

E. FOS LTD (ex-EVERGY LTD)

FINANCIAL STATEMENTS

For the year ended 31 December 2023

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For the year ended 31 December 2023

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E. FOS LTD**OFFICERS AND PROFESSIONAL ADVISORS**

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



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
E. FOS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of E.FOS LTD (the "Company"), which are presented on pages 5 to 38 and comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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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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.

Auditors' responsibilities for the Audit of the Financial Statements (cont.)

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 of 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

04 March 2025

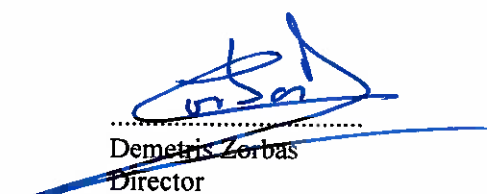
E. FOS LTD**STATEMENT OF FINANCIAL POSITION****As at 31 December 2023**

	Note	2023 €	2022 €
Assets			
Property, plant and equipment	13	38.750	41.056
Right-of-use assets	14	120.497	81.139
Intangible assets	15	7.810	11.010
Investments in associates	16	240	-
Total non-current assets		<u>167.297</u>	<u>133.205</u>
Trade and other receivables	17	4.680.054	1.866.567
Cash and cash equivalents	18	331.239	292.601
Total current assets		<u>5.011.293</u>	<u>2.159.168</u>
Total assets		<u>5.178.590</u>	<u>2.292.373</u>
Equity			
Share capital	19	200.000	200.000
Reserves		3.005.144	889.347
Total equity		<u>3.205.144</u>	<u>1.089.347</u>
Liabilities			
Lease liabilities	20	107.689	62.367
Total non-current liabilities		<u>107.689</u>	<u>62.367</u>
Lease liabilities	20	14.322	19.772
Trade and other payables	21	1.653.020	1.036.422
Tax liability	22	198.415	84.465
Total current liabilities		<u>1.865.757</u>	<u>1.140.659</u>
Total liabilities		<u>1.973.446</u>	<u>1.203.026</u>
Total equity and liabilities		<u>5.178.590</u>	<u>2.292.373</u>

On 4 March 2025 the Board of Directors of E.FOS LTD approved and authorised these financial statements for issue.



.....
Costas Zorbas
Director



.....
Demetris Zorbas
Director

The notes on pages 9 to 38 are an integral part of these financial statements.

E. FOS LTD**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 December 2023**

	Note	2023 €	Restated 2022 €
Revenue	7	11.268.878	7.599.925
Income/(Expenses) from charges relating to electricity supply		2.103.592	(941.760)
Purchases and other related costs of sale	8	<u>(10.473.153)</u>	<u>(5.249.260)</u>
Gross profit		2.899.317	1.408.905
Administrative expenses	9	(445.734)	(246.021)
Other operating expenses	10	<u>-</u>	<u>(10.266)</u>
Operating profit		<u>2.453.583</u>	<u>1.152.618</u>
Finance costs - total	11	<u>(21.086)</u>	<u>(11.352)</u>
Profit before tax		2.432.497	1.141.266
Tax	12	<u>(316.700)</u>	<u>(139.465)</u>
Profit for the year		<u>2.115.797</u>	<u>1.001.801</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>2.115.797</u>	<u>1.001.801</u>

The notes on pages 9 to 38 are an integral part of these financial statements.

E. FOS LTD**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2023**

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2022	<u>200.000</u>	<u>(112.454)</u>	<u>87.546</u>
Comprehensive income			
Profit for the year	<u>-</u>	<u>1.001.801</u>	<u>1.001.801</u>
Balance at 31 December 2022	<u>200.000</u>	<u>889.347</u>	<u>1.089.347</u>
Balance at 1 January 2023	200.000	889.347	1.089.347
Comprehensive income			
Profit for the year	<u>-</u>	<u>2.115.797</u>	<u>2.115.797</u>
Balance at 31 December 2023	<u>200.000</u>	<u>3.005.144</u>	<u>3.205.144</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, 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.

The notes on pages 9 to 38 are an integral part of these financial statements.

E. FOS LTD**STATEMENT OF CASH FLOWS****For the year ended 31 December 2023**

	Note	2023 €	Restated 2022 €
Cash flows from operating activities			
Profit/ (loss) for the year		2.115.797	1.001.801
Adjustments for:			
Depreciation	13,14	28.943	27.999
Amortisation	15	3.200	8.924
Impairment charge - intangible assets	15	-	10.266
Interest expense	11	3.239	2.425
Income tax expense		<u>316.700</u>	<u>139.465</u>
Cash generated from/ (used in) operations before working capital changes		2.467.879	1.190.880
Increase in trade and other receivables		(2.813.486)	(1.656.834)
Increase in restricted cash at bank		-	(260.300)
Increase in trade and other payables		<u>635.108</u>	<u>885.249</u>
Cash generated from operations		289.501	158.995
Tax paid		<u>(221.500)</u>	<u>(37.500)</u>
Net cash generated from operating activities		<u>68.001</u>	<u>121.495</u>
Cash flows from investing activities			
Payment for acquisition of intangible assets	15	-	(14.078)
Payment for acquisition of property, plant and equipment	13	<u>(6.352)</u>	<u>(5.943)</u>
Net cash generated used in investing activities		<u>(6.352)</u>	<u>(20.021)</u>
Cash flows from financing activities			
Payments of leases liabilities		(21.600)	(21.600)
Interest paid		<u>(1.411)</u>	<u>(109)</u>
Net cash used in financing activities		<u>(23.011)</u>	<u>(21.709)</u>
Net increase in cash and cash equivalents		38.638	79.765
Cash and cash equivalents at beginning of the year		<u>292.601</u>	<u>212.836</u>
Cash and cash equivalents at end of the year	18	<u><u>331.239</u></u>	<u><u>292.601</u></u>

The notes on pages 9 to 38 are an integral part of these financial statements.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

1. Reporting entity

E.FOS 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 purchases of electricity and its resale and supply to its final customers.

Change of Company name

On 8 October 2024, the Company changed its name from EVERGY LTD to E.FOS 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.

As the Company together with its investments in associates do not constitute a large sized group as defined in the Cyprus Companies Law, Cap. 113, the investments in associates are accounted for at cost.

2.2 Basis of measurement

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

2.3 Going concern basis

The financial statements of the Company have been prepared on a going concern basis.

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 2023. 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

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.

6. Significant accounting policies

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

6.1 Associates

Associates are those entities in which the Company has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associated undertakings are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

6.2 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).

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

6. Significant accounting policies (continued)**6.2 Revenue recognition (continued)****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.

Contract assets

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

6.3 Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

6.4 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.

6.5 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.6 Dividends**

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

6.7 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	10-20

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.

6.8 Intangible assets**(i) Licences**

Licences are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. The annual amortisation rates used for the current and comparative periods are 25%.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.8 Intangible assets (continued)****(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 25%.

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.

6.9 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**6. Significant accounting policies (continued)****6.9 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.9 Leases (continued)**

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

6.10 Financial instruments***6.10.1 Recognition and initial measurement***

Financial assets and financial liabilities are recognised when 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.

6.10.2 Classification and subsequent measurement***6.10.2.1 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.10 Financial instruments (continued)**

The Company classifies its financial instruments as follows:

	Classification
Financial assets	
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Financial liabilities	
Lease liabilities	Amortised cost
Trade and other payables	Amortised cost
Cash and cash equivalents	

Cash and cash equivalents comprise cash balances and call deposits, but exclude restricted cash held in bank guarantee accounts. 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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6.10.2.2 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.

E. FOS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. Significant accounting policies (continued)

6.10 Financial instruments (continued)

6.10.3 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.

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).

E. FOS LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**6. Significant accounting policies (continued)****6.10 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.

- 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.

- 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.11 Derecognition of financial assets and liabilities****Financial assets**

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

6.12 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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

6. Significant accounting policies (continued)**6.13 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 in respect of goodwill is not reversed. For other assets, 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.

6.14 Share capital

Ordinary shares are classified as equity.

6.15 Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****6. Significant accounting policies (continued)****6.16 Comparatives**

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

Certain comparative amounts in the statement of financial position have been reclassified as a result of a change in the classification and presentation policy determined by management of the Company. The Company has reclassified restricted cash balances held in bank accounts from cash and cash equivalents caption to trade and other receivables caption on the statement of financial position.

Cost of sales comparative amounts in the statement of profit or loss and other comprehensive have been reclassified as a result of a change in the classification and presentation policy determined by management of the Company. The Company has reclassified Income or Expense from charges relating to electricity supply from Cost of sales caption and is now presented on the face of the statement of profit or loss, and remains part of Gross profit section. Furthermore, the Cost of sales caption is now renamed to Purchases and other related cost of sales.

Statement of profit or loss and other comprehensive income

	Impact of changes in classification and presentation		
	As previously reported	Reclassification adjustments	As restated
	€	€	€
<i>For the year ended 31 December 2022</i>			
Cost of sales	(6.191.020)	6.191.020	-
Income/(Expense) from charges relating to electricity supply	-	(941.760)	(941.760)
Purchases and other related costs of sale	-	(5.249.260)	(5.249.260)
Gross profit	<u>1.408.905</u>	<u>-</u>	<u>1.408.905</u>

Statement of financial position

	Impact of changes in classification and presentation		
	As previously reported	Reclassification adjustments	As restated
	€	€	€
<i>31 December 2022</i>			
Trade and other receivables	1.456.267	410.300	1.866.567
Cash and cash equivalents	<u>702.901</u>	<u>(410.300)</u>	<u>292.601</u>
Total assets	<u>2.292.373</u>	<u>-</u>	<u>2.292.373</u>

E. FOS LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**6.16 Comparatives (continued)****Statement of cash flows**

	Impact of changes in classification and presentation		
	As previously reported	Adjustments	As restated
	€	€	€
<i>For the year ended 31 December 2022</i>			
Increase in trade and other receivables	(1.246.534)	(410.300)	(1.656.834)
Net cash generated from operating activities	<u>531.795</u>	<u>(410.300)</u>	<u>121.495</u>
Net increase in cash and cash equivalents	490.065	(410.300)	79.765
Cash and cash equivalents at end of the year	<u>702.901</u>	<u>(410.300)</u>	<u>292.601</u>

7. Revenue

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

	2023	2022
	€	€
Supply of electricity	<u>11.268.878</u>	<u>7.599.925</u>
	<u>11.268.878</u>	<u>7.599.925</u>

The Company's customer base comprises solely of corporate customers. The Company has significant concentration risk in relation to sales to a related party (note 24(i)) which make up of 58% of the Company's total revenue for the current year.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****7. Revenue (continued)****7.2 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
Sale and supply of electricity to customers	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 issued on a monthly basis at each month-end, and are usually payable within 30 days.	Revenue is recognised as the customer consumes the electricity supplied by the Company. Revenue is recognised on a monthly basis, based on the monthly electricity consumption and the actual meter readings, in accordance to the sale consideration and prices agreed with customers. Revenue amount recognised is usually equal to the invoiced amount to customers at each month-end. When a difference arises between the two, the Company adjusts the revenue amount recognised accordingly based on the actual amount billed and sale consideration agreed with the customers.

8. Purchases and other related costs of sale

	2023	2022
	€	€
Purchase of electricity	10.462.753	5.242.501
License costs	<u>10.400</u>	<u>6.759</u>
	<u>10.473.153</u>	<u>5.249.260</u>

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**9. Administrative and other expenses**

	2023 €	2022 €
Staff costs	30.378	-
Electricity	3.010	8.058
Water supply and cleaning	110	50
Sundry expenses	16.940	14.851
Computer software	-	7.025
Independent auditors' remuneration	7.000	4.200
Consultancy services	260.900	74.100
Fines and penalties	-	10.980
Travelling	11.253	5.354
Management fees	84.000	84.000
Advertising	-	480
Amortisation (note 15)	3.200	8.924
Depreciation (note 13, 14)	28.943	27.999
	<u>445.734</u>	<u>246.021</u>

10. Other operating expenses

	2023 €	2022 €
Impairment charge - write off of intangible assets	-	10.266
	<u>-</u>	<u>10.266</u>

11. Net finance expenses

	2023 €	2022 €
Interest expense	3.239	2.425
Sundry finance expenses	17.847	8.927
	<u>21.086</u>	<u>11.352</u>

Interest expense is analysed as follows:

	2023 €	2022 €
Interest on taxes	1.411	109
Interest on lease liabilities	1.828	2.316
	<u>3.239</u>	<u>2.425</u>

E. FOS LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**12. Taxation**

		2023 €	2022 €
Corporation tax		<u>316.700</u>	<u>139.465</u>
Charge for the year		<u><u>316.700</u></u>	<u><u>139.465</u></u>
<i><u>Reconciliation of tax based on the taxable income and tax based on accounting profits:</u></i>			
	2023	2023 €	2022 €
Accounting profit before tax		<u>2.432.497</u>	<u>1.141.266</u>
Tax calculated at the applicable tax rates	12,50 %	304.062	12,50 % 142.658
Tax effect of expenses not deductible for tax purposes	0,19 %	4.589	0,67 % 7.703
Tax effect of allowances and income not subject to tax	(0,15)%	(3.696)	(0,35)% (3.959)
Tax effect of tax losses brought forward	- %	-	(1,42)% (16.207)
10% additional charge	<u>0,48 %</u>	<u>11.745</u>	<u>0,81 % 9.270</u>
Tax as per statement of profit or loss and other comprehensive income - charge	<u>13,02 %</u>	<u>316.700</u>	<u>12,22 % 139.465</u>

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%.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**13. Property, plant and equipment**

2023	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€
Cost			
Balance at 1 January	27.987	24.716	52.703
Additions	-	6.352	6.352
Balance at 31 December	27.987	31.068	59.055
Depreciation			
Balance at 1 January	7.745	3.902	11.647
Depreciation for the year	5.597	3.061	8.658
Balance at 31 December	13.342	6.963	20.305
Carrying amounts			
Balance at 31 December	14.645	24.105	38.750
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

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**14. Right-of-use assets**

2023	Buildings €
Cost	
Balance at 1 January	101.424
Lease modification (note 20)	<u>59.643</u>
Balance at 31 December	<u>161.067</u>
Depreciation	
Balance at 1 January	20.285
Depreciation for the year	<u>20.285</u>
Balance at 31 December	<u>40.570</u>
Carrying amounts	
Balance at 31 December	<u><u>120.497</u></u>
2022	Buildings €
Cost	
Additions	<u>101.424</u>
Balance at 31 December	<u>101.424</u>
Depreciation	
Depreciation for the year	<u>20.285</u>
Balance at 31 December	<u>20.285</u>
Carrying amounts	
Balance at 31 December	<u><u>81.139</u></u>

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:

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**14. Right-of-use assets (continued)**

	2023 €	2022 €
Interest expense on lease liabilities	(1.828)	(2.316)
Depreciation Expense	<u>(20.285)</u>	<u>(20.285)</u>
	<u><u>(22.113)</u></u>	<u><u>(22.601)</u></u>

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

	2023 €	2022 €
Lease Payments	<u>(21.600)</u>	<u>(21.600)</u>
Net cash (outflows) for leases	<u><u>(21.600)</u></u>	<u><u>(21.600)</u></u>

15. Intangible assets**2023**

	Computer software €	Licenses €	Total €
Cost			
Balance at 1 January	<u>12.000</u>	<u>13.800</u>	<u>25.800</u>
Balance at 31 December	<u>12.000</u>	<u>13.800</u>	<u>25.800</u>
Amortisation			
Balance at 1 January	1.512	13.278	14.790
Amortisation for the year	<u>3.000</u>	<u>200</u>	<u>3.200</u>
Balance at 31 December	<u>4.512</u>	<u>13.478</u>	<u>17.990</u>
Carrying amounts			
Balance at 31 December	<u><u>7.488</u></u>	<u><u>322</u></u>	<u><u>7.810</u></u>

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****15. Intangible assets (continued)**
2022

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

16. Investments in associated undertakings

	2023 €	2022 €
Balance at 1 January	-	-
Additions	<u>240</u>	<u>-</u>
Balance at 31 December	<u>240</u>	<u>-</u>

Investments in associates

The details of the investments are as follows:

<u>Name</u>	<u>Country incorporation</u>	<u>of Principal activities</u>	<u>Holding %</u>	<u>2023 €</u>
Meggitt Holdings Ltd	Cyprus	Holding Company	24	<u>240</u>
				<u>240</u>

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2023**16. Investments in associated undertakings (continued)**

The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

17. Trade and other receivables

	2023 €	2022 €
Trade receivables	579.362	331.408
Receivables from related companies (Note 23 (iii))	2.865.303	1.124.859
Restricted cash at bank balances	1.227.430	410.300
Refundable VAT	<u>7.959</u>	<u>-</u>
	<u><u>4.680.054</u></u>	<u><u>1.866.567</u></u>

Restricted cash balances comprise of blocked cash balances held in bank guarantee and/or current accounts as at the reporting date, and are restricted primarily as a result of bank good payment guarantees issued by the Company of €785.000 (2022: €314.000), which expire in 2024, and other cash collaterals of the Company.

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.

18. Cash and cash equivalents

Cash balances are analysed as follows:

	2023 €	2022 €
Cash at bank and in hand	<u>331.239</u>	<u>292.601</u>
	<u><u>331.239</u></u>	<u><u>292.601</u></u>

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.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****19. Share capital**

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
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>

20. Lease liabilities

	2023 €		2022 €	
Balance at 1 January	82.139		-	
Additions	-		101.423	
Repayments	(21.600)		(21.600)	
Lease modification	59.644		-	
Interest expense	<u>1.828</u>		<u>2.316</u>	
Balance at 31 December	<u>122.011</u>		<u>82.139</u>	
	Minimum contractual lease payments		The present value of minimum lease payments	
	2023 €	2022 €	2023 €	2022 €
Not later than 1 year	21.600	21.600	14.322	19.772
Later than 1 year and not later than 5 years	86.400	64.800	67.199	62.367
Later than 5 years	<u>43.200</u>	<u>-</u>	<u>40.490</u>	<u>-</u>
	151.200	86.400	122.011	82.139
Future finance charges	<u>(29.189)</u>	<u>(4.261)</u>	<u>-</u>	<u>-</u>
Present value of finance lease liabilities	<u>122.011</u>	<u>82.139</u>	<u>122.011</u>	<u>82.139</u>

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

As at the reporting date, management performed a reassessment of the lease term by extending it to 2030, which resulted in a lease modification adjustment of €59.644.

All lease obligations are denominated in Euro.

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

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****21. Trade and other payables**

	2023 €	2022 €
VAT	-	204.275
Accruals	1.069.382	310.415
Trade payables and other creditors	581.853	521.732
Social insurance and other contributions on payroll	1.545	-
Payables to related companies (Note 23 (iv))	<u>240</u>	<u>-</u>
	<u>1.653.020</u>	<u>1.036.422</u>

Accruals as at 31 December 2023 comprise primarily of: (a) purchases of electricity for which the related invoices were not yet billed at the reporting date of €364.434 (2022: €288.063), (b) charges from regulator not yet billed at the reporting date of €529.349 (2022: €nil) and (c) other accruals including consultancy services fees.

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.

22. Tax liability

	2023 €	2022 €
Corporation tax	<u>198.415</u>	<u>84.465</u>
	<u>198.415</u>	<u>84.465</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.

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:

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****23. Related party transactions (continued)****23.1 Offsetting of outstanding balances with related entities**

On 29 December 2023, the shareholders of the Company approved the offsetting of the outstanding balances between the Company and related entities A. Zorbas & Sons Ltd and Haffneve Holding Limited, which are entities under the common control of the Company's shareholders, as follows:

- debit balance amounting to €5.068.075, relating to a partial amount of the total receivable balance due of €7.797.671 from related entity A. Zorbas & Sons Ltd; with
- credit balance amounting to €5.068.075, comprising of a net payable balance due of €4.824.142 and an accrual provision for purchases of electricity not billed yet at the reporting date of €243.933, 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

		2023 €	2022 €
	<u>Nature of transactions</u>		
Related companies	Supply and sale of electricity	<u>7.696.703</u>	<u>6.821.732</u>
		<u>7.696.703</u>	<u>6.821.732</u>

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 €1.063.037 (2022: €1.323.244) on sales to related companies, out of which an amount of €966.397 (2022: €1.202.949) represents a rollover discount on discounts obtained for the purchase of electricity from related companies (note 23(ii)).

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****23. Related party transactions (continued)****(ii) Purchases and other expenses**

		2023 €	2022 €
	<u>Nature of transactions</u>		
Related companies	Purchase of electricity*	5.388.601	4.848.112
Related companies	Management fees	48.000	48.000
Related companies	Administrative services	36.000	36.000
Related companies	Other services	-	8.313
Related companies	Sub-lease of office space (annual lease payments)	<u>21.600</u>	<u>21.600</u>
		<u>5.494.201</u>	<u>4.962.025</u>

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 €966.397 (2022: €1.202.949) on purchases of electricity from related companies.

(iii) Receivables from related companies (Note 17)

		2023 €	2022 €
<u>Name</u>	<u>Nature of transactions</u>		
Related companies*	Trade	2.729.596	1.124.859
Related companies	Trade	821	-
Related companies	Trade	<u>133.817</u>	<u>133.817</u>
		<u>2.864.234</u>	<u>1.258.676</u>

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 €5.068.075 from the related entity (2022: €8.768.149).

(iv) Payables to related companies (Note 21)

		2023 €	2022 €
	<u>Nature of transactions</u>		
Associates	Unpaid issued share capital	<u>240</u>	<u>-</u>
		<u>240</u>	<u>-</u>

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****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 79,2% (2022: 95,4%) of the Company's total trade receivables from customers as at the reporting date. Management considers that the credit risk is low considering the financial information of the related company and its ability to repay the outstanding balances due. The Company has trade receivables from its operating activities with third parties, comprising solely of corporate customers, 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.

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NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**24. Financial instruments - fair values and risk management (continued)****(i) Credit risk (continued)****Expected credit loss assessment for corporate customers as at 31 December**

The Company assesses each debtor balance individually for the purposes of estimating ECL allowance for its trade receivables from customers, 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).

The key inputs into the measurement of ECL allowance are the below:

- 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. For 3rd party corporate customer balances, the Company took into consideration any publicly available financial and other relevant information, as well as the ageing and past due status of the trade receivables due. In determining the EAD for trade receivables from 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. Consequently, the EAD is based on the net receivable balance due from related companies.

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

31 December 2023

	Gross carrying amount €	Loss allowance €	Credit- impaired
Trade receivables from third parties	579.362	-	No
Trade receivables from related companies	<u>2.865.303</u>	<u>-</u>	No
Total	<u>3.444.665</u>	<u>-</u>	

31 December 2022

	Gross carrying amount €	Loss allowance €	Credit- impaired
Trade receivables from third parties	331.408	-	No
Trade receivables from related companies	<u>1.124.859</u>	<u>-</u>	No
Total	<u>1.456.267</u>	<u>-</u>	

E. FOS LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2023**24. Financial instruments - fair values and risk management (continued)****(i) Credit risk (continued)****Cash at bank**

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

<u>Bank group based on credit ratings by Moodys</u>		2023 €	2022 €
	<u>No of banks</u>		
B1 to B3	<u>1</u>	<u>1.558.669</u>	<u>702.901</u>
	<u>1</u>	<u>1.558.669</u>	<u>702.901</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 and by having available an adequate amount of committed credit facilities.

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 2023	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	581.853	581.853	581.853	-	-	-
Payables to related parties	240	240	240	-	-	-
Lease Liabilities	<u>122.011</u>	<u>151.200</u>	<u>5.400</u>	<u>16.200</u>	<u>86.400</u>	<u>43.200</u>
	<u>704.104</u>	<u>733.293</u>	<u>587.493</u>	<u>16.200</u>	<u>86.400</u>	<u>43.200</u>
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	<u>82.139</u>	<u>86.400</u>	<u>5.400</u>	<u>16.200</u>	<u>64.800</u>	-
	<u>603.871</u>	<u>608.132</u>	<u>527.132</u>	<u>16.200</u>	<u>64.800</u>	-

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. The Company's overall strategy remains unchanged from last year.

E. FOS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

25. Fair values

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

26. Events after the reporting period

In December 2024 the Board of Directors of the Company approved the payment of dividends to its shareholders of a total amount of €710.000.

On 4 March 2025 the Board of Directors of E.FOS LTD approved and authorised these financial statements for issue.

