit sales	2.338.892	-
Other revenue	<u>7.397</u>	<u>-</u>
	<u><u>2.346.289</u></u>	<u><u>-</u></u>

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 Decemeber 2021****7. Revenue (continued)**

7.2 Disaggregation of revenue from contracts with customers streams: in the following table revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	2021 €	2020 €
Major products/service lines		
Electricity	2.338.892	-
Other income	<u>7.397</u>	<u>-</u>
	<u><u>2.346.289</u></u>	<u><u>-</u></u>
Timing of revenue recognition		
Products and services transferred over time	<u>2.346.289</u>	<u>-</u>
Revenue from contracts with customers	<u>2.338.892</u>	<u>-</u>
Other revenue	<u>7.397</u>	<u>-</u>
Total revenue	<u><u>2.346.289</u></u>	<u><u>-</u></u>

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

	2021 €	2020 €
Receivables, which are included in "Receivables from related companies"	<u>2.396.557</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 Decemeber 2021

7. Revenue (continued)

7.4 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
Rendering of services	The Company satisfies its performance obligation by transferring control over the promised service to the customer.	<p>Revenue is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.</p> <p>For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.</p> <p>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 services to the customer.</p>

8. Expenses by nature

	2021 €	2020 €
Purchases of electricity	1.596.874	-
Charges from regulatory authorities	548.094	-
Lisences	9.654	-
Independent auditors' remuneration	4.000	800
Use of space	29.473	-
Electricity	4.827	-
Software expenses	1.410	-
Legal fees	2.624	15.470
Travelling abroad	2.109	-
Administrative services	36.000	-
Management services	96.000	-
Other professional services	74.100	6.179
Advertising	1.765	-
Amortisation	5.597	3.250
Depreciation	3.704	-
Other expenses	3.690	1.172
Total expenses and cost of sales	<u>2.419.921</u>	<u>26.871</u>

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 Decemeber 2021**9. Net finance expenses**

	2021 €	2020 €
Interest on tax	102	-
Bank charges	<u>3.963</u>	<u>400</u>
	<u>4.065</u>	<u>400</u>

10. Property, plant and equipment

2021	Motor vehicles €	Furniture, fixtures and office equipment €	Total €
Cost			
Balance at 1 January	-	2.974	2.974
Additions	<u>27.000</u>	<u>16.786</u>	<u>43.786</u>
Balance at 31 December	<u>27.000</u>	<u>19.760</u>	<u>46.760</u>
Depreciation			
Depreciation for the year	<u>2.249</u>	<u>1.684</u>	<u>3.933</u>
Balance at 31 December	<u>2.249</u>	<u>1.684</u>	<u>3.933</u>
Carrying amounts			
Balance at 31 December	<u>24.751</u>	<u>18.076</u>	<u>42.827</u>
2020			Furniture, fixtures and office equipment €
Cost			
Additions			<u>2.974</u>
Balance at 31 December			<u>2.974</u>
Carrying amounts			
Balance at 31 December			<u>2.974</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

11. Intangible assets

2021	Computer software €	License €	Total €
Cost			
Balance at 1 January	-	13.000	13.000
Additions	14.190	800	14.990
Balance at 31 December	<u>14.190</u>	<u>13.800</u>	<u>27.990</u>
Amortisation			
Balance at 1 January	-	6.500	6.500
Amortisation for the year	2.040	3.328	5.368
Balance at 31 December	<u>2.040</u>	<u>9.828</u>	<u>11.868</u>
Carrying amounts			
Balance at 31 December	<u>12.150</u>	<u>3.972</u>	<u>16.122</u>
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			3.250
Balance at 31 December			<u>6.500</u>
Carrying amounts			
Balance at 31 December			<u>6.500</u>

12. Trade and other receivables

	2021 €	2020 €
Receivables from related companies (Note 17 (iii))	2.396.557	-
Refundable VAT	-	2.478
	<u>2.396.557</u>	<u>2.478</u>

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

EVERGY LTD (EX. Z.F.G. ENERGY LTD)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 Decemeber 2021****12. Trade and other receivables (continued)**

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 18 to the financial statements.

13. Cash at bank

Cash balances are analysed as follows:

	2021 €	2020 €
Cash at bank	<u>212.836</u>	<u>199.500</u>
	<u>212.836</u>	<u>199.500</u>

Cash at bank of €150.000 is blocked against various liabilities 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 18 to the financial statements.

14. Share capital

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Shares of €1 each	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>
Issued and fully paid				
Balance at 1 January	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>
Balance at 31 December	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>

15. Trade and other payables

	2021 €	2020 €
VAT	18.072	-
Accruals	6.400	2.400
Other creditors	126.701	2.409
Payables to related companies (Note 17 (iv))	<u>2.447.123</u>	<u>41.400</u>
	<u>2.598.296</u>	<u>46.209</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

15. Trade and other payables (continued)

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 18 to the financial statements.

16. (Refundable) tax/current tax liabilities

	2021 €	2020 €
Corporation tax	<u>(17.500)</u>	-
	<u>(17.500)</u>	-

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.

17. 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:

(i) Sales of services

	2021 €	2020 €
	<u>Nature of transactions</u>	
Related companies	Sale of electricity	<u>2.338.892</u>
		-
	<u>2.338.892</u>	<u>-</u>

(ii) Purchases of services

	2021 €	2020 €
	<u>Nature of transactions</u>	
Related companies	Purchase of electricity	1.594.269
Related companies	Management fees	96.000
Related companies	Administrative services	36.000
Related companies	Other services	<u>34.345</u>
	<u>1.760.614</u>	<u>-</u>

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

For the year ended 31 Decemeber 2021

17. Related party transactions (continued)**(iii) Receivables from related companies (Note 12)**

		2021 €	2020 €
<u>Name</u>	<u>Nature of transactions</u>		
Related companies	Trade	<u>2.396.557</u>	<u>-</u>
		<u>2.396.557</u>	<u>-</u>

(iv) Payables to related companies (Note 15)

		2021 €	2020 €
<u>Name</u>	<u>Nature of transactions</u>		
Related companies	Trade	<u>2.447.123</u>	<u>41.400</u>
		<u>2.447.123</u>	<u>41.400</u>

The receivables and payables from the related companies do not bear any interest and don't have a predetermined date of repayment.

18. 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
- Other risks

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

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

For the year ended 31 Decemeber 2021

18. Financial instruments - fair values and risk management (continued)**(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 credit risk arise mainly from the receivable from the related company. The management considers that the credit risk is very low due to the ability of the related company to repay the outstanding balance. The fact that the Company has an equivalent liability to a related party (same UBO) decrease the overall credit risk for the Company.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021 €	2020 €
Bank current accounts	212.836	199.500
Receivables from related companies	<u>2.396.557</u>	<u>-</u>
	<u><u>2.609.393</u></u>	<u><u>199.500</u></u>

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:

		2021 €	2020 €
<u>Bank group based on credit ratings by Moodys</u>			
	<u>No of banks</u>		
B1	1	212.836	-
Caal	<u>1</u>	<u>-</u>	<u>199.500</u>
	<u><u>2</u></u>	<u><u>212.836</u></u>	<u><u>199.500</u></u>

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Decemeber 2021

18. Financial instruments - fair values and risk management (continued)**(ii) Liquidity risk (continued)**

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 2021	Carrying amounts €	Contractual cash flows €	Within 12 months €
Non-derivative financial liabilities			
Trade and other payables	126.701	138.562	138.562
Payables to related parties	<u>2.447.123</u>	<u>2.447.123</u>	<u>2.447.123</u>
	<u><u>2.573.824</u></u>	<u><u>2.585.685</u></u>	<u><u>2.585.685</u></u>
31 December 2020	Carrying amounts €	Contractual cash flows €	Within 12 months €
Non-derivative financial liabilities			
Trade and other payables	2.409	2.409	2.409
Payables to related parties	<u>41.400</u>	<u>41.400</u>	<u>41.400</u>
	<u><u>43.809</u></u>	<u><u>43.809</u></u>	<u><u>43.809</u></u>

(iii) Other risks

The general economic environment prevailing in Cyprus and internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

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.

19. Fair values

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

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

For the year ended 31 Decemeber 2021

20. Events after the reporting period

1) In light of the new developments in relation to the Russian Federation's decision to proceed with the recognition of the non-government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine as independent entities, and the subsequent decision to send Russian troops into these areas as well as subsequently in other areas, the Council of the European Union has imposed and continues to impose targeted restrictive measures.

The restrictive measures imposed, which include an asset freeze and a prohibition from making funds available to the listed individuals and entities. In addition, a travel ban applicable to the listed persons prevents these from entering or transiting through EU territory. Governments, including the Republic of Cyprus, have adopted these measures sanctions. Industries such as the financial services, manufacturing, tourism and food are expected to be directly disrupted significantly by these measures.

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. The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely in case the period of disruption becomes prolonged.

2) On 14 March 2022 the Company signed two agreements with the related company for the purchase of electricity from two photovoltaic parks with nominal capacity of 10,8 MWp.

3) On 5 January 2023 the Board of Directors of Evergy Ltd (Ex. Z.F.G. Energy Ltd) approved and authorised these financial statements for issue.

