Electricity Authority of Cyprus

ANNUAL REPORT

'23

THE ELECTRICITY AUTHORITY OF CYPRUS

The Electricity Authority of Cyprus is an independent, Public Corporate corporation established under the Electricity Development Law Cap.171 of 1952 in order to exercise and perform functions relating to the generation, transmission, distribution and supply of electric energy in Cyprus.

The above definition is used in Cyprus for corporations which are independent and which were established in accordance with the relevant Law, in order to render services in the utility field. Such corporations are governed by Authorities, the members of which are appointed by the Council of Ministers.

In case of the Electricity Authority of Cyprus, the government, through the Minister of Energy, Commerce and Industry, is empowered to give directives to the Authority on matters appertaining to the general interest of the Republic.

OUR VISION

To be the leading player in the Energy Sector, Services and other Activities

OUR MISSION

To provide Consumers, Customers and Network Users with the highest quality of safe and reliable services in the energy sector and in other activities at competitive prices, utilizing new technologies, respecting society, the environment and our people and contributing to the development of our country

OUR VALUES

- Integrity
- Respect to our clients
- Quality
- Human Capital
- Society and Environment

CONTENTS

BOARD OF DIRECTORS

From 1.1.2023 to 31.12.2023

DESPINA PANAYIOTOU THEODOSIOU

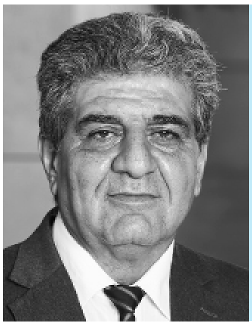
Chairperson

GEORGE NIKOLETTOS

Vice Chairman

SAVVAS HAPERIS

Member



AVRAAM GEORGIOU

Member

PANOS TOULOURAS

Member

CHRYSOSTOMOS CHRYSOSTOMOU

Member
until 15/02/2023

MARIA HADJIVASILI

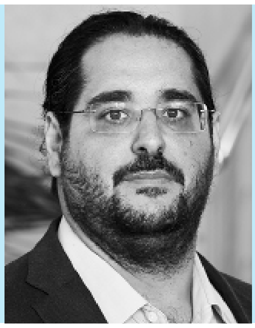
Member
from 15/03/2023

CONSTANTINOS LOIZIDES

Member

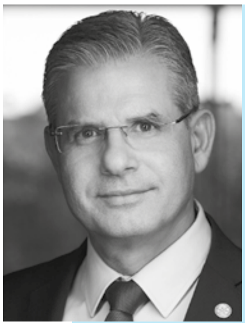
POLYVIOS LEMONARIS

Member



AIMILIOS MICHAEL

Member



ADONIS YIASEMIDES

General Manager

MANAGEMENT

GENERAL MANAGER	**ADONIS YIASEMIDES**

EXECUTIVE GENERATION AND SUPPLY MANAGER	**ALEXIS MICHAEL**
Generation Core Regulated Activity Manager	Charalambos Menelaou
Supply Core Regulated Activity Manager	Marios Skordellis
Vasilikos Power Station Manager	George Zaimis
Dhekelia Power Station Manager	Dimitris Totos

EXECUTIVE NETWORKS MANAGER	**ADAMOS KONTOS**
Transmission Core Regulated Activity Manager	Costas Stasopoulos
Distribution Core Regulated Activity Manager	Kyriacos Koumi
Distribution System Operator Activity Manager	Anastasis Gregoriou
Distribution System Owner Activity Manager	Andreas Kyprianou
Area Office Distribution Manager Lefkosia-Keryneia-Morfou	Ioannis Piperides
Area Office Distribution Manager Lemesos	Thasos Theodosiou
Area Office Distribution Manager Ammochostos-Larnaka	Kostas Mesimeris (μέχρι 31.03.2023)
Area Office Distribution Manager Pafos	Nicos Sofocli

EXECUTIVE FINANCE MANAGER	**MARIA CHARALAMBOUS**
Finance Accounting Manager	Ourania Valanidou
Management Account and Budget Manager	Costas Kollakides

INDEPENDENT MANAGEMENT UNITS	
General Management Manager	Andreas Ioannides
Information Technology Services Manager	Veatriki Ashikali
Human Resources Manager	George Plateidis
Internal Audit Manager	Michael Ioannou
Non-Regulated Services Manager	Michael Michael

MESSAGE BY THE CHAIRMAN

EAC: safeguarding energy security in Cyprus

On the 2nd of February 2024, we assumed the position of the new Board of Directors for the Electricity Authority of Cyprus. We committed ourselves to fight for the further development and strengthening of the Organisation using good governance, acting responsibly and aiming to reduce the environmental footprint of our activities with respect to society and our people.

In today's rather volatile, financial environment with a feeling of responsibility, taking into account the financial possibilities of EAC, as well as the need to maintain accessible prices to consumers, we decided to refrain from requesting any electricity charges increase. It should be reiterated that the EAC revenue is fully regulated and based on a specific methodology. CERA allows the EAC to have minimum recovery of expenses from charges so as to be in a position to implement its development program.

It is true that the energy sector is continually changing fast. New data have formed a demanding environment, multiple challenges and the EAC is called upon to respond to them. Among the main challenges for the Organisation are included: opening up of the electricity market and competition, cross-border interconnection, entering and usage of Natural Gas, upgrading of the Dhekelia Power Station, installation of a new Generation Unit at the Vasilikos Power Station, upgrading of the infrastructures of the electric grid and continually provision of reliable services.

Our priority is the implementation of an effective strategy that safeguards developmental sustainability in conjunction with the provision of innovative, quality services to the consumers by providing electricity at the lowest possible price.

Transition to green energy and reduction of greenhouse gases is a top priority for EAC. Continuous extension of Renewable Energy Sources, as well as the strategic integration of green energy to the generation mixture and energy storage are a one-way street. This is the only way to realize stabilization and then the progressive reduction of the electricity price for all consumers, households and businesses. Electricity is a vital strategic asset and should therefore be offered at the best possible price.

Also, RES projects development stresses the need for the creation of infrastructures for storage of the generated green energy. Green energy storage is one of the basic parameters of flexibility that is necessary in modern energy management systems, especially those with significant RES penetration.

In Cyprus, since no other electric interconnection with other systems exists, energy storage is even more urgent for the safety and flexibility of the energy system.

By submitting a relevant application to CERA we are going ahead with authorization for a large storage system at Dhekelia (160MW). We have submitted an application for a construction permit, and we are hoping to soon receive an answer. At the same time, we are preparing a document of preselection for contractor/batteries supplier. We aim to open a tender as soon as we have the relevant indication with the license issue so that the contractor agreement may begin at the same time as the conclusion of the authorization procedure.

We are also studying the potential of the batteries to support the electric system, so as to maximize benefits from their installation.

Furthermore, Core Regulated Transmission Activity in cooperation with the Regulator of the Transmission System Cyprus have proceeded to a preliminary study for the installation of energy storage systems using batteries, of a total capacity of 240MW. The project budget is €60 million that will be financed by European funds.

EAC is an Organisation of vital significance for the country. It is obliged to change and keep up with new data, new trends, new demands in the energy sector. Today, nothing is the same as yesterday. And tomorrow nothing will be the same as today. This is the reason why we need to proceed with daring and determination and take the steps necessary for the future of EAC.

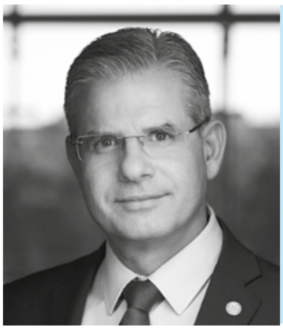
The steps necessary for an Organisation that is clearly oriented towards green energy. An agency in which digital technology is an integral part of its flexibility and efficiency. It is an absolutely client-centered Organisation that provides qualitative and reliable services to its clients.

In conclusion, I wish to thank the President of the Republic of Cyprus and the Advisory Council for the trust they have placed on us. I would also like to extend my special thanks to the Minister of Energy, Commerce and Industry, Mr. Giorgos Papanastasiou, for the close, productive and truthful cooperation we had, as well as the General Director and all the officials of the Ministry for their support. Warm thanks also to the Government, the House of Representatives, the Auditor General of the Republic, the Cyprus Energy Regulatory Authority, the Manager of the Transmission System Cyprus, all government bodies and local Administration Authorities that EAC is in close cooperation with, as well as the representatives of the mass media for promotion of the work and role of the Organisation.

I would also like to warmly thank all my associates at the Board of Directors, the EAC General Director, Mr. Adonis I. Yiasemides, all the Administration members, the trade unions' leadership as well as the exceptional personnel of EAC that have exhibited loyalty and professionalism that are the foundation of our success.

Our common goal is the continuous development and evolution of EAC, the Agency that guarantees the energy security of Cyprus.

George Petrou
Chairman of the Board of Directors



MESSAGE BY THE GENERAL MANAGER

EAC on the road to Green Energy Transition and modernization

At the end of 2023, EAC remained firmly committed to its mission for the unobstructed Generation, Transmission, Distribution and Supply of Electricity in Cyprus. The EAC with appropriate planning and faithful adherence to the Functional and Logistic Separation of its activities, as approved by CERA, continued to respond effectively and transparently to the demands of the Market, the Business World, Consumers and Society in general.

The energy sector, not only internationally but also in Cyprus, is faced with important challenges. Our vision is clear: A green energy future. Our goal is to reduce dependence on liquid fuels and drastically increase usage of Renewable Energy Sources.

Addition of RES projects to the EAC generation mixture has many benefits for the country, not only regarding the decrease of dependence from imported fuels, but also regarding the stabilization of the electricity prices to low levels, for the benefit of all consumers.

In 2023, the first phase of the photovoltaic farm at the Akrotiri, Limassol was launched, with a capacity of 12MW, and the cost of the generated energy was 5 cents/kWh that is incorporated in the EAC generation mixture. In 2024, the first phase of the PV farm in the Achera area with a 8MW capacity and procedures for the second phase of the project are under way and its capacity is 34MW.

The plan of RES incorporation in EAC, as approved, allows for the progressive development of Photovoltaic Farms with a total capacity of 600MW by 2032. Construction permits for photovoltaic farms of approximately 155MW have already been secured.

In 2023 the installation project for the new Combined Cycle Gas Turbine Unit (CCGTU) at the Vasilikos PS with a capacity of 160MW. The unit will be able to use natural gas as the main fuel and diesel as the alternative fuel with limited work hours (500 per year). Expected date of construction termination is 2025.

At the same time, EAC took all necessary actions to make ready the generation units in every way and also for the utilization of natural gas, as soon as it becomes available for the generation of electricity. All that is left is the necessary coordination with the construction companies for the final regulations to the Generation Units and organizing the Tests and Controls of the Generation Units.

Soon, the Moni Power Station decommissioning will be complete. Four gas turbines (with a capacity of 37.5MW each one) remain in suspension, ready to become operational in case of high electricity demand or in case of electricity loss emergencies from RES or other conventional Units. The future exploitation of this area can be seen in the EAC Development Program. In this framework, a storage system installation may support the area and take the load off the electric network.

The Transmission Network continued intensely implementing the extension, upgrade and maintenance projects. In 2023, phase B of the Project concerning the new Moni Power Station 2x40 MVA 132/22-11 kV GIS was concluded.

At the same time, work continued on Projects that are still being implemented in the framework of further RES penetration to the Transmission Network and the upgrade of the Transmission Network. Specifically, under development are the upgrade works for the substations of Orounda, Strovolos, Mari, etc.

Furthermore, tenders have been awarded that begin work in 2024 and concern important projects that will contribute to the Transmission System upgrade.

Among the significant changes that are already under way are the smart meters that we hope we will shortly be installing. Following the delays due to appeals to the Tenders Review Authority and the administrative Court, we have proceeded to award the tender to the successful tenderer and the project is about to begin and it is expected to conclude in 2027.

Smart meters, the SCADA/DMS Distribution Control System and the MDMS metering data management system form a reliable and transparent foundation for the competitive electricity market. These components are essential for developing smart grids, enabling control, monitoring, and management of energy flow in the network with complete reliability and transparency.

The Organisation is moving towards the Development of a Telecommunications Network for the functioning needs of the Electricity Grid. This is a fiber optic network necessary for the functioning communications of the Distribution Network and includes progressively replacing the antiquated Charge Remote System. Also, at the initial stage, the installation of a new system for the control of Road Lights was decided. The total cost is approximately €46 million and 70% of that amount is financed by the Just Transition Fund. The pilot program for the development of the fiber optic network development is under way and it is expected to soon be concluded.

According to a Decision by CERA, the Core Regulated Distribution Activity is going ahead with a study the object of which is to redesign the 2021-2030 Grid. In this case, significant upgrades/extensions to the grid are needed, as well as the inclusion of "smart" elements into it. The necessary expenditure is calculated at €150 million.

At the same time, the Modernization, Automation and Support of equipment of the Distribution Network are being planned. This project includes a replacement of existing equipment with equivalent modern technology, automated equipment to 1500 substations in the 2022-2030 period, with remote control and data receipt in real time. In 2023, the equipment in 81 Distribution Substations was replaced. The planning will contribute significantly to the fast reset of the Grid in case of damage, in the smooth functioning of the system and in personnel safety. The total expenditure of the Automation Works and SCADA is €27 mil. and 70% is financed by the Just Transition Fund.

Another sector in which the EAC contributes to our country is that of promoting electric mobility. The e-charge service was created in 2014 with the aim of granting access to owners of electric vehicles to reliable and safe charging of their electric vehicle in public spaces. The e-charge service installed and operates 32 recharging stations in Cyprus with 64 charging points out of which 30 have semi-fast chargers and 2 fast chargers.

In the summer of 2023, a PV Systems installation project to 405 school buildings throughout Cyprus was concluded and became operational aiming at a green energy transition for our country. The project included the installation of PV systems of a total capacity of 4,9MW thermal insulation to approximately 84.000 sq.m. and waterproofing of the surface where the PV systems were installed. This project offers significant energy savings in schools by reducing total consumption by 30%.

Another development concerns EAC Supply that was registered in the Electronic Register of Origin Guarantees for the generated electricity that the Market Officer keeps. It is the first Supplier that secured and certified Origin Guarantees safeguarding green energy consumption by its clients.

The EAC is now en route to reducing its ecological footprint and its efforts exceed the regulatory demands, proving the responsible attitude of the Organisation towards the environment and society in general. EAC has always been devoted to internationally recognized, strict environmental standards and the implementation of good practices in environmental management.

Our environmental policy also includes the following:
- Systematic efforts with visible and quantifiable results in Waste Reduction, Reduction of Resources, Raw Materials and Provisions Consumption, Energy Consumption Reduction, Renewable Energy Sources Usage and progressive Environmental Upgrade of the agency infrastructures
- Commitment to respecting and protecting the Environment as integral part of the Authority Operational Policy. Continuous monitoring and ceaseless improvement of the Authority environmental policy in the framework of the ISO14001 certified environmental management system International Standard.
- Implementation of environmental corporate and social responsibility in the Organisation.

Unfortunately, our country does not have many energy sources like other European countries, such as hydroelectric, geothermal, tidal, etc. The Organisation is committed and has proceeded with all necessary actions to transition to natural gas, as soon as it becomes available, which will further reduce its environmental footprint and relevant overheads contributing to restrain electricity prices.
The EAC is certified with three International Standards in sectors of Quality Management ISO90001, Environmental Management ISO14001 and Safety and Health Management ISO45001 proving its commitment to continually enhancing the Agency in strategic priority sectors.

At the same time, EAC has upgraded the management system in the Operational Continuity and Recovery sectors, as well as compliance with demands of the Digital Security Authority (DSA) aiming at complete compliance with demands on the Information Security sector. Furthermore, EAC is developing a Corporate Social Responsibility and Corporate Governance program. This program includes sectors such as Environment, Safety, Health, Society, Culture, Education and Governance. All relevant information is recorded in the sustainable development report that the Agency has prepared for the first time.

EAC for the last 72 years has been a pillar of energy stability and development of the country. During these times of crisis, the Organisation is even more determined and is doing its uppermost to help our country achieve green energy transition and electrification of several energy sources.

EAC is on a steady path to reduce its ecological footprint. Its efforts exceed regulatory demands, proving the responsible attitude of the Agency towards the environment and society in general. EAC has always been committed to internationally recognized, strict environmental standards and the implementation of good practices in environmental management.

A modern electricity public utilities electricity agency, such as EAC, faces a series of competition-related important challenges. By being flexible, innovative and adaptable, investing in new technologies and infrastructures and active engagement with society through open and transparent communication it can respond successfully to these challenges and continue to serve its role and mission.

To conclude, on behalf of the EAC Management and personnel, I wish to express my thanks to the President, Mr. George Petrou, the Vice-president, Mr. George Nikolettos and to the Board Members that served the agency enthusiastically. I would also like to extend my thanks to the trade unions that are active, the Managerial Team and especially the personnel that once again gave the best of themselves in their work. Our common goal is the dynamic presence of a strong and modern EAC that safeguards the green energy future of our country.

Adonis I. Yiasemides
General Manager

PUBLIC GOVERNANCE

The Electricity Authority of Cyprus was established and operates in accordance with the provisions of the Electricity Development Law, Cap. 171, which inter alia provides for the way in which it is governed.

In addition to the above, the Board of Directors of the EAC, has adopted its own Corporate Governance Code and Code of Conduct, in the context of implementing CERA's Regulatory Decision 04/2014 on Operational Unbundling, dated 3 March 2015.

The Corporate Governance Code is a comprehensive text that consolidates and incorporates the principles of corporate governance, in accordance with international best practices, such as those implemented by the administration and management of EAC.

It includes, inter alia, the legal framework governing EAC's operation, recording the manner of operation of the Board, of the Joint Special Sub-committees, the other committees of the Board as well as the role of the General Manager and the Executive Directors.

It also includes the Internal Rule of Operation of the Joint Special Sub-committees, in which the powers granted or not by the Board of Directors are recorded.

In accordance with the principles of the Code of Public Governance:

- The Board ensures that the Organisation's purpose and the expected results for the citizens and users of the services provided is clear and makes sure that users receive high quality of services.
- The Board of Directors ensures that taxpayers and users receive value added services for the fee they pay.
- The responsibilities of the Board of Directors are clearly specified and the duties of the Directors are clearly specified and the Board ensures that they are fulfilled.
- Relations between Directors and the public must be clearly regulated.
- The Board specifies the Organisation's values, principles and standards and ensures that they are fully implemented. In addition, the Board sets strategic objectives, ensures sufficient financial and human resources and reviews the performance of the management.
- The behaviour of each Director is an example to emulate effective governance and the Board takes decisions in a detailed, diligent and transparent manner. There is also a clear distinction between the Board of Directors and management of the Organisation.
- The Board of Directors has access to high-level information, advice and support and ensures that an effective risk management system is in place.
- Directors have the skills, know-how and experience they need to perform their duties adequately.
- Balance must be achieved between continuity and renewal in the composition of the Board of Directors.
- Regarding accountability, the Board of Directors makes a distinction between official and unofficial relations and adopts an active and planned approach to dialogue with the public and its accountability towards the public.
- The Board undertakes an active and planned approach to its responsibility towards the Organisation's personnel and cooperates effectively with institutional bodies. In addition, the Board is responsible for the consequences of its actions and omissions, including civil or other liability of the Directors.
- In addition to the above, both the Administration and the Management of the EAC, as well as its personnel, must monitor and comply with the issued legislation, by planning and implementing measures and monitoring their proper implementation. More specifically, the EAC must comply with all Legislation concerning, inter alia, environmental issues, energy issues, the protection of consumers, employees, as well as the protection of personal data.

The EAC is in the process of harmonizing the Corporate Governance Code with the new Public Governance Code as approved by the Council of Ministers for immediate implementation by all State Organizations and State Enterprises.

COMMITTEES/SUBCOMMITTEES OF THE BOARD OF DIRECTORS

1. ADVISORY SUBCOMMITTEE OF THE EAC FOR PERSONNEL MATTERS

Despina Theodosiou	Chairperson
Savvas Haperis	Member
Polyvios Lemonaris	Member
Giorgos Platides	Coordinator

The Advisory Subcommittee of the EAC for Personnel Matters consists of three Members of the Board of Directors of the Authority, one of which is the Authority Chairman. The remaining two Members are designated by the Board of Directors of the Authority.

The Members of the Advisory Subcommittee of the EAC for Personnel Matters, acts in accordance to Regulation 19 of the Electricity Authority Cyprus (Terms of Service) Regulations of 1986 (R.A.A. 291/86), as amended to this day and deals with personnel matters, such as hiring, appointment and promotion of employees, making recommendations and suggestions to the Board of Directors of the Authority.

The role of the Subcommittee is advisory, assisting the Board of Directors of the Authority in making decisions on personnel matters.

During the year 2023, this Subcommittee held six (6) meetings and made respective recommendations on staff issues that it dealt with.

2. FINANCE COMMITTEE (BILLS, BUDGETS, FINANCIAL REPORTS, PRICING, INSURANCE, CUSTOMER SERVICE FOR CUSTOMERS WITH OVERDUE/OUTSTANDING ELECTRICITY BILLS, ETC.)

Despina Theodosiou	Chairperson	**Savvas Haperis**	Member
Constantinos Loizides	Member	**Aimilios Michael**	Member
Chrysostomos Chrysostomou	Member (until 15.02.24)	**Panagiotis Toulouras**	Member
Maria Hadjivasili	Member	**Maria Charalambous**	Coordinator

The Committee's composition may change only upon the decision of the Board. It consists of six members from the Board and the Executive Finance Manager serves as the Coordinator.

The responsibilities of the Finance Committee are of advisory nature, mainly concerning submitting recommendations and opinions to the BoD on financial matters regarding the EAC as a Vertically Integrated Undertaking.

The Committee meets regularly once every three months and/or extraordinarily and calls any Member of the Board if deemed appropriate. The Committee met seven (7) times within 2023.

3. AUDIT COMMITTEE

Constantinos Loizides	Chairperson	**Panagiotis Toulouras**	Member
Savvas Haperis	Member	**Michael Ioannou**	Secretary

The main purpose of the Audit Committee is to support the Board on the fulfilment of its supervisory role and to monitor:

- The performance and efficiency of the internal audit systems implemented by the Management and the Board of Directors.
- The EAC's compliance with the legal and regulatory regime in force at each time and with the Code of Conduct.
- Monitoring and assessment of the work carried out by the Internal Audit Management (IAM) to ensure the independence of the officers of the IAM, in accordance to the International Standards on the Professional Practice of Internal Auditing.
- The completeness and accuracy of the financial statements compiled by the EAC.

The Committee met six (6) times within 2023.

4. NETWORKS JOINT SPECIAL SUBCOMMITTEE (JSS)

Chrysostomos Chrysostomou	Chairperson (until 15.02.2024)	**Avraam Georgiou**	Member
Despina Theodosiou	Chairperson	**Adamos Kontos**	Secretary

The Networks Joint Special Subcommittee (JSS), which is comprised of the Executive Networks Manager and two Non-executive Members of the EAC Board of Directors, manages the Networks Business Unit (NBU).

The mission and purpose of the Networks JSS is to ensure the independence of the function of and to make decisions regarding the Core Regulated Activities (CRA) of Transmission and Distribution.

The Networks JSS makes recommendations for the improvement of the organization and operation of the NBU, approves the Operational Plan, the Strategic Plan and the CRA Networks Budget and cares for the application and implementation of the aforesaid without interfering with the daily operational matters of the CRA.

The Subcommittee met 33 times within 2023.

5. GENERATION AND SUPPLY JOINT SPECIAL SUBCOMMITTEE (JSS)

George Nikolettos	Chairperson	**Alexis Michael**	Secretary
Polyvios Lemonaris	Member		

The Generation and Supply Joint Special Subcommittee (JSS), which is comprised of the Executive Generation and Supply Manager and two Non-executive Members of the EAC Board of Directors, manages the Generation and Supply Business Unit (GSBU).

The mission and purpose of the Generation and Supply JSS is to ensure the independence of the function of and to make decisions regarding the Core Regulated Activities (CRA) of Generation and Supply.

The Generation and Supply JSS makes recommendations for the improvement of the organisation and operation of the GSBU, approves the Operational Plan, the Strategic Plan and the CRA Generation and Supply Budget and cares for the application and implementation of the aforesaid without interfering with the daily operational matters of the CRA.

The Committee met 28 times within 2023.

6. MONITORING OF DEVELOPMENT PROJECTS, BUILDING PLANS AND REAL ESTATE UTILISATION

Aimilios Michael	Chairperson	**Chrysostomos Chrysostomou**	Member (until15.02.24)
Constantinos Loizides	Member	**Maria Hadjivasili**	Member
Panagiotis Toulouras	Member	**George Nikolettos**	Member
		Loukas Giannoukos	Coordinator

The Committee for the Monitoring of Development Projects, Building Plans and Real Estate Utilisation was created to support the Board of Directors in matters of monitoring development projects, building plans and real estate utilization.

The Committee met eight (8) times within 2023.

7. RISK MANAGEMENT COMMITTEE

Polyvios Lemonaris	Chairperson	**Chrysostomos Chrysostomou**	Member (until 15.02.24)
Panagiotis Toulouras	Member	**Maria Hadjivasili**	Member
Avraam Georgiou	Member	**Aimilios Michael**	Member
		Andreas Ioannides	Secretary

The Risk Management Committee supports the Board of Directors on risk management issues. In particular, it informs the BoD of the most important risks and their management framework, supervises the operation of the Risk Management Unit, and monitors and evaluates the risk profile of the EAC and the effectiveness of the risk management policies implemented by the EAC.

It also monitors and evaluates compliance with approved risk levels and the appropriateness of exposure limits. The Risk Management Committee is composed of four members from the Board of Directors. The Secretary of the Risk Management Committee is the Head of the Quality Assurance Division.

The Chairman of the Risk Management Committee shall submit an annual evaluation and assessment report on the work, proposals and findings of the Risk Management Committee to the Board of Directors.

The Subcommittee met five (5) times within 2023.

OPERATIONAL UNBUNDLING OF EAC’S ACTIVITIES

The Electricity Authority of Cyprus (EAC) officially applies the organization's Operational Unbundling, as of December 1, 2016, the relevant implementation day as determined by the Cyprus Energy Regulatory Authority (CERA).

The implementation of Operational Unbundling is an ongoing and dynamic process, with improvements made based on the suggestions of EAC's Compliance Officers and the findings of internal and external audits.

In compliance with this framework, EAC has been functionally separated into four independent Core Regulated Activities (CRA): Generation, Supply, Transmission (Transmission System Owner), and Distribution (Distribution System Owner and Distribution System Operator), as well as into Non-Regulated Activities, while the remaining EAC Directorates provide services to the CRAs.

The Governance Independence and Operational Independence of the Core Regulated Activities are ensured through:

- The preparation of a Compliance Program for each Activity.
- The preparation of a Strategic Plan, Business Plan, Action Plan, and Budget by each Activity separately.
- The implementation of a Corporate Governance Code and a Code of Ethics.
- The proper costing of human hours for the provided resources and services between the Core Regulated Activities and from Common Services, to avoid cross-subsidization and distortion of competition.

Additionally, the independent Directorate of the Distribution System Operator (DSO) and the segregated "Meters Register and Meter Reading Department" serve all Suppliers without discrimination.

Through these measures, EAC aims to eliminate cross-subsidization, protect healthy competition, avoid "adverse discrimination," and ensure the equal treatment of consumers, system users, and participants in the electricity market.

In 2023, CERA conducted two audits to check EAC's compliance with Regulatory Decision 04/2014 regarding the Operational Unbundling of EAC's Activities. Specifically, a Pilot Compliance Audit of the Transmission CRA and a Regular Compliance Audit of the Directorate of Non-Regulated Activities were conducted.

In 2023, a new Support Team for the Operational Unbundling was appointed, and a contract was awarded to a specialized consultant for the training of EAC's board members, management, and executives, as well as for general support of the organization in preparation for the upcoming CERA audit in 2024.

ANNUAL
REPORT
TABLES

’23

THE YEAR IN BRIEF

		2023	2022
FINANCIAL ACTIVITY			
Total income	€ thousand	1.262.908	1.327.051
Total costs	€ thousand	1.201.646	1.305.226
Operating profit / (loss)	€ thousand	61.262	21.825
Net profit for the year	€ thousand	36.062	12.891
Average net assets employed	€ thousand	1.973.938	1.848.318
Return on average net assets employed	%	3,1	1,2
EMPLOYEES			
Employees in service at 31 December		2.246	2.200

FINANCIAL REVIEW

The financial statements of the Group for the year 2023 together with the supporting statements are set out in pages 36 to 92.

CHART 1 - INCOME, COSTS AND PROFIT /(LOSS) FROM OPERATIONS

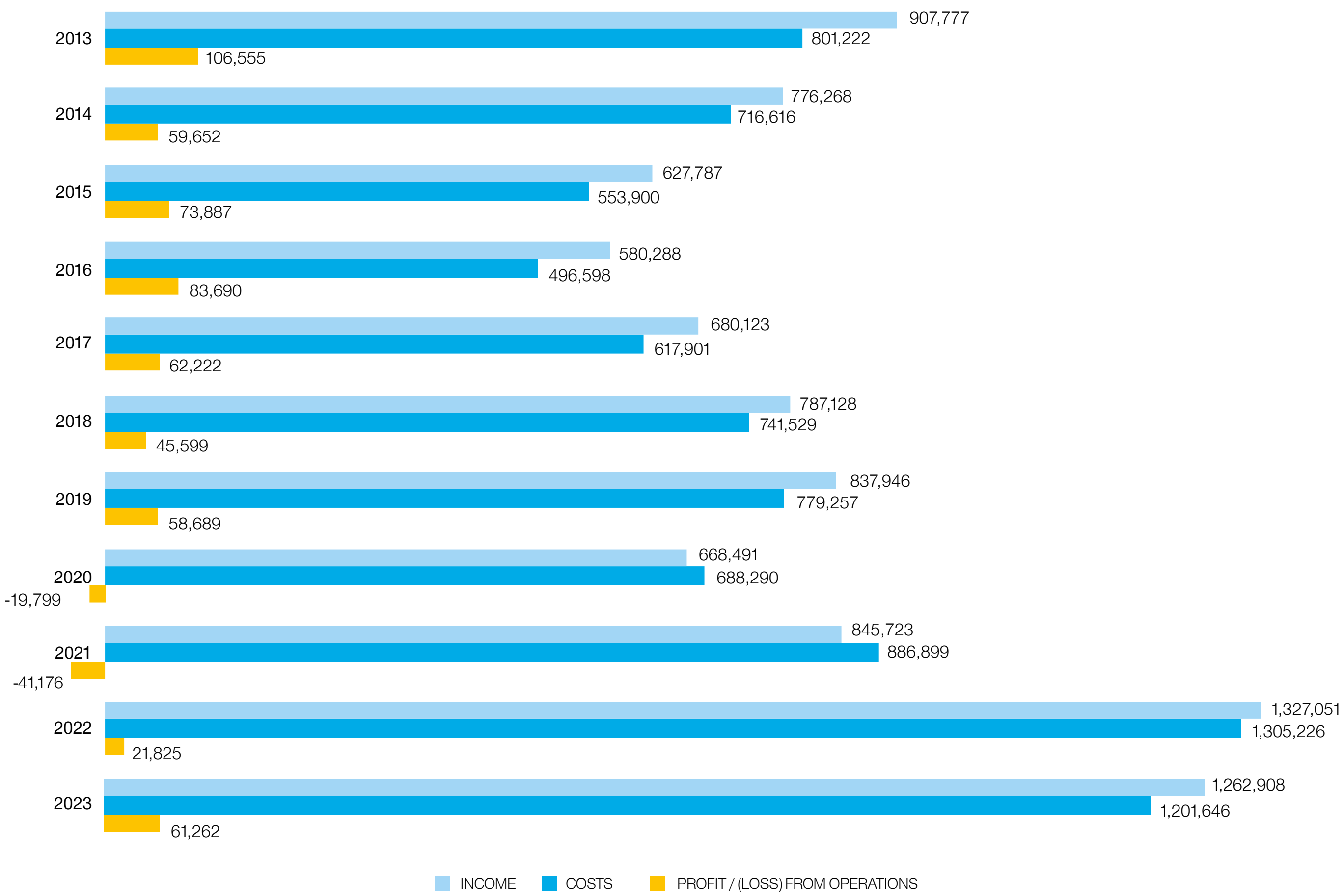
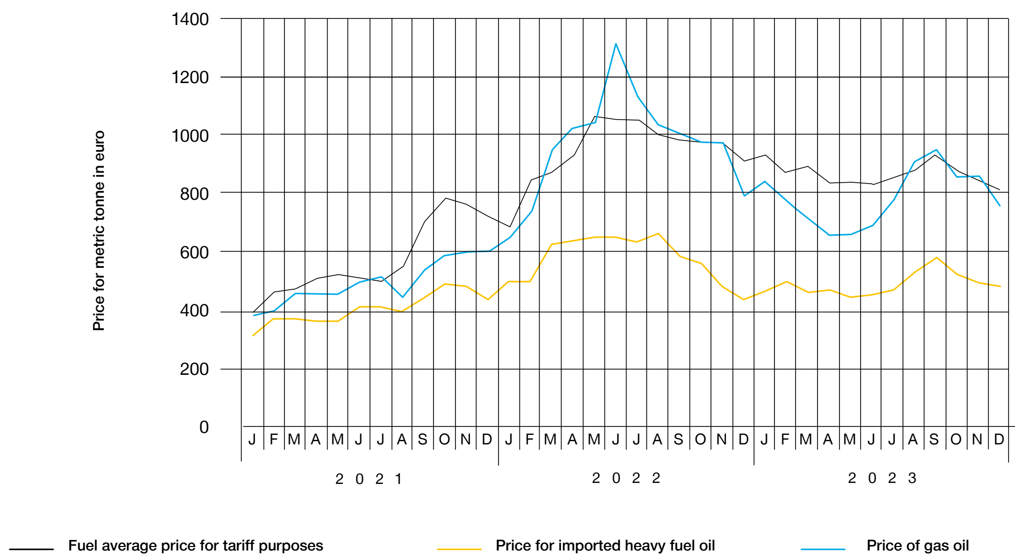


CHART 2 - PRICES PAID FOR FUEL OIL & AVERAGE PRICES USED FOR TARIFF PURPOSES (FUEL ADJUSTMENT CLAUSE)



CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 AND CHANGES FROM PREVIOUS YEAR

	2023	2022	INCREASE (DECREASE)
	€000	€000	€000
INCOME			
Revenue from sale of electricity	1.186.546	1.265.908	(79.362)
Special discount	-	(7.794)	7.794
Revenue from sale of electricity including discount	1.186.546	1.258.114	(71.568)
Electricity market income	9.237	2.926	6.311
Consumers' capital contributions	26.169	25.369	800
Income from desalination	20.614	19.879	735
Other operating income	19.759	20.336	(577)
Finance income	583	427	156
	1.262.908	1.327.051	(64.143)
Other profit / (losses) - net	5.513	(809)	6.322
OPERATING COSTS	(1.206.434)	(1.304.959)	98.525
Net (loss)/profit from reversal of impairment of financial assets	(725)	542	(1.267)
Operating profit	61.262	21.825	39.437
Finance costs	(16.234)	(8.534)	(7.700)
Share of loss in equity accounted investees	(537)	(406)	(131)
Profit before tax	44.491	12.885	31.606
Tax (charge) / income	(8.429)	6	(8.435)
Net profit for the year	36.062	12.891	23.171

FINANCIAL RESULTS

The financial results for the year and the changes from the previous year are shown in the table above. The income from sales of electricity for the year before the special discount, totaled to €1.186.546.000 showing a decrease of €79.362.000 or 6%. The decrease in sales revenue was due to the decrease in units sold of 6% and the decrease in the tariff price as a result of the automatic adjustment due to the decrease in fuel prices. This decrease in tariff price was partially offset by the introduction of the new tariffs from June 2022 and the termination from March 2022 of the 65% reduction to the tariffs for the use of system, High, Medium and Low Voltage based on the relevant decision of the Cyprus Energy Regulatory Authority.

The total operating costs were €1.206.434.000 showing a decrease of €98.525.000 or 8%, mainly due to the decrease in fuel costs resulting from the decrease in fuel prices. After accounting for other income of €76.362.000, other profit – net of €5.513.000, net loss from reversal of impairment of financial assets of €725.000, finance costs of €16.234.000 and share of loss in equity accounted investees of €537.000, there was a profit before tax of €44.491.000 compared to a profit before tax of €12.855.000 in the previous year. After the deduction of tax charge amounting to €8.429.000, the net profit was €36.062.000 (2022: net profit €12.891.000).

ANALYSIS OF OPERATING COSTS

The following table gives an analysis of the operating costs according to each category. The principal factors underlying the changes are reviewed below:

The average cost of fuel oil used by the EAC power stations decreased by 12,4% to €600,43 per metric tonne. The consumption decreased by 2% to 958 thousand metric tonnes as a result of the decrease in production of electricity of approximately 4%. Mainly as a result of the decrease in production and fuel price, the cost of fuel decreased by €95.967.000 to €575.391.000.

Operating costs include provision of fuel cost for prior years of €13.835.000 which relates to a legal case with a previous oil supplier.

The purchase of electricity from third parties relates to purchase of electricity from suppliers with renewable energy sources and from the electricity market. The decrease by 39% to €63.351.000 is mainly due to the decrease in the purchase price of energy from renewable energy, which according to CERA's decision 112/2023 dated 11/05/2023, cannot exceed 11 cents per kilowatt hour at the low voltage, as well as the decrease in units purchased by 24,8%. It is noted that the decrease in cost of purchase of electricity from third parties was limited by the 144% increase in units purchased from the electricity market, the average cost of which was 20,4 cents per kilowatt hour.

The greenhouse gas emission allowances cost increased by €8.023.000 to €255.987.000. The increase was mainly due to the increase in the price per emission allowance. The average price per emission allowance purchased in 2023 reached €83,93 compared to €80,02 during the previous year. The number of allowances purchased during the year was approximately 1,6% lower compared to the number of allowances purchased during the previous year.

The total salaries and related costs amounted to €116.117.000 out of which €15.845.000 was capitalised in fixed assets and work in progress. The amounts capitalised relate to expenditure for development projects executed by the Authority's employees during the year. An amount of €100.272.000 or 86,4% was charged to the income statement. The increase of €6.390.000 or 5,8% to the total salaries and related costs charge was due to the increase in the number of employees as well as due to salary increments and promotions.

Materials, services and other expenditure were €40.592.000 (increase of €4.052.000 or 11,1%).

The depreciation charge was €105.284.000 (decrease €2.632.000 or 2,4%). The depreciation charge includes €743.000 (2022: €682.000) in relation to the right-of-use assets.

OPERATING COSTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND CHANGES FROM PREVIOUS YEAR	**2023**		**INCREASE / (DECREASE) OVER 2022**	
	€000	**%**	€000	%
Fuel	575.391	47,7	(95.967)	(14,3)
Fuel – prior years	13.835	1,1	13.835	
Purchase of electricity from third parties	63.351	5,3	(40.570)	(39)
Greenhouse gas emission allowances cost	255.987	21,2	8.023	3,2
KODAP fee	5.475	0,5	(359)	(6,2)
Staff costs	100.272	8,3	5.150	5,4
Repairs and maintenance	39.607	3,3	9.886	33,3
Cyprus Transmission System Operator fee	4.793	0,4	(175)	(3,5)
Cyprus Energy Regulatory Authority fees	1.847	0,1	232	14,4
Materials, services and other expenditure	40.592	3,4	4.052	11,1
Depreciation	105.284	8,7	(2.632)	(2,4)
TOTAL	**1.206.434**	**100,0**	**(98.525)**	**(7,6)**

CHART 3 - OPERATING EXPENDITURE

(Euro Thousand)
As percentage of total operating expenditure

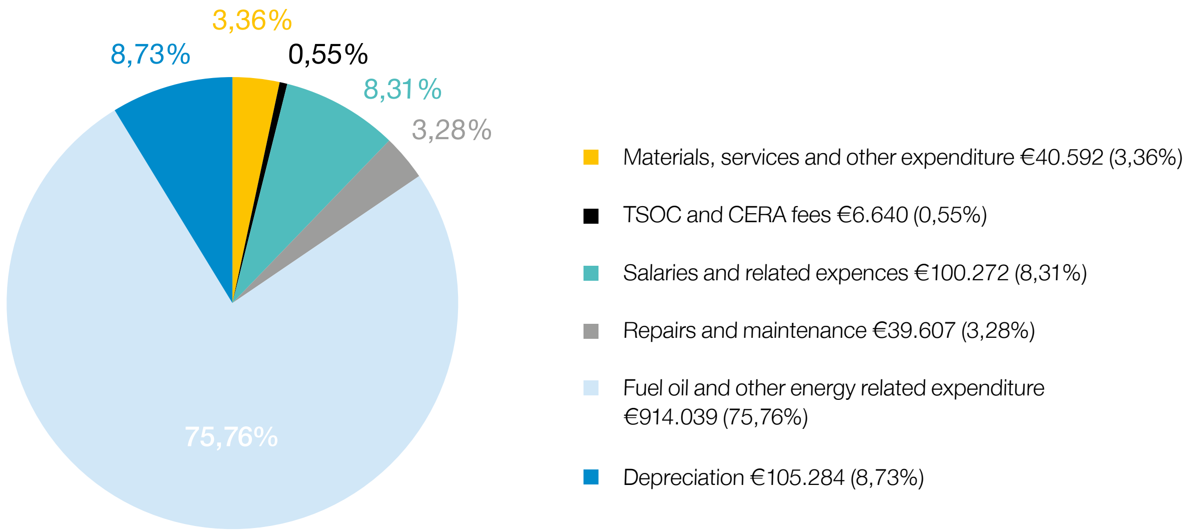
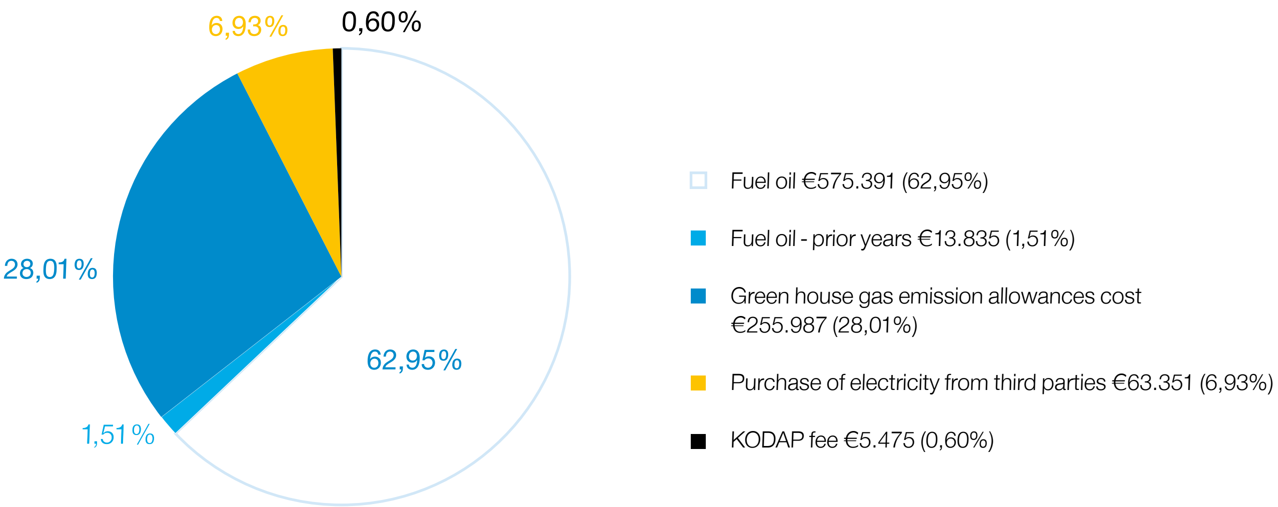


CHART 4 - FUEL OIL AND OTHER ENERGY RELATED EXPENDITURE

(Euro Thousand)
As percentage of total fuel oil and other energy related expenditure



PERFORMANCE OF BASIC REGULATED ACTIVITIES

The table below presents the returns of the Basic Regulated Activities as calculated based on the Unbundled Accounts of the EAC for the year 2023 and relevant decisions of CERA. It should be noted that based on the Regulation, the Approved Rate of Return of the Activities of Generation, Transmission (System Owner) and Distribution (Distribution System Owner and Distribution System Operator) is 4,6% on the Regulated Asset Base (RAB) of each Activity. Regarding the Regulated Activity of Supply, the approved percentage of profit margin on the cost of management services is 20%.

CALCULATION % RETURN BASED ON DECISIONS FOR ALLOWABLE INCOME AND RAB	GENERATION	TRANSMIS-SION	DISTRIBU-TION	SUPPLY
	2023	2023	2023	2023
	€000	€000	€000	€000
Adjusted operating profit	18.779	7.122	5.819	14.580
Adjusted cost of management services				21.883
Average Regulated Asset Base (RAB)	527.015	253.101	279.897	
Return on Average Regulated Asset Base	3,56%	2,81%	2,08%	
Profit margin on cost of management services				66,63%

CAPITAL REQUIREMENTS AND SOURCES OF FINANCE

Capital expenditure during the year amounted to €139.214.000 compared to €128.290.000 in 2022 (increase €10.924.000).

The amount paid for taxation during the year 2023 amounted to €7.019.000 (2022: €1.003.000).

Loan repayments, repayments of lease liabilities and interest paid amounted to €29.752.000 (2022: €35.524.000).

The total financing requirements of €175.985.000 were covered from internal sources and consumers contributions as well as from a new loan. The table below shows the financing requirements of the Group and the sources of finance.

FINANCING REQUIREMENTS AND SOURCES OF FINANCE	2023		2022	
	€000	%	€000	%
FINANCING REQUIREMENTS				
Tax	7.019	4,0	1.003	0,6
Capital expenditure	139.214	79,1	128.290	77,8
Loan and lease liability servicing	29.752	16,9	35.524	21,6
	175.985	100,0	164.817	100,0
SOURCES OF FINANCE				
Profit before interest, tax and deprecation	143.068	81,3	109.948	66,7
Proceeds from disposal of fixed assets and investments	109	0,1	230	0,1
Interest received	583	0,3	454	0,3
Consumers’ contributions	40.843	23,2	36.558	22,2
Proceeds from new loan	76.000	43,2	-	-
Working capital changes	(84.618)	(48,1)	17.627	10,7
	175.985	100,0	164.817	100,0

FINANCIAL POSITION AT END OF YEAR

The historical cost of the assets employed at 31 December 2023 was €3.680.575.000 and the accumulated depreciation was €2.029.259.000. Therefore, the net value of the assets employed was 44,9% of the historical cost. The total net assets at 31 December 2023 were €1.987.541.000 and were financed by loans (€194.826.000 or 9,8%), other long term liabilities (€558.768.000 or 28,1%), and the balance (€1.233.947.000 or 62,1%) from own funds.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

'23

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

CHAIRMAN

George Petrou (from 03.02.2024)

Despina Panayiotou Theodosiou (until 02.02.2024)

VICE-CHAIRMAN

Panagiotis Toulouras (from 03.02.2024)

George Nikolettos (until 02.02.2024)

MEMBERS

Stella Eliadou (from 03.02.2024)

Christos Limnatitis (from 03.02.2024)

Yianna Maria Loizou (from 03.02.2024)

Stephanos Mavrokefalos (from 03.02.2024)

Loukia Siamplettou (from 03.02.2024)

Alexandros Charalambides (from 03.02.2024)

Maria Hadjivasili (from 15.3.2023)

Chrysostomos Chrysostomou (until 15.3.2023)

Polyvios Lemonaris (until 02.02.2024)

Constantinos Loizides (until 02.02.2024)

Emilios Michael (until 02.02.2024)

Panagiotis Toulouras (until 02.02.2024)

Avraam Georgiou (until 02.02.2024)

Savvas Haperis (until 02.02.2024)

LEGAL ADVISERS

Ioannides Demetriou LLC, Nicosia

AUDITORS

PricewaterhouseCoopers Limited, as contractors of the contract EY 4/2020, where the Coordinating Contracting Authority is the Audit Office of the Republic.

MANAGEMENT REPORT OF THE GROUP

1. The Board of Directors presents its report together with the audited consolidated financial statements of the Electricity Authority of Cyprus (the "Authority") and its subsidiaries Elektriki Ananeosimes Ltd, EAC LNG Investments Company Ltd and ESCO AHK Ltd (together the ''Group'') for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE GROUP

2. The principal activities of the Group, which have not changed since last year, are the generation, transmission, distribution and supply of electricity in Cyprus. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services, knowhow and renewable energy sources.

CHANGES IN GROUP STRUCTURE

3. During the year there were no changes in the Group structure. The Authority does not intend to proceed with any acquisitions or mergers.

REVIEW OF BUSINESS DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

4. The profit of the Group for the year ended 31 December 2023 was €36.062 thousand (2022: profit €12.891 thousand). On 31 December 2023 the total assets of the Group were €2.419.143 thousand (2022: €2.271.707 thousand) and the net assets were €1.233.947 thousand (2022: €1.268.090 thousand). The improvement in the results compared to prior year was mainly the result of the introduction of the new tariffs from June 2022 and the termination from March 2022 of the 65% reduction to the tariffs for the use of system, High, Medium and Low Voltage based on the relevant decision of the Cyprus Energy Regulatory Authority (2022: €7.794 thousand). The results have been negatively affected by CERA's decision not to approve the new tariffs for 2023 as well as by the significant increase in provisions for legal claims regarding a legal case against the Group from a previous fuel supplier. The results were also negatively affected by the increase in financing costs due to the increase in interest rates compared to the prior year.The Board of Directors does not anticipate any significant changes in the activities of the Group in the near future (refer to point 2 above).

5. As at 31 December 2023 the Group had 2.246 employees (2022: 2.200) and 615.479 consumers of electricity (2022: 604.245).

PRINCIPAL RISKS AND UNCERTAINTIES

6. The principal risks and uncertainties faced by the Group are disclosed in notes 1, 6, 7 and 28 of the consolidated financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

7. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

8. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

MARKET RISK

9. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

10. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

FOREIGN EXCHANGE RISK

11. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar but believes that any change in foreign exchange rates will not have a material effect on its results.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

12. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are dependent on changes in market interest rates.
The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Refer to Note 6 for further disclosures on interest rate risk.

CREDIT RISK

13. 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 Group has no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk arises from cash and cash at bank, short term bank deposits, financial assets at amortised cost, as well as from credit exposures to customers, including outstanding receivables.

Sales to customers are settled in cash, direct debits or using major credit cards. Refer to Note 6 for further disclosures on credit risk.

LIQUIDITY RISK

14. 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. Refer to Note 6 for further disclosures on liquidity risk.

FUTURE DEVELOPMENTS OF THE GROUP

15. The Board of Directors of the Group does not expect any major changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

RESULTS

16. The results of the Group for the year are presented on page 9. The net profit for the year is transferred to reserves.

BOARD OF DIRECTORS

17. The members of the Board of Directors as at 31 December 2023 and at the date of this report, as well as changes during the year, are presented on page 1.

18. There were no changes in the assignment of responsibilities of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

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

CLIMATE CHANGE

20. The Group's management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter does not have a significant impact on the consolidated financial statements, and the future effects on the Group's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary.

BRANCHES

21. The Group did not operate through any branches during the year.

By order of the Board of Directors

George Petrou
Chairperson
Nicosia, 18 June 2024

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors of the Electricity Authority of Cyprus,
Minister of Energy, Commerce and Industry,
House of Representatives, and
Auditor General of the Republic

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Electricity Authority of Cyprus (the ''Authority'') and its subsidiaries (the "Group"), which are presented in pages 42 to 92 and comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the requirements of the Electricity Development Law, Cap. 171, the requirements of the Law 130(I)/2021 Regulating the Electricity Market and the requirements of the Cyprus Companies Law, Cap. 113.

BASIS FOR QUALIFIED OPINION

The Authority's investment in the Natural Gas Infrastructure Company (ETYFA) Ltd, an associate company accounted for using the equity method, is recognized in the amount of €41.814 thousands (2022: €42.351 thousands) in the consolidated statement of financial position at 31 December 2023. Due to the risks described in Note 17 "Investments in equity-accounted investees" and especially the indications of the possible impairment of the investment in ETYFA, we were unable to obtain sufficient and appropriate audit evidence regarding the possible impairment of the Authority's investment in the Natural Gas Infrastructure Company (ETYFA) Ltd on 31 December 2023. Therefore, we have not been able to determine the potential adjustment to the investment value in the Natural Gas Infrastructure Company (ETYFA) Ltd. Our audit opinion on the consolidated financial statements for the period ended 31 December 2022 was also qualified for the same matter.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including the International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report of the Group, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient and appropriate audit evidence regarding any impairment of the Authority's investment in the Natural Gas Infrastructure Company (ETYFA) Ltd as at 31 December 2023. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 resultin 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.

- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have not identified material misstatements in the Consolidated Management Report, except as explained in the Basis for Qualified Opinion Paragraph.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Board of Directors of the Electricity Authority of Cyprus as a body, the Minister of Energy, Commerce and Industry, the House of Representatives, and the Auditor General of the Republic in accordance with Section 69 of the Auditors Law of 2017 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.

Loizos A Markides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited

Certified Public Accountants and Registered Auditors

Nicosia, 18 June 2024

CONSOLIDATED INCOME STATEMENT OF THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 €000	2022 €000
Revenue	8	**1.249.516**	1.314.250
Other operating income	9	**13.392**	12.801
Other profit / (losses) - net	10	**5.513**	(809)
Operating costs	11	**(1.206.434)**	(1.304.959)
Net (loss) / profit from reversal of impairment of financial assets	6	**(725)**	542
Operating profit		**61.262**	21.825
Finance costs	13	**(16.234)**	(8.534)
Share of loss in investments in equity-accounted investees	17	**(537)**	(406)
Profit before tax		**44.491**	12.885
Tax (charge) / income	14	**(8.429)**	6
Profit for the year		**36.062**	12.891

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 €000	2022 €000
Profit for the year		**36.062**	12.891
Other comprehensive (loss) / income for the year, net of tax			
Items that will not be reclassified to income statement in future periods:			
Remeasurement of post-employment benefit obligations	12	**(70.205)**	223.882
Total (loss) / income for the year		**(34.143)**	236.773

Other comprehensive (loss) / income is presented after tax. The tax relating to each item of other comprehensive (loss) / income is shown in Note 14.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	NOTE	2023 €000	2022 €000
Assets			
Non-current assets			
Property, plant and equipment	15	**1.651.316**	1.618.887
Right-of-use assets	16	**15.538**	14.812
Investments in equity-accounted investees	17	**41.814**	42.351
Other non financial receivables	18	**12.478**	13.955
Financial assets at amortised cost	18	**7.568**	5.406
		1.728.714	1.695.411
Current assets			
Inventories	19	**202.481**	189.499
Trade receivables	18	**138.689**	157.732
Financial assets at amortised cost	18	**27.048**	13.643
Other non financial receivables	18	**5.266**	6.340
Financial assets at fair value through profit or loss	18	**196.764**	41.542
Contract assets	8	**-**	902
Tax refundable	20	**4.287**	4.298
Short term deposits	21	**-**	998
Cash and cash at bank	21	**115.894**	161.342
		690.429	576.296
Total assets		**2.419.143**	2.271.707
Reserves and liabilities			
Capital reserve		**15.555**	15.555
Actuarial losses reserve		**(151.788)**	(81.583)
Revenue reserve		**1.370.180**	1.334.118
Total equity		**1.233.947**	1.268.090
Non-current liabilities			
Borrowings	22	**194.826**	140.551
Lease liabilities	16	**15.949**	15.062
Deferred tax liabilities	23	**65.295**	72.889
Deferred income	24	**477.524**	463.742
		753.594	692.244
Current liabilities			
Trade and other payables	25	**213.705**	184.996
Provisions	26	**24.814**	4.022
Greenhouse gasses emission allowances		**8.072**	4.156
Net defined benefit obligation	12	**114.860**	56.226
Contract liabilities	8	**7.097**	8.460
Tax liability	20	**13.783**	4.789
Borrowings	22	**21.725**	22.238
Deferred income	24	**27.061**	26.169
Lease liabilities	16	**485**	317
		431.602	311.373
Total liabilities		**1.185.196**	1.003.617
Total reserves and liabilities		**2.419.143**	2.271.707

These consolidated financial statements are signed today, 18 June 2024, as a result of the approval and decision of the Board of Directors.

G.PETROU
Chairperson

A. YIASEMIDES
General Manager

C.KOLLAKIDES
For Executive Manager Finance

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	CAPITAL RESERVE (1)	ACTUARIAL LOSSES RESERVE (3)	REVENUE RESERVE	TOTAL
		€000	€000	€000	€000
Balance at 1 January 2022 **Comprehensive income**		**15.555**	**(305.448)**	**1.321.239**	**1.031.346**
Profit for the year		-	-	12.891	12.891
Other comprehensive income					
Remeasurement of post-employment benefit obligation	12	-	223.882	-	223.882
Transfer to revenue reserve		-	(17)	17	-
Defence contribution on deemed dividend distribution		-	-	(29)	(29)
Balance at 31 December 2022 / 1 January 2023		**15.555**	**(81.583)**	**1.334.118**	**1.268.090**
Comprehensive income					
Profit for the year		-	-	36.062	36.062
Other comprehensive income					
Remeasurement of post-employment benefit obligation	12	-	(70.205)	-	(70.205)
Balance at 31 December 2023		**15.555**	**(151.788)**	**1.370.180**	**1.233.947**

(1) The capital reserve represents a government grant.

(2) Organizations which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at the rate of 17% will be payable on such deemed dividend at the end of the period of two years from the end of the year of assessment to which the profits refer. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assesment to which the profits refer. This special contribution for defence is paid by the Group on behalf of the Government of Cyprus.

(3) The actuarial losses reserve represents the cumulative losses from the defined benefit plans that were recognized in the consolidated statement of comprehensive income. The actuarial losses arise from changes in the present value of post-employment benefit obligation resulting from experienced adjustments and the consequences of changes in actuarial assumptions.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 €000	2022 €000
Cash flows from operating activities			
Profit before tax		**44.491**	12.885
Adjustments for:			
Depreciation of property, plant and equipment	15	**104.541**	107.234
Depreciation of right-of-use assets	16	**743**	682
Amortization of consumers' capital contributions	24	**(26.169)**	(25.369)
Profit from the sale of property, plant and equipment	10	**(106)**	(84)
Profit from termination of leases		**(8)**	-
Fair value (gains)/ losses on financial assets at fair value through profit or loss	10	**(5.330)**	893
Net impairment loss / (gain) on financial assets	6	**725**	(542)
Share of loss from investments in equity-accounted investees	17	**537**	406
Interest expense	13	**14.780**	3.476
Current year defined benefit cost	12	**7.206**	10.794
Interest income	9	**(583)**	(427)
Reversal of prior years provision of property, plant and equipment		**2.241**	-
		143.068	109.948
Changes in working capital:			
Inventories		**(12.982)**	(37.480)
Contract assets		**902**	(801)
Trade receivables		**18.339**	(28.950)
Financial assets at amortised cost		**(15.604)**	513
Other non-financial assets		**2.551**	(8.567)
Greenhouse gasses emission allowances		**3.916**	7.589
Financial assets at fair value through profit or loss	10	**(149.892)**	-
Trade and other payables		**28.029**	29.573
Defined benefit obligation		**(18.777)**	(15.693)
Contract liabilities		**(1.363)**	(2.783)
Provisions		**13.801**	977
Cash generated from operations		**11.988**	54.326
Tax paid		**(7.019)**	(1.003)
Net cash from operating activities		**4.969**	53.323
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	**(139.214)**	(128.290)
Short-term deposits		**1.000**	56.844
Proceeds from sale of property, plant and equipment	15	**109**	230
Additions to consumers' capital contributions	24	**40.843**	36.558
Interest received		**583**	454
Net cash used in investing activities		**(96.679)**	(34.204)
Cash flows from financing activities			
Proceeds from long term borrowings	21	**76.000**	-
Repayments of long term borrowings	21	**(22.238)**	(31.784)
Proceeds from obligations under finance leases	21	**(406)**	(420)
Interest paid		**(7.108)**	(3.320)
Net cash generated from/ (used in) financing activities		**46.248**	(35.524)
Net decrease in cash and cash at bank		**(45.462)**	(16.405)
Cash and cash at bank at beginning of the year		**161.342**	177.722
Loss allowance for the year		**14**	25
Cash and cash at bank at end of the year	21	**115.894**	161.342

The notes on pages 46 to 92 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Electricity Authority of Cyprus (the "Authority") is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap.171 of 1952. It is managed by a Board of Directors, consisting of a Chairperson, Vice-Chairman and seven members, who are appointed by the Council of Ministers.

The address of the Authority's Head Office is at 11 Amfipoleos Street, Strovolos, P.O.Box 24506, 1399 Nicosia, Cyprus.

Pursuant to the above Law, the Group is engaged in the generation, transmission, distribution and supply of electricity. Following an amendment in the Law on 24 November 2000 the Authority has been empowered to engage in activities that are relevant with the exploitation and development of its assets, technical capabilities, installations, services and knowhow.

With the accession of Cyprus to the European Union and the opening up of the electricity market to competition, the Electricity Authority of Cyprus in preparing for its harmonization with the European Union has taken all the necessary steps in order to conform with Directive 2003/54/EC of the European Parliament and of the Council of 19th December 1996 concerning common rules for the internal market for electricity.

The Group prepares separate financial statements for the activities of generation, transmission, distribution and supply of electricity and for the other activities in accordance to the Law 130(I)/2021 regulating the Electricity Market and the relevant resolutions of the Cyprus Energy Regulatory Authority (CERA) regarding the functional and accounts unbundling.

Operating environment of the Group

War between Russia and Ukraine

During 2021, the russian economy continued to be negatively impacted by the ongoing political tension in the region and international sanctions against certain russian companies and individuals, with the tension intensifying towards the end of 2021. From late February 2022 the conflict between Russia and Ukraine escalated further and the situation remains highly unstable.

In response to the conflict, a number of sanctions have been imposed on russian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system.

The European Union, United Kingdom and United States of America (amongst others) have also imposed sanctions against the Russian Central Bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated entities and individuals as well as coordinated sectoral sanctions.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the russian economy in general, may arise but the full nature and possible effects of these are unknown.

Nonetheless, the Group is not significantly impacted from the conflict, as its operations are not affected by the situation. In addition, the Group implements an automatic adjustment of the selling price due to the increase in fuel price. However, it will continue monitoring the situation and take action if required.

The Management of the Group has taken and continues to take necessary measures to ensure minimum disruption to and sustainability of the Group's operations and support the Group's employees, customers and suppliers. The measures taken comprise of:

- Ensuring uninterrupted supply of liquid fuel taking into account all imposed sanctions on Russia.
- Payment facilities in cases of vulnerable customers who are demonstrably experiencing serious financial difficulties as a result of the negative economic environment.

As part of the Government's support program, from September 2022, electricity bills are partially subsidized by the Ministry of Finance.

Israel - Gaza conflict

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Group is not directly exposed.The Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The Management of the Group has assessed:

(1) The impact on the expected credit losses of the Group's financial instruments that are subject to impairment under IFRS 9. IFRS 9 requires forward-looking information (including macro-economic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. As with any economic forecast the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may significantly differ from those projected. Refer to Note 6 for more information on impairment of financial assets.

(2) The potential impairment of non-financial assets. IAS 36 requires non-financial assets to be tested for impairment whenever there is an indicator that those assets might be impaired. Based on the impairment testing performed no impairment charges have been recognized in relation to non-financial assets as a result of the economic conditions created by the conflict between Russia - Ukraine and Israel- Gaza.

(3) Whether the net realizable value for the Group's inventory exceeds cost.

(4) The Group's ability to comply with the terms of its loan agreements and the impact of this on the classification of the Group's borrowings, as this is detailed in Note 22.

The future effects of the conflict between Russia - Ukraine and the conflict between Israel - Gaza on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Group, are difficult to predict and Management's current expectations and estimates could differ from actual results. The Group's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current economic environment.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), the requirements of the Electricity Development Law, Cap. 171, the Law 130(I)/2021 Regulating the Electricity Market and the Companies Law Cap. 113.

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Group's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 4. These accounting policies have been applied consistently for all years presented in these consolidated financial statements unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, except in the case of financial assets at fair value through profit or loss which are shown at their fair value and the defined benefit obligation which is recognized as plan assets, less the present value of the defined benefit obligation.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

3. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

During the current year the Group adopted all the new and revised 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 Group.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

Subsidiary undertakings

Subsidiary undertaking is an entity controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The subsidiary undertaking is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated as is also the case with unrealized losses unless cost cannot be recovered.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given and equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are recognized in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

Dividends received or receivable from associates are recognised as a reduction in carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and recognizes the amount of impairment adjacent to "share of loss in investments in equity-accounted investees" in the income statement.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group 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 Group 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 Group 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 Group's future cash flows is expected to change as a result of the contract), it is probable that the Group 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 Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by Management.

Identification of performance obligations

The Group 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 good or service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. 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 Group'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).

(a) Sales of electricity

Sales of electricity represent amounts receivable, based on consumption recorded by meters, net of V.A.T. Sales also include an estimate of the value of units supplied to consumers between the date of the last meter reading and the year end, and this estimate is included in trade receivables in the consolidated statement of financial position.

In special occations and due to unusual economic conditions, the Group may grant special discounts on the basis of CERA decisions. This discount is recognized when issuing invoices to customers. Income in the consolidated income statement is presented net after the special deduction.

(b) Consumers' capital contributions

The Group accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Group accepts applications for additional load from the existing network. In both cases the Group charges the applicants with the construction cost.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity tariffs. Otherwise this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tariffs.

Applicants are ensured of the right of permanent access to the network for an unlimited period of time. The Group is committed to provide access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated income statement over a period identical to that of the assets constructed/acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

(c) Income from desalination

Revenue from desalination represents the sale of desalinated water to the Water Board Authority in accordance with the supply as recorded by meters net of VAT. Sales also include an estimate of the value of metric tonnes supplied between the date of the last invoice and the end of the year and this estimate is included in financial assets at amortised cost in the consolidated statement of financial position.

(d) Income from contracts for replacement and maintenance of public lighting

The income represents the replacement and maintenance of public lighting for Community Boards and Municipalities. The Group recognises the performance obligations per contract and allocates the transaction price to each obligation identified, with reference to the stand-alone price.

(e) Income from installation of photovoltaic systems

The income represents the charge to recover the cost of installing and maintaining net metering photovoltaic systems in public school buildings. Income is recognized over time while the Group fulfills its performance obligations. Where the contract includes an hourly fee, income is recognized at the amount at which the Group has the right to charge. The customer is invoiced on a regular basis and the price is payable based on an agreed repayment schedule.

(f) Income from electricity market transitory regulation

As a consequence of the transitory regulation for the competitive electricity market, the Group receives income from the use of transmission and distribution systems, from auxiliary services, as well as income from the energy imbalances in the event that the total production of the producers is less than the total consumption of the suppliers participating in the transitional market.

(g) Income from reconnection

Income represents fees charged for reconnecting customers to the network.

Financing component

The Group 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 Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

In case the services rendered or the goods transferred by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered or the goods transferred, a contract asset is recognised. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required, before the payment is due. If the payments made by the customer exceed the services rendered under the specific contract, a contract liability is recognised.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in the income statement within "finance costs".

Employee benefits

The Group operates a defined benefit plan, comprising of a lump sum amount at the termination of employees services and post-employment benefits (Pension Fund), and various other defined contribution plans, the assets of which are held in separate trustee-administered funds. These plans, with the exemption of the Provident Fund, are mainly funded by the Group.

The Group also operated a defined benefit plan, comprising of a lump sum amount at the termination of employees on a contract basis. The Group did not have a separate Fund for this plan. On 16.12.2022 the Law on the Occupational Pension Benefits Plan for Civil Servants of the State Service and the Greater Public Sector, including Local Self-Government Authorities (Provisions of General Application), Law 210(I)/2022, was published, based on which all permanent employees on a contract basis retrospectively join the New Government Fund and therefore the Group's defined benefit plan for employees on a contract basis has been terminated.

Based on Law 210(I)/2022, all employees of the Group who are hired after 16.12.2022 must be included in the New Government Plan. The New Government Scheme is funded by contributions paid by the employer and the members of the Scheme, under a fixed funding rate. For the purposes of the New Government Plan, a "Special Fund for the Payment of Pension Benefits" is operated which is not a separate legal entity and is managed by the Minister of Finance on behalf of the Republic.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year to which they relate.

The Provident Fund, which prepares its own financial statements, provides employees with the right to payment of certain benefits upon retirement or early termination of their services.

For the defined benefit plan (Pension Fund), the net expense/(income) from interest and current service cost is charged to the income statement over the period of the expected service lives of the employees and is estimated annually by independent actuaries, using the projected unit method, in order to create sufficient reserves. The Group determines the net interest expense/(income) on the net defined benefit obligation (asset) for the period by applying the discount rate used to measure the defined benefit obligation (asset), taking into account any changes in the net defined benefit obligation (asset) during the period as a result of contributions (where applicable) and benefit payments. Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets where applicable (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

Contributions to the Pension Fund are made on a monthly basis so that adequate reserves are created during the working life of the employees. Additionally, from 2015 a recovery plan was effected which provides that an annual deficit payment should be made to the Pension Plan. From October 2011 under the first package of austerity measures, 3% from the salaries of the members of the Pension Fund is deducted in order to ensure its viability.

IAS 19 does not specify whether an entity should distinguish current and non-current portions of assets and liabilities arising from post-employment benefits. The Group recognizes the net defined benefit obligation as current liability because a distinction between current and non-current portion arising from defined benefit plans may sometimes be arbitrary.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Group operates and generates taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. The Group has retrospectively applied from 1 January 2022 the amendments to IAS 12 which require entities to recognised deferred tax on transactions such as leases and decommissioning obligations. The impact from the amendment was not material.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted until the reporting date and are expected to apply when the related deferred tax asset is recognized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the Authority where there is an intention to settle the balances on a net basis.

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within "finance costs" and "other losses-net", respectively.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly related to the acquisition of property, plant and equipment. For projects carried out by external contractors, cost is based on the value of work executed and certified by engineering consultants. For projects carried out by the Group's own staff, cost comprises of materials, labour and related overheads.

Major spare parts and stand-by equipment are accounted for as property, plant and equipment when the Group expects to use them during more than one period.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The estimated useful lives of the major elements of property plant and equipment are as follows:

	YEARS
Power station buildings	30
Other buildings	35
Power station plant and machinery	25
Other plant and machinery	25-30
Lines and cables	35-40
Meters	15
Motor vehicles	7
Furniture, fixtures and office equipment	10
Tools and instruments	10
Computer hardware	5
Computer software	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the consolidated income statement of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment is determined by comparing proceeds with the carrying amount and these are included in "other losses-net" in the consolidated income statement.

Greenhouse gas emission allowances
According to the Cyprus Law for the Scheme of Greenhouse Gas Emission Allowance Trading, N.110(I)/2011, a Greenhouse Gas Emissions Trading Scheme is established in order to promote the reduction of greenhouse gas emissions with the objective of reducing the level of pollution in the environment.

According to the Law, each operator, whose annual emissions exceed the number of emission allowances allocated for the specific year, is obliged to buy as many emission allowances as required to cover the shortage. From 2020 onwards, no free rights are assigned to any electricity operator, including the Authority.

Purchased greenhouse gases emission allowances are recognized at cost (purchase price) within intangible assets and transferred to operating costs based on the actual emissions. A liability is recognized when at the reporting date the level of actual emissions exceeds the level of allowances purchased. The liability includes the total cost of the purchased allowances and any additional deficit at the current market value of the allowances as at the reporting date. Movements in the liability are recognized in the consolidated income statement.

The intangible assets are surrendered at zero value at the end of the compliance period reflecting the consumption of economic benefit. Surplus emission allowances can be carried forward and off-set future shortages (up to the end of the compliance period) or be sold. Proceeds from the sale of surplus emission allowances are recognized upon the sale of these rights. During the year no sales of surplus took place.

Impairment of non-financial assets
Intangibles that have an indefinite useful life, including goodwill, are not subject to amortization and are tested annually for impairment. Assets (except inventory and deferred tax) that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment loss is recognized in profit or loss.

Financial assets – classification
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related financial assets portfolio and (ii) the cash flow characteristics of the financial asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost, as fair value through other comprehensive income (FVOCI) or as fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments and mutual funds that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments and mutual funds that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets – recognition and derecognition
All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets – measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "other operating income". Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other losses-net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, short-term bank deposits, trade receivables and financial assets at amortised cost.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement and recognised in "other losses-net". Interest income from these financial assets is included in "other operating income". Foreign exchange gains and losses are presented in "other losses-net" and impairment expenses are presented as separate line item in the income statement.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other losses-net" in the period in which it arises.

Equity instruments and mutual funds
The Group subsequently measures all equity investments and mutual funds at fair value. Where the Group's Management has elected to present fair value gains and losses on equity investments and mutual funds in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investment, and any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments and mutual funds as FVTPL.

Changes in the fair value of financial assets at FVTPL are recognised in "other losses-net" in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments and mutual funds measured at FVTPL are not reported separately from other changes in fair value.

Financial assets – impairment – credit loss allowance for expected credit losses
The Group assesses on a forward-looking basis the expected credit losses ("ECL") for debt instruments (including loans) measured at amortised cost ("AC") and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "net profit from reversal of impairment of financial assets". Subsequent recoveries of amounts for which credit losses have been previously recognized are credited to the same line item in the income statement.

Debt instruments measured at amortised cost are presented in the statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognised in the income statement and it affects fair value gains or losses recognised in other comprehensive income rather than the carrying amount of those instruments.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial instrument assessed for impairment. Refer to Note 6, credit risk section, for a description of the impairment methodology applied by the Group for calculating expected credit losses for financial assets that are subject to impairment under IFRS 9.

Financial assets – reclassification
Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets – write-off
Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification
The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering any new contractual terms that substantially affect the risk profile of the asset.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash at bank
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash at bank are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Short-term bank deposits
These amounts relate to short-term bank deposits with maturity 3-12 months. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost, less provision for impairment and are classified as current assets.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest income

Interest income from financial assets at amortised cost which is calculated using the effective interest method is recognised in the income statement as ''other operating income''. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – the effective interest rate is applied to the gross amount of financial assets.

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and are subsequently carried at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.
Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the date of the consolidated statement of financial position.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as "other operating income" or "finance costs".

A material modification in the terms of an existing financial liability or part of it, is treated as a termination of the original financial liability and recognition of a new financial liability. Any gain or loss on termination is recognised in profit or loss except when it arises as a result of transactions with shareholders acting in their capacity as shareholders, in which case it is recognised directly in equity. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any expenses or fees arising are recognised as part of the gain or loss on termination.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Leases

The Group as the lessee:

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.
The lease payments are discounted using the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In determining the lease term, Management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Right-of-use assets are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

As an exception to the above, payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the statement of financial position.

The Group as the lessor:

(a) Finance leases
Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded in the income statement for the year.

(b) Operating leases

Where the Group is a lessor in a lease which does not transfer substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), rental income is recognised as "other operating income" on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. Modification of operating leases are accounted for by the Group as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease considered as part of the lease payments for the new lease.

(c) Impairment of lease receivable

The Group recognises credit loss allowance on lease receivables in accordance with the general model of Expected Credit Losses ("ECL"). The ECL is determined in the same way as for financial assets measured at amortised cost and recognised through an allowance account. In assessing the ECL, the Group considers the cash flows that may result from obtaining and selling the assets subject to the lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost includes purchase cost, transport and handling costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for damaged, deteriorated, obsolete and unusable items where appropriate.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer to Note 6 credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period mainly of not less than 2 years. The assessment is carried out separately for each customer, taking into account the specific data of the customer.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Prepayments

Prepayments are carried at cost. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received.

If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of the Group's business. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the Group if longer). If not, they are presented as non-current liabilities.

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

Comparatives

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

5. NEW ACCOUNTING PRONOUNCEMENTS

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Classification of liabilities as current or non-current-Amendments to IAS 1 and Non-current Liabilities with Covenants - Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024)*. Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: the carrying amount of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known.

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). In May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organisation for Economic Co-operation and Development's (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. In accordance with IASB effective date, the companies may apply the exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known.

** Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.*

6. FINANCIAL RISK MANAGEMENT

(i) Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co operation with the Group's operating units.

- **Market Risk**
  Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

  The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- **Foreign exchange risk**
  Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollar but believes that any change in foreign exchange rates will not have a material effect on its results.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The net foreign exchange difference debited to the consolidated income statement amounts to €1.454 thousand (2022: €5.058 thousand) and relates to normal operating and financing activities (Note 13).

The Group's exposure to foreign currency risk was as follows:

31 DECEMBER 2023	UNITED STATES DOLLARS
	€000
Assets:	
Cash and cash at bank	7.794
	7.794
Liabilities:	
Suppliers	(37.882)
Provisions	(17.521)
	(55.403)
Net foreign currency exposure	**(47.609)**

31 DECEMBER 2022	UNITED STATES DOLLARS
	€000
Assets:	
Cash and cash at bank	2.620
	2.620
Liabilities:	
Suppliers	(32.099)
Provisions	(977)
	(33.076)
Net foreign currency exposure	**(30.456)**

Sensitivity analysis
A 10% strengthening of the Euro against the following currencies at 31 December 2023 and 2022 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the below foreign currency at 31 December 2023 and 2022, there would be an equal and opposite impact on the equity and profit or loss.

	EQUITY		PROFIT OR LOSS	
	2023	2022	**2023**	2022
	€000	€000	**€000**	€000
United States Dollars	**4.166**	2.665	**4.166**	2.665
	4.166	2.665	**4.166**	2.665

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are dependent on changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2023	2022
	€000	€000
Fixed rate instruments		
Financial assets	**-**	998
Financial liabilities	**(167)**	(207)
Variable rate instruments		
Financial liabilities	**(216.384)**	(162.582)
	(216.551)	(161.791)

Sensitivity analysis
A decrease of 100 basis points in interest rates at 31 December 2023 and 2022 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the equity and profit or loss.

	EQUITY		PROFIT OR LOSS	
	2023	2022	**2023**	2022
	€000	€000	**€000**	€000
Variable rate instruments	**1.893**	1.423	**1.893**	1.423
	1.893	1.423	**1.893**	1.423

The Management of the Group monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **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.

Credit risk arises from cash and cash at bank, short term deposits, financial assets at amortised cost, as well as credit exposures to trade customers.

(i) Risk management

Sales to customers are settled in cash, direct debits or using major credit cards.

For banks and financial institutions, credit ratings from independent parties are used.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Financial assets at amortised cost
- Cash and cash equivalents (cash and cash at bank and short-term bank deposits with maturity date of three months and above)

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

Trade receivables

For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The following table represents the Group's trade receivables grouping:

CUSTOMERS	CATEGORY
Government departments/services	Related Parties
Municipalities	
Villages	
Other Related Parties	
Residential	Others
Vulnerable	
Other	

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced during that period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

In particular, any difference in the GDP growth rate of more than 50% requires a reassessment of the expected loss rates. At the reporting date, the GDP growth rate showed a decrease of less than 50% compared to the previous reporting period. However, the GDP growth rate in the fourth quarter of 2023 change by more than 50% from that of the fourth quarter of 2018, when the expected loss rates were first determined. Following a detailed analysis of the account profiles, the debt-sales ratio and the historical experience of credit loss, no indications of an upward trend in the percentage of bad debts that would result in a possible final loss of receivables were found. The Management of the Group considered that the expected loss rates were determined taking into account historical information of the years 2014-2018 during which the Cypriot economy was negatively affected by the financial crisis of 2013, which had a more serious economic impact on the Cypriot economy. To this end, Management has concluded that the expected loss ratios already used by the Group are prudent, as they take into account financial information affected by a financial crisis, thus reflecting in the expected credit loss, rates resulting for trade debtors from an economic crisis.

The following table summarises the Group's expected loss rates:

	EXPECTED LOSS RATE			
	ACTIVE ACCOUNTS		FINAL ACCOUNTS	
Past due dates	RELATED PARTIES	OTHER	RELATED PARTIES	OTHER
Before expiration	0,12%	0,25%	0,25%	0,50%
21 to 60	0,25%	0,50%	0,50%	1,00%
More than 61 to 90	1,00%	2,00%	2,00%	4,00%
More than 91 to 120	2,50%	5,00%	10,00%	20,00%
More than 121 to 360	10,00%	15,00%	40,00%	60,00%
More than 360	40,00%	60,00%	80,00%	100,00%

For all the final accounts (irrespective of their classification) for which the year of issue is prior to the year of the financial statements, an expected credit loss is recognised of 100%.

Additionally, the Group recognises an expected credit loss on receivables from unread consumption of 0,1%.

On that basis, the loss allowance for trade receivables, included receivables from unread consumption, as at 31 December 2023 and 31 December 2022 was determined as follows:

	31 DECEMBER 2023					
	FINAL ACCOUNTS		ACTIVE ACCOUNTS		OTHER TRADE RECEIVABLES	
Past due days	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**
Over 365	13.441	13.326	684	344	1.019	1.019
From 181 up to 365	894	668	802	102	-	-
From 121 up to180	298	186	801	107	-	-
From 91 up to 121	209	43	1.537	70	-	-
From 61 up to 90	307	114	2.848	53	-	-
From 21 up to 60	265	7	20.963	96	-	-
Not overdue	654	39	49.462	118	60.850	53
Total	**16.068**	**14.383**	**77.097**	**890**	**61.869**	**1.072**

	31 DECEMBER 2022					
	FINAL ACCOUNTS		ACTIVE ACCOUNTS		OTHER TRADE RECEIVABLES	
Past due days	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**	**GROSS BOOK VALUE €000**	**LOSS PROVISION AMOUNT €000**
Over 365	12.877	12.694	557	288	1.213	1.029
From 181 up to 365	641	412	502	68	-	-
From 121 up to180	366	225	949	134	-	-
From 91 up to 121	319	62	1.665	79	-	-
From 61 up to 90	205	12	3.545	67	-	-
From 21 up to 60	735	13	19.079	90	-	-
Not overdue	616	269	58.173	134	71.931	64
Total	**15.759**	**13.687**	**84.470**	**860**	**73.144**	**1.093**

The closing loss allowances for trade receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

	TRADE RECEIVABLES	
	2023	2022
	€000	€000
Opening loss allowance 1 January	**15.640**	15.616
Unused amount reversed	705	24
Closing loss allowance as at 31 December	**16.345**	15.640

Trade receivables from customers are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets at amortised cost

The Group assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost. This assessment takes into account, amongst others, the period the financial asset at amortised cost is past due (in days) and history of defaults in the past, adjusted for forward looking information.

Financial assets at amortised cost include:

- debt financial assets consisting of capital contributions receivable by instalments and other receivables and
- cash and cash equivalents.

For financial assets at amortised cost that are subject to impairment under IFRS 9, the Group applies the general approach – three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:

- Internal credit rating.
- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Significant increases in credit risk on other financial instruments of the same borrower/counterparty.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group uses three categories for financial receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned, where possible, to external credit rating companies, such as Standard & Poor's, Moody's and Fitch.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

CATEGORY	GROUP'S DEFINITION OF CATEGORY	BASIS FOR RECOGNITION OF EXPECTED CREDIT LOSS PROVISION	BASIS FOR CALCULATION OF INTEREST REVENUE
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows.	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail).	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due.	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance).

The Group has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the financial receivables and cash and cash equivalents the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of the above financial assets, and adjusts for forward looking macroeconomic data. For cash and cash equivalents, a Loss Given Default of 45% is assumed in case of default.

The Group provides for credit losses against financial receivables and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised.

Short-term bank deposits

The gross carrying amounts below represent the Group's maximum exposure to credit risk on short-term bank deposits as at 31 December 2023 and 31 December 2022:

INTERNAL CREDIT RATING	EXTERNAL CREDIT RATING	2023 €000	2022 €000
Performing	Without rating	-	1.000
Total short-term deposits		-	1.000

No significant changes to estimation techniques or assumptions were made during the reporting period.

The estimated loss allowance on short-term deposits as at 31 December 2022 and 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	STAGE 1 PERFORMING	TOTAL
	€000	**€000**
Opening balance 1 January 2022	**(393)**	**(393)**
Changes in short-term deposits	391	391
Loss allowance at 31 December 2022	**(2)**	**(2)**
Changes in short-term deposits	2	2
Loss allowance at 31 December 2023	**-**	**-**

Cash and cash at bank

The gross carrying amounts below represent the Group's maximum exposure to credit risk on cash and cash at bank as at 31 December 2023 and 31 December 2022:

INTERNAL CREDIT RATING	EXTERNAL CREDIT RATING	2023 €000	2022 €000
Performing	BBB - B	**52.281**	77.712
Performing	CCC - C	**-**	-
Performing	Without rating	**63.207**	83.352
Total (1)		**115.488**	161.064

(1) The remaining balance of cash and cash at bank on the consolidated statement of financial position is cash in hand.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The estimated loss allowance on cash and cash at bank as at 31 December 2022 and 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	STAGE 1 PERFORMING	TOTAL
	€000	**€000**
Opening balance 1 January 2022	**(48)**	**(48)**
Changes in cash and cash at bank	26	26
Loss allowance 31 December 2022	**(22)**	**(22)**
Changes in cash and cash at bank	14	14
Loss allowance 31 December 2023	**(8)**	**(8)**

Other receivables

The gross carrying amounts below represent the Group's maximum exposure to credit risk on other receivables as at 31 December 2023 and 31 December 2022:

INTERNAL CREDIT RATING	2023	2022
	€000	€000
Performing	**34.734**	19.131
Under performing	**-**	-
Non performing	**90**	90
Total other financial receivables	**34.824**	19.221

The expected credit loss for other receivables at 31 December 2022 and 31 December 2023 is reconciled with the opening expected credit loss as follows:

	STAGE 1 PERFORMING	STAGE 3 NON - PERFORMING	TOTAL
	€000	**€000**	**€000**
Opening balance 1 January 2022	**(246)**	**(75)**	**(321)**
Changes in debt financial assets	164	(15)	149
Loss allowance 31 December 2022	**(82)**	**(90)**	**(172)**
Changes in debt financial assets	(36)	-	(36)
Loss allowance 31 December 2023	**(118)**	**(90)**	**(208)**

(iii) Net impairment gains of financial assets recognised in profit or loss

During the year the following gains were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2023	2022
	€000	€000
Increase in loss allowance for trade receivables	**(705)**	(24)
(Increase) / Decrease in loss allowance for debt financial assets	**(36)**	149
Decrease in loss allowance for cash and cash equivalents	**16**	417
Net impairment (loss) / gains on financial assets	**(725)**	542

- **Liquidity risk**

Liquidity risk is the risk that the Group will not have sufficient financial resources to meet its liabilities and obligations as they fall due.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 TO 5 YEARS	MORE THAN 5 YEARS
AT 31 DECEMBER 2022	**€000**	**€000**	**€000**	**€000**
Borrowings (Capital and interest)	33.758	31.753	84.475	153.406
Trade and other payables [(1)]	159.301	-	-	-
Provisions	4.022	-	-	-
Lease liabilities	625	688	1.826	18.755
	197.706	32.441	86.301	172.161
AT 31 DECEMBER 2023				
Borrowings (Capital and interest)	33.903	26.930	86.177	124.900
Trade and other payables [(1)]	181.663	-	-	-
Provisions	24.814	-	-	-
Lease liabilities	814	698	1.947	19.640
	241.194	27.628	88.124	144.540

[(1)] *Excluding statutory liabilities and deferred income.*

The Group 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.

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as presented in the consolidated statement of financial position) less short term deposits and cash and cash at bank. Total capital is calculated as 'equity' ('Reserves' and 'Deferred Income' as shown in the consolidated statement of financial position) plus net debt.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio within 0% to 10%. The gearing ratio at 31 December 2023 and 2022 was as follows:

	2023	2022
	€000	€000
Total borrowings (Note 22)	**216.551**	162.789
Less: Short-term bank deposits (Note 21)	**-**	(998)
Cash and cash at bank (Note 21)	**(115.894)**	(161.342)
Net debt	**100.657**	449
Total equity including deferred income	**1.738.532**	1.758.001
Total capital as defined by the Group	**1.839.189**	1.758.450
Gearing ratio	**5%**	-%

(iii) Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts as presented in the statement of financial position.

The table below analyses financial instruments measured in the consolidated statement of financial position at fair value by valuation method. Different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	LEVEL 1	
	2023	2022
ASSETS	€000	€000
Financial assets at fair value through profit or loss:		
- Equity securities	759	386
- Mutual funds	196.005	41.156
Total financial assets measured at fair value	196.764	41.542

There were no transfers between Levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Cyprus Stock Exchange classified as trading securities, as well as bond mutual funds and cash mutual funds that are traded in active markets.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable price-to-book value multiples.
- Other techniques, such as discounted cash flow analysis.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRSs requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of the Group'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 revised on a continuous basis. Revisions in accounting estimates are recognized in the period during which the estimate is revised, if the revision 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.

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Estimated impairment of property, plant and equipment

The Group assesses at the end of each reporting period whether there are any indications for impairment of its property, plant and equipment, in accordance with the accounting policy stated in Note 4. As a result of the impairment assessment performed, there are no indications for impairment in the value of property, plant and equipment.

- Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 6 credit risk.

An increase or decrease in loss given default rate in case of default by 1% compared to the loss given default rate used in the ECL estimates calculations for cash and cash equivalents at 31 December 2023 and 31 December 2022 would result in an increase or decrease in credit loss allowances by €- thousand and €1 thousand respectively.

An increase or decrease in ECL for trade receivables at 31 December 2023 and 31 December 2022 by 1% would result in an increase in credit loss allowances by €15 thousand and €15 thousand respectively.

- Deferred income

The Group accepts applications for extension of its network in areas not yet covered by the existing network by individuals and legal entities. Furthermore the Group accepts applications for additional load from the existing network. In both cases, the Group charges the applicants, in accordance with the relevant Regulatory Decision, with the construction cost, which is settled by the applicants prior to the commencement of the relevant work. The Management of the Group has assessed that the relevant agreements do not contain a significant financing component, since, according to the relevant Regulatory Decision, the settlement of the payable amount is carried out before the execution of the relevant works. The assets remain under the control of the Group, that performs all necessary repairs and maintenance. Construction cost is recognized in property, plant and equipment.

The fact that the cost is recovered from applicants results in not having to be recovered by consumers through electricity tariffs. Otherwise, this cost would have been included in tariffs and consumers would have been billed for the consumption of electricity with higher prices. All network extension applicants are charged with capital contributions and all consumers are billed with the same tariffs.

Applicants are ensured of the right of permanent access to the network for an unlimited period of time. The Group is committed to provide access for an unlimited period of time. Capital contributions represent the price for this continuous service and hence income is shown as deferred income and is gradually released to the consolidated income statement over a period identical to that of the assets constructed/acquired for this purpose, and which have an average life of 33 1/3 years. This period is considered a reasonable approximation for calculating the period of the customer relationship.

- Tax

Significant judgement is required in determining the provision for income taxes. These are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax 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 current and deferred income tax assets in the period in which such determination is made.

- Provisions

Provisions include a provision relating to a Court decision issued against the Authority. The Authority has appealed the decision. For more information refer to Note 26.

- Defined benefit plans

The present value of the defined benefit plans' obligation, depends on several factors that are determined based on the actuarial valuation by using various assumptions and estimates. The assumptions and estimates used for determining the defined benefit cost and the obligation/asset, includes the discount rate, the expected increase of salaries and pensions. Such assumptions and estimates are subject to considerable uncertainty due to the long term nature of the plans. An increase or decrease in the discount rate by 50 basis points would result in a decrease by €47.144 thousand (2022: €39.674 thousand) or increase by €53.067 thousand (2022: €44.514 thousand) respectively to the present value of the retirement plans' obligation.

(ii) Critical judgements in applying the Group's accounting policies

- Determination of the lease term

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land and substations, which comprise the majority of the Group's lease agreements, and taking into account the necessity of the substations, the renewal option for an additional period of the same duration as the original lease term, is considered as reasonably certain. Renewal options which exceed 66 years were not taken into account since their exercise cannot be considered as reasonably certain.

As at 31 December 2023 and 31 December 2022, potential future cash outflows of €12.000 and €12.000, respectively, have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of €297 thousand (2022: €717 thousand).

- Investment in the associate company ETYFA Ltd

Management assesses at the end of each reporting period whether there is any indication of impairment of the investment in accordance with the accounting policy disclosed to in Note 4. As a result of the assessment performed by external consultants with a reporting date 30 June 2023, it was noted that there are indications of possible impairment within the range of €0-€33 millions. Due to the events incurred after the valuation performed by the external consultants (Note 17), the possible amount of impairment can not be estimated and therefore no impairment was recognised in regards to the investment in the associate company ETYFA Ltd.

8. REVENUE

	2023	2022
	€000	€000
Revenue from sale of electricity	**1.186.546**	1.265.908
Electricity market income	**9.237**	2.926
Income from desalination	**20.614**	19.879
Consumers' capital contributions	**26.169**	25.369
Income from reconnection	**1.973**	1.812
Replacement/maintenance public lighting contracts	**2.046**	1.734
Income from photovoltaics at schools	**1.800**	3.467
Other revenue	**1.131**	949
Total revenue before special discount	**1.249.516**	1.322.044
Special discount	**-**	(7.794)
Total revenue	**1.249.516**	1.314.250

Sale of electric energy does not include the consumption of Turkish Cypriots in the areas of the Republic of Cyprus where the Government of the Republic does not exercise effective control. The unbilled electrical energy, calculated at a special rate, amounts to €1.037 (2022: €1.273 thousand).

With the Decision of the Cyprus Energy Regulatory Authority no. 294/2021, the Group granted for a period of 4 months from November 2021 to February 2022, a 65% discount on regulated tariffs for the use of transmission and distribution systems (T-NH, T-NM, T-NL) that have been approved by Decision No. 15/2021 of CERA. Based on the decisions of CERA, the reduced revenue that the Basic Regulated Activities will suffer due to the reduction of regulated electricity tariffs will not be recovered during the remaining current regulatory period or during the next regulatory period but instead will be covered by the Group's cash reserves. The total discount granted during the year 2022 was €7.794 thousand.

Liabilities related to contracts with customers

The Group recognised the following liabilities related to contracts with customers:

	2023	2022
	€000	€000
CONTRACT ASSETS		
Current		
Contract assets related to projects for the replacement / maintenance of street lighting in progress	**-**	902
Loss allowance	**-**	-
Total current contract assets	**-**	902
Non-current	**-**	-
Total contract assets	**-**	902

	2023	2022
	€000	€000
CONTRACT LIABILITIES		
Current		
Contract liabilities related to projects for the replacement / maintenance of street lighting in progress	7.097	8.460
Non-current	-	-
Total contract liabilities	7.097	8.460

All projects in progress related to replacement / maintenance of street lighting are expected to be completed within the following financial year.

(i) Significant changes in contract liabilities

The decrease in contract assets and decrease in contract liabilities is due to the invoicing and execution of part of the work regarding contracts for the replacement / maintenance of street lighting which were not completed as at the reporting date.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2023	2022
	€000	€000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Projects for the replacement / maintenance of street lighting	1.518	1.222

(iii) Unsatisfied long-term contracts

The unsatisfied contract liabilities resulting from long-term contracts for the replacement / maintenance of street lighting are presented below.

	2023	2022
	€000	€000
Aggregate amount of the transaction price allocated to long-term contracts for the replacement / maintenance of street lighting that are partially or fully unsatisfied as at 31 December	6.175	7.329

Management expects that an amount of €1.312 thousand of the transaction price allocated to the unsatisfied contracts as of 31 December 2023 will be recognised as revenue during the next reporting period. The remaining amount will be recognised in the financial years 2025-2030. The amount disclosed above does not include variable consideration which is constrained.

9. OTHER OPERATING INCOME

	2023	2022
	€000	€000
Income from fees for telecommunication usage of optical fibres	1.411	1.420
Income from TSOC	4.203	3.929
Sundry income	7.195	7.025
Interest income calculated using effective interest rate method for financial assets at amortised cost:		
Interest from banks	-	10
Other	583	417
	13.392	12.801

10. OTHER PROFIT / (LOSSES) - NET

	2023	2022
	€000	€000
Property, plant and equipment:		
Gain from sales (Note 15)	106	84
Reversal of prior years provision	77	-
Financial assets at fair value through profit or loss: Fair value gain / (loss) on financial assets at fair value through profit or loss	5.330	(893)
Total other profit / (losses) - net	5.513	(809)

11. OPERATING COSTS

	2023	2022
	€000	€000
Fuel	575.391	671.358
Fuel - prior years (Note 26)	13.835	-
Purchase of electricity from third parties	63.351	103.921
Greenhouse gas emission allowances cost	255.987	247.964
KODAP fee	5.475	5.834
Salaries and employer's contributions (Note 12)	100.272	95.122
Depreciation of property, plant and equipment (Note 15)	104.541	107.234
Depreciation of right of use assets (Note 16)	743	682
Repairs and maintenance	39.607	29.721
Expenses of projects for replacement/maintenance of street lighting and other third party projects	2.224	3.581
Independent auditor's fees for the compulsory audit of the annual financial statements	65	65
Rental expenses	26	29
Provision for impairment of inventories	280	370
Bad debts writen off	51	358
Cyprus Energy Regulatory Authority fees	1.847	1.615
Cyprus Transmission System Operator fee	4.793	4.968
Transport	3.504	3.303
Insurance	4.564	3.723
Telephones and postages	1.802	1.780
Electricity, cleaning and water	2.622	2.493
Other expenses	25.454	20.838
Total expenses	1.206.434	1.304.959

The total fees charged by the Group's statutory auditor for the statutory audit of the annual consolidated financial statements of the Group for the year ended 31 December 2023 amounted to €65 thousand (2022: €65 thousand).The total fees charged by the Group's statutory auditor for the year ended 31 December 2023 for tax advisory services amounted to €23 thousand (2022: €7 thousand) and other non-audit services amounted to €28 thousand (2022: €26 thousand).

12. STAFF COSTS

	2023	2022
	€000	€000
Salaries	91.651	82.249
Social insurance and other costs	14.333	13.550
Social cohesion fund	1.867	1.689
Provident fund contributions	642	495
Contributions to the government pension scheme	117	533
Defined benefit cost - current year cost	7.206	10.794
Employees' deductions for the defined benefit plan*	(1.991)	(1.681)
Other defined contribution plans	2.292	2.098
	116.117	109.727
Average number of staff employed during the year	2.223	2.160

*The amount represents deduction of 3% on the employees salaries and is paid to the Group for maintaining the viability of the retirement plans per Law 216(I)/2012 paragraph 4 and Law 14(I)/2014 and is included in employer's contributions.

	2023	2022
	€000	€000
The staff costs were allocated as follows:		
Income Statement:		
Staff costs (Note 11)	100.272	95.122
Capitalised in fixed assets and work in progress	15.845	14.605
	116.117	109.727

(i) Defined benefit plan - Pension Fund

The amounts recognised in the consolidated statement of financial position and the consolidated statement of other comprehensive income of the Group as at 31 December 2023 are in accordance with the actuarial valuation performed with reporting date 31 December 2023 for the defined benefit plan. The assets used for the purposes of the actuarial valuation were extracted from the unaudited financial statements of the Electricity Authority of Cyprus Pension Fund (the "Plan") for the year ended 31 December 2023.

	2023	2022
	€000	€000
Present value of defined benefit obligation	680.973	592.962
Fair value of plan assets	(566.113)	(536.736)
Net obligation on the consolidated statement of financial position	114.860	56.226
Funding level	83%	91%

	2023	2022
	€000	€000
Current service cost	5.295	9.225
Net interest expense	1.911	2.944
Total expense recognized in 'staff costs'	7.206	12.169

Movement in net obligation included in the consolidated statement of financial position	2023	2022
	€000	€000
Net obligation at the beginning of the year	56.226	283.563
Contributions by the employer	(18.777)	(15.624)
Total expense recognised in the consolidated income statement	7.206	12.169
Total amount recognised in other comprehensive income	70.205	(223.882)
Net obligation at the end of the year	114.860	56.226

Changes to the present value of the defined benefit obligation during the year	2023	2022
	€000	€000
Present value of the defined benefit obligation at beginning of the year	592.962	878.576
Current service cost	5.295	9.226
Interest cost	22.490	9.149
Contributions by participants	1.136	1.126
Benefits paid out	(27.069)	(24.918)
Adjustments: - Actuarial loss/ (gain) - financial assumptions	61.126	(311.513)
- Actuarial loss - experience	25.033	31.316
Present value of the defined benefit obligation at the end of the year	680.973	592.962

Changes to the fair value of plan assets during the year	2023	2022
	€000	€000
Fair value of plan assets at the beginning of year	536.736	595.014
Expected return on plan assets	20.580	6.205
Contributions by the employer *	18.777	15.624
Contributions by participants	1.136	1.126
Benefits paid out	(27.069)	(24.918)
Adjustments: Actuarial gain/ (loss)	15.953	(56.315)
Fair value of plan assets at the end of the year	566.113	536.736

*Employer's contributions include an amount of €1.988 (2022: €1.873 thousand), that was deducted at the rate of 3% from the employees' salaries for maintaining the viability of the Defined Benefit Plan per Law 216(I)/2012, paragraph 4 and is presented against Group's staff cost.

Remeasurements:	2023	2022
	€000	€000
(Loss)/ gain from the remeasurement of the defined benefit obligation	(86.158)	280.197
Difference between the expected and actual return on plan assets	15.953	(56.315)
Total actuarial (loss)/ gain recognized in other comprehensive income	(70.205)	223.882

The cumulative actuarial amount recognised in the statement of other comprehensive income until 31 December 2023 was €151.788 thousand deficit (2022: €81.583 thousand deficit).

The principal actuarial assumptions used for the actuarial valuation were:

	2023	2022
Discount rate	**3,36%**	3,86%
Average expected return on plan assets	**3,36%**	3,86%
Total salary increases	**1,67% (1,67%+0,00%) + promotional and merit increases**	1,75% (1,25%+0,50%) + promotional and merit increases
General salary increases	**-%**	0,50%
Social insurance scheme supplementary pension increases	**2,50%**	2,50%
Pension increases	**1,67%**	1,50%
Increase on maximum insurable earnings limit	**2,50%**	2,50%
Price inflation	**2,50%**	2,50%
Mortality table	**60% of PA90 for men and 65% of PA90 for women**	60% of PA90 for men and 65% of PA90 for women
Plan duration	**15,6 years**	15,6 years

The discount rate, which in accordance with the amended IAS19 is the same as the average expected return on plan assets, has been extracted from annual yield of the Euro Composite AA Bloomberg Index with maturity of 15,6 years (2022: 15,6 years) which corresponds to the average maturity life of the Plan's liabilities.

Assumptions regarding current year's future mortality rates are according to the published general mortality table PA90 (2022: PA90). The underlying table reduced by 40% for men and by 35% for women represents the expected mortality of the Plan's members after retirement. According to the underlying mortality rate table, the expected life for a male and female aged 65 (normal retirement age) is 18,9 years and 22 years respectively.

The sensitivity of the defined benefit obligation to changes in the significant financial assumptions, keeping other assumptions constant, is as follows:

	2023		2022	
	CHANGE	IMPACT	CHANGE	IMPACT
Discount rate	+0,50%	-6,90%	+0,50%	-6,70%
Discount rate	-0,50%	7,80%	-0,50%	7,50%
Salaries	+0,50%	3,90%	+0,50%	4,10%
Salaries	-0,50%	-3,70%	-0,50%	-3,90%
Pensions	+0,50%	9,30%	+0,50%	8,90%
Pensions	-0,50%	-8,50%	-0,50%	-8,20%
Life expectancy	+1 year	3,00%	+1 year	2,70%
Life expectancy	-1 year	-3,00%	-1 year	-2,80%

Based on the unaudited financial statements of the Plan, its assets are comprised as follows:

	2023		2022	
	€000	**%**	€000	%
Immovable property	**30.201**	**5,32**	29.841	5,55
Shares	**159.763**	**28,15**	145.993	27,13
Bonds - Government	**4.504**	**0,79**	4.026	0,75
Receivables	**488**	**0,09**	528	0,09
Loans to members	**19.121**	**3,37**	17.413	3,24
Hedge funds	**37.111**	**6,54**	32.255	5,99
Mutual bond funds	**279.447**	**49,24**	237.873	44,21
Cash and cash equivalents	**36.894**	**6,50**	70.140	13,04
	567.529	**100,00**	538.069	100,00

The amount above represents the total of assets before deducting reserves and liabilities. The Plan's liabilities amount to €1.416 thousand (2022: €1.334 thousand).

The Plan did not hold any of the Group's financial assets, immovable property or other assets.

The actual charge in the consolidated income statement will remain unknown until the end of the year, where any potential additional costs will be determined.

Expected benefits to be paid from the Pension Fund for the next year are €27.370 thousand (2022: €26.027 thousand).

The expected contributions to be paid to the Pension Fund for the financial year 2024 are €20.142 thousand (2022: €20.086 thousand).

(ii) Defined benefit plan - Employees on a contract basis

The amounts recognised in the consolidated statement of financial position and the consolidated statement of other comprehensive income of the Group as at 31 December 2023 are in accordance with the actuarial valuation as at 31 December 2023 for the defined benefit plan for employees on a contract basis. During 2022, the Law on the Occupational Pension Benefits Plan for Civil Servants of the State Service and the Greater Public Sector, including Local Self-Government Authorities (Provisions of General Application), Law 210(I)/2022, was passed, based on which all permanent employees on a contract basis join the New Government Fund from 1 January 2021. Therefore, the Group's defined benefit plan for employees on a contract basis has been terminated in 2022.

	2023	2022
	€000	€000
Net obligation on the consolidated statement of financial position	**-**	-

	2023	2022
	€000	€000
Current service cost	**-**	112
Net interest (income)	**-**	15
Total expense recognized in staff costs	**-**	127

Movement in net obligation included in the consolidated statement of financial position	2023	2022
	€000	€000
Net obligation at the beginning of the year	-	1.444
Total expense recognised in the consolidated income statement	-	127
Payments to retired employees	-	(69)
Settlement	-	(1.502)
Net liability at the end of the year	-	-

Changes to the present value of the defined benefit obligation during the year	2023	2022
	€000	€000
Present value of the defined benefit obligation at beginning of the year	-	1.444
Current service cost	-	112
Interest cost	-	15
Benefits paid out	-	(69)
Settlement	-	(1.502)
Present value of the defined benefit obligation at the end of the year	-	-

Remeasurements:	2023	2022
	€000	€000
from the remeasurement of the defined benefit obligation	-	-
Total actuarial profit recognized in other comprehensive income	-	-

With the termination of the Plan, the entire amount recognised in the statement of other comprehensive income until 31 December 2022 amounting to €17 thousand surplus was transferred to the revenue reserve during 2022.

The principal actuarial assumptions used for the actuarial valuation were:

	2023	2022
Discount rate	-%	1,05%
Total salary increases	N/A	1,40% (0,90%+0,50%) + promotional and merit increases
General salary increases	-%	0,50%
Price inflation	-%	1,80%
Plan duration	-	-

13. FINANCE COSTS

	2023	2022
	€000	€000
Interest expense:		
Bank loans	7.312	2.735
Provision of interest on legal cases (Note 26)	6.991	-
Other	477	741
	14.780	3.476
Net foreign exchange transaction losses	1.454	5.058
	16.234	8.534

The finance cost is allocated as follows:

	2023	2022
	€000	€000
Consolidated income statement	16.234	8.534
	16.234	8.534

14. TAX

	2023	2022
	€000	€000
Current tax:		
Corporation tax - current year	12.619	3.442
Corporation tax - previous years	3.403	2.318
Defence contribution	1	3
Total current tax	16.023	5.763
Deferred tax (Note 23):		
Origination and reversal of temporary differences	(7.594)	(5.769)
Total deferred tax	(7.594)	(5.769)
Tax charge/ (credit)	8.429	(6)

Tax on Group profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	€000	€000
Profit before tax	44.491	12.885
Tax calculated at the applicable tax rates on income	5.561	1.611
Tax effect of expenses not deductible for tax purposes	316	1.210
Tax effect of income not subject to tax	(852)	(283)
Tax effect of loss brought forward	-	(4.996)
10% additional charge	-	131
Tax charge - previous years	3.403	2.318
Defence contribution	1	3
Tax charge/ (credit)	8.429	(6)

The Group is subject to income tax on taxable profits at the rate of 12,5%.

Tax losses of 5 years can be carried forward and set against taxable profits. Under certain conditions, interest received may be subject to special contribution for defence at the rate of 30%. In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In addition, in certain cases, dividends received from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	YEAR ENDED 31 DECEMBER 2023			YEAR ENDED 31 DECEMBER 2022		
	BEFORE TAX €000	TAX (CHARGE)/ CREDIT €000	AFTER TAX €000	BEFORE TAX €000	TAX (CHARGE)/ CREDIT €000	AFTER TAX €000
Defined benefit obligation: Remeasurement of post employment benefit obligation	(70.205)	-	(70.205)	223.882	-	223.882
Other comprehensive income	(70.205)	-	(70.205)	223.882	-	223.882

15. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND €000	BUILDINGS €000	PLANT AND MACHINERY €000	LINES, CABLES AND METERS €000	MOTOR VEHICLES €000	FURNITURE, FIXTURES AND OFFICE EQUIPMENT €000	TOOLS AND INSTRU-MENTS €000	COMPUTER HARDWARE AND SOFTWARE €000	WORK IN PROGRESS €000	TOTAL €000
At 1 January 2022										
Cost	45.879	379.852	1.672.525	1.174.134	23.904	7.867	8.038	48.522	74.745	3.435.466
Accumulated depreciation	-	(206.412)	(998.363)	(554.243)	(21.106)	(7.285)	(7.472)	(42.608)	-	(1.837.489)
Net book value	45.879	173.440	674.162	619.891	2.798	582	566	5.914	74.745	1.597.977
Year ended 31 December 2022										
Opening net book value	45.879	173.440	674.162	619.891	2.798	582	566	5.914	74.745	1.597.977
Additions	2.017	79	5.843	826	4.749	166	66	350	114.194	128.290
Disposals	(5)	(8)	(4)	-	(13)	(17)	-	(99)	-	(146)
Depreciation charge	-	(12.336)	(59.167)	(30.853)	(1.442)	(122)	(95)	(3.219)	-	(107.234)
Transfers	294	6.920	20.914	71.828	-	-	-	1.191	(101.147)	-
Closing net book value	48.185	168.095	641.748	661.692	6.092	609	537	4.137	87.792	1.618.887
At 31 December 2022										
Cost	48.185	386.790	1.692.145	1.246.788	28.069	7.908	8.102	49.263	87.792	3.555.042
Accumulated depreciation	-	(218.695)	(1.050.397)	(585.096)	(21.977)	(7.299)	(7.565)	(45.126)	-	(1.936.155)
Net book value	48.185	168.095	641.748	661.692	6.092	609	537	4.137	87.792	1.618.887
Year ended 31 December 2023										
Opening net book value	48.185	168.095	641.748	661.692	6.092	609	537	4.137	87.792	1.618.887
Additions [(1)]	8	51	349	2.586	1.010	150	116	685	134.259	139.214
Disposals	(1)	-	(2)	-	-	-	-	-	-	(3)
Reversal of prior years provision	-	(2.241)	-	-	-	-	-	-	-	(2.241)
Depreciation charge	-	(11.633)	(56.211)	(31.712)	(1.542)	(117)	(102)	(3.224)	-	(104.541)
Transfers	511	4.881	16.148	35.797	-	-	-	1.318	(58.655)	-
Closing net book value	48.703	159.153	602.032	668.363	5.560	642	551	2.916	163.396	1.651.316
At 31 December 2023										
Cost	48.703	388.433	1.699.866	1.285.171	28.483	7.927	8.021	50.575	163.396	3.680.575
Accumulated depreciation	-	(229.280)	(1.097.834)	(616.808)	(22.923)	(7.285)	(7.470)	(47.659)	-	(2.029.259)
Net book value	48.703	159.153	602.032	668.363	5.560	642	551	2.916	163.396	1.651.316

[(1)] *During the year, interest amounting to €3.084 thousand (2022: €0 thousand) was capitalised and recognised as additions under the work in progress category.*

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2023	2022
	€000	€000
Net book value	3	146
Profit from the sale of property, plant and equipment (Note 10)	106	84
Proceeds from disposal of property, plant and equipment	109	230

Depreciation amounting to €104.541 thousand (2022: €107.234 thousand) has been charged to operating costs.

Land and equipment located in Turkish occupied area

The total fixed assets shown in the consolidated statement of financial position include land and equipment located in the area occupied by the Turkish invasion force, whose cost approximates €12.978 thousand. The depreciation provision for the year 2023 in respect of these assets was NIL (2022: NIL) bringing the accumulated provision at 31 December 2023 to €12.440 thousand (2022: €12.440 thousand) and leaving a written down value of €538 thousand (2022: €538 thousand) which represents the cost of land. The consequences of the Turkish occupation on the value of this land and equipment is unknown.

16. LEASES

(i) The Group's leasing arrangements

The Group leases offices, warehouses, stores, land for Renewable Energy Sources' projects and land for substations. Rental contracts of land for substations are typically made for fixed periods of 25 to 33 years, with some contracts valid for periods up to 99 years, and most of them have extension options. Any other contracts are made for fixed periods of 6 months to 30 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2023	2022
	€000	€000
Right-of-use assets		
Land and buildings	15.538	14.812
Total	15.538	14.812
Lease liabilities		
Short term amount	485	317
Long term amount	15.949	15.062
Total	16.434	15.379

Additions to the right-of-use assets during the financial year 2023 were €1.504 thousand (2022: €4.589 thousand) and the modifications €297 thousand (2022: €717 thousand).

(iii) Amounts recognised in the income statement

	2023	2022
	€000	€000
Depreciation expense on right-of-use assets		
Land and buildings	(743)	(682)
Total	(743)	(682)
Interest on obligations under finance leases (included in finance cost)	(307)	(224)
Total	(307)	(224)

Expenses relating to lease contracts amounting to €26 thousand (2022: €29 thousand) have been charged to operating expenses. Depreciation relating to right-of-use assets has been charged to operating expenses.

The total cash outflow for leases in 2023 was €712 thousand (2022: €645 thousand).

17. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	2023	2022
	€000	€000
At beginning of year	42.351	42.757
Share of loss in investments in equity-accounted investees	(537)	(406)
At end of year	41.814	42.351

The details of the investments are as follows:

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	HOLDING %	2023 €000	2022 €000
AHK-IAK AXEPA Ananeosimes Ltd	Cyprus	Development of photovoltaic parks	49,99	-	-
Natural Gas Infrastructure Company of Cyprus (ETYFA) Ltd	Cyprus	Management of natural gas infrastructure	30,00	41.814	42.351
				41.814	42.351

The Authority owns 4.999 shares in the company AHK-IAK AXERA Ananeosimes Ltd ("AHK-IAK") which represent 49,99% of the share capital of AHK-IAK. The Board of Directors of AHK-IAK is comprised of five members, two of which are appointed by the Authority, two are appointed by the Holy Archbishopric of Cyprus ("HAC") and the Chairman is jointly appointed. In accordance with a relevant Joint Development Agreement between the Authority and HAC, the purpose of the company is the phased development, licensing, financing, construction, operation and maintenance of one or more photovoltaic parks. The interest of the Authority in AHK-IAK is regarded as an investment in associate. The associate company is of strategic importance for the extension of the operations of the Group in the field of Renewable Energy Sources. AHK-IAK is a private company and there is no quoted market price available for its shares.

On 9 March 2020, the Authority signed a shareholders' agreement with the Natural Gas Infrastructure Company of Cyprus (ETYFA) Ltd and on 29 April 2020 the Authority acquired 4.285 shares (30% of the share capital of the company) by paying the amount of €43m. The remaining 70% of ETYFA's share capital is held by the Natural Gas Public Company (DEFA) which will be the only importer of natural gas in Cyprus, within an emerging market. ETYFA will own the natural gas infrastructure that will be developed in Cyprus. The Board of Directors of ETYFA is comprised of nine members, six of which (one of whom is the President) are appointed by DEFA and three (one of whom is the Vice President) are appointed by the Authority. The interest of the Authority in ETYFA is regarded as an investment in associate. ETYFA is a private company and there is no quoted market price available for its shares.

The Authority appointed external consultants in order to assess particular scenarios in regards to a possible impairment of the investment in ETYFA. On 3 October 2023, the external consultants presented their report to the Board of Directors. Based on the scenarios that the external consultants examined, based on information and assumptions provided by ETYFA that have not been audited, the possible impairment of the investment in ETYFA as of 30 June 2023 was within the range of €0 - €33 million. Following the external consultant's report, and based on public statements and publications, further risks arise regarding the progress of the project and the relation with the construction contractor, therefore the impairment on the investment in associate company ETYFA Ltd can not be estimated.

Significant aggregate amounts in respect of investments in equity-accounted investees: :

	2023	2022
	€000	€000
ETYFA - Statement of financial position overview		
Non-current assets	259.275	199.525
Current assets	89.176	45.759
Non-current liabilities	(218.406)	(131.584)
Current liabilities	(17.597)	(32.352)
Equity attributable to owners of the company	112.448	81.348
ETYFA - Income statement overview		
Loss from continuing operations	(1.444)	(1.354)
Total comprehensive loss	(1.444)	(1.354)

The information above reflects the amounts presented in the unaudited financial statements of the associate company (and not the Authority's share of these amounts).

18. FINANCIAL ASSETS AND OTHER NON-FINANCIAL RECEIVABLES

a) Trade receivables

	2023	2022
	€000	€000
Trade receivables	155.034	173.372
Less: expected credit loss on trade receivables	(16.345)	(15.640)
Trade receivables - net	138.689	157.732

(i) Fair value of trade receivables
Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure
Information about the current year impairment of trade receivables and the Group's exposure to credit risk can be found in Note 6.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023	2022
	€000	€000
Euro - functional and presentation currency	138.689	157.732
	138.689	157.732

b) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2023	2022
	€000	€000
Capital contributions receivable by instalments	461	485
Other receivables	34.363	18.736
	34.824	19.221
Less: Loss allowance for financial assets at amortised cost	(208)	(172)
Net financial assets at amortised cost	34.616	19.049
Less non-current amounts	(7.568)	(5.406)
Current amounts	27.048	13.643

The maturity of non-current receivables is as follows:

	2023	2022
	€000	€000
Between 1 and 2 years	400	286
Between 2 and 5 years	1.196	856
Over 5 years	5.972	4.264
	7.568	5.406

The fair values of non current and current financial assets approximates their carrying values at the reporting date.

The non-current financial assets at amortised costs bear interest based on the current overdue interest rate.

The carrying amounts of the Group's financial assets at amortised cost are denominated in the following currencies:

	2023	2022
	€000	€000
Euro - functional and presentation currency	34.616	19.049
	34.616	19.049

Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

	2023	2022
	€000	€000
Listed Equity securities - Cyprus Stock Exchange	759	386
Mutual funds	196.005	41.156
	196.764	41.542

Financial assets at fair value through profit or loss are recorded in the statement of cash flows as part of the movement in working capital, under cash generated from operating activities.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other profit / (losses) - net' (Note 10) in profit or loss.

Fair value and risk exposure

Information about the methods and assumptions used in determining fair value and sensitivity of the assets to price risk are provided in Note 6.

d) Other non-financial assets

	2023	2022
	€000	€000
Advance payments to subcontractors	12.478	13.955
Deposits and prepayments	5.266	6.340
	17.744	20.295

The advance payments to subcontractors are classified as non-current assets.
The deposits and prepayments are classified as current assets.

19. INVENTORIES

	2023	2022
	€000	€000
Fuel	102.195	99.422
Spare parts and other consumables	100.286	90.077
	202.481	189.499

The cost of inventories recognized as expense and included in operating costs amounted to €586.832 thousand (2022: €682.580 thousand).

At 31 December 2023, inventories amounting to €11.043 thousand (2022: €10.763 thousand) were impaired and provided for. The amount of the provision was €280 thousand (2022: €370 thousand).

Inventories are stated at cost less impairment.

20. TAX PAYABLE

	2023	2022
	€000	€000
Corporation tax - receivable	4.287	4.298
Corporation tax - payable	(13.783)	(4.760)
Special contribution for defence	-	(29)
	(9.496)	(491)

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes 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.

21. SHORT-TERM CASH DEPOSITS, CASH AND CASH EQUIVALENTS

SHORT-TERM BANK DEPOSITS

	2023	2022
	€000	€000
Short-term bank deposits	-	1.000
Less loss allowance for short-term bank deposits	-	(2)
Short-term bank deposits net	-	998

Information about the impairment of short-term bank deposits and the Group's exposure to credit risk can be found in Note 6.

The effective interest rate on short-term bank deposits for the year 2022 was 0,00% - 0,95% and these deposits had a maturity of 3-12 months.

The short-term bank deposits are denominated in the following currencies:

	2023	2022
	€000	€000
Euro - functional and presentation currency	-	998
	-	998

Cash and cash at bank

Cash and cash at bank included in the consolidated statement of cash flows represent the amounts in the consolidated statement of financial position of cash at bank and in hand and are analysed as follows:

	2023	2022
	€000	€000
Cash at bank and in hand	106.924	154.043
Short-term bank deposits	8.978	7.321
	115.902	161.364
Less loss allowance of cash at bank	(8)	(22)
Cash and cash at bank - net	115.894	161.342

Information about the effect on the impairment of cash at bank and in hand and the Group's exposure to credit risk can be found in Note 6.

Cash and bank balances are denominated in the following currencies:

	2023	2022
	€000	€000
Euro - functional and presentation currency	108.100	158.722
United States Dollars	7.794	2.620
	115.894	161.342

The main investing and financing non-cash transactions during the current year were the acquisition of right-of-use assets through leasing which amounted to €1.504 thousand (2022: €4.589 thousand), the terminations of right-of-use assets which amounted to €340 thousand (2022: €1 thousand) and the modifications to the right-of-use assets which amounted to €297 thousand (2022: € 717 thousand).

Reconciliation of liabilities arising from financing activities:	BANK BORROWINGS	LEASE LIABILITIES	TOTAL
	€000	€000	€000
Balance at 1 January 2022	194.573	10.494	205.067
Cash flows:			
Capital repayments	(31.784)	(420)	(32.204)
Repayment of interest	(2.735)	(224)	(2.959)
Non-cash changes:			
Interest expense	2.735	224	2.959
Additions	-	4.589	4.589
Terminations	-	(1)	(1)
Modifications	-	717	717
Balance at 31 December 2022 / 1 January 2023	162.789	15.379	178.168
Cash flows:			
Receipts	76.000	-	76.000
Repayment of principal	(22.238)	(406)	(22.644)
Repayment of interest	(10.396)	(307)	(10.703)
Non-cash changes:			
Interest expense (1)	10.396	307	10.703
Additions	-	1.504	1.504
Terminations	-	(340)	(340)
Modifications	-	297	297
Balance at 31 December 2023	216.551	16.434	232.985

(1) Interest expense includes the amount of €3.084 thousand that was capitalised and recognised as additions in property, plant and equipment (Note 15)

22. BORROWINGS

	2023	2022
	€000	€000
Current		
Bank borrowings	21.725	22.238
Non-current		
Bank borrowings	194.826	140.551
Total borrowings	216.551	162.789

Maturity of non-current borrowings is as follows:

	2023	2022
	€000	€000
Between 1 and 2 years	17.812	21.725
Between 2 and 5 years	69.228	53.437
Over 5 years	107.786	65.389
	194.826	140.551

The loans are payable in Euro as stipulated in the loan agreements. All loans, except the new loan granted during the year, are guaranteed as to the repayment of principal and interest by the Republic of Cyprus.

The weighted average effective interest rates at the reporting date were as follows:

	2023	2022
	%	%
Bank loans	5,3	3,5

The Group's bank borrowings are arranged at both fixed and floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risk. For borrowings at floating rates the interest rate reprises on a regular basis exposing the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	2023	2022
	€000	€000
Floating rate		
6 months or less	216.384	162.582
Fixed rate on maturity	167	207
	216.551	162.789

The Group has the following unutilized borrowing facilities:

	2023	2022
	€000	€000
Floating rate		
Expiring within one year	88.000	85.000
Expiring beyond one year	-	79.000
	88.000	164.000

The carrying amounts of bank loans approximate their fair value.

The carrying value of the Group's borrowings is denominated in the following currencies:

	2023	2022
	€000	€000
Euro - functional and presentation currency	216.551	162.789
	216.551	162.789

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities are analysed as follows:

	2023	2022
	€000	€000
Deferred tax liabilities to be settled after twelve months	65.295	72.889

Deferred taxation is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 14).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority. The gross movement of the deferred taxation account is as follows:

	2023	2022
	€000	€000
At 1 January	72.889	78.658
Credit to income statement	(7.594)	(5.769)
At 31 December	65.295	72.889

The movement in deferred tax assets and liabilities during the year is as follows:	ACCELERATED TAX DEPRECIATION	DEFERRED INCOME	TAX LOSS	OTHER	TOTAL
	€000	€000	€000	€000	€000
At 1 January 2022	141.222	(59.839)	(1.113)	(1.612)	78.658
Charged/ (credited):					
Income statement	(5.444)	(1.399)	1.113	(39)	(5.769)
Balance at 31 December 2022 / 1 January 2023	135.778	(61.238)	-	(1.651)	72.889
Charged/ (credited):					
Income statement	(5.750)	(1.834)	-	(10)	(7.594)
Balance at 31 December 2023	130.028	(63.072)	-	(1.661)	65.295

24. DEFERRED INCOME

	2023	2022
	€000	€000
Balance at 1 January	489.911	478.722
Additions	40.843	36.558
Transferred to the consolidated income statement	(26.169)	(25.369)
Balance at 31 December	504.585	489.911
Deferred income more than one year	(477.524)	(463.742)
Deferred income within one year	27.061	26.169

25. TRADE AND OTHER PAYABLES

	2023	2022
	€000	€000
Fuel oil suppliers	37.882	32.095
Other suppliers	24.440	34.566
Interest payable	884	204
Accrued expenses	28.188	11.089
Creditors for purchase of land and substations	10.037	9.504
Other creditors	15.802	11.344
Total financial liabilities to trade and other creditors at amortised cost	117.233	98.802
Deferred income - street lighting maintenance	184	116
Value Added Tax payable	30.489	24.486
Pay As You Earn tax payable	1.369	1.093
Retention from contractors on capital contracts	12.060	11.978
Consumers' deposits	52.370	48.521
Other liabilities	96.472	86.194
Trade and other creditors	213.705	184.996

Trade and other payables are denominated in the following currencies:	2023	2022
	€000	€000
Euro - functional and presentation currency	175.823	152.901
United States Dollars	37.882	32.095
	213.705	184.996

The fair values of trade and other payables approximate their carrying values at the reporting date.

26. PROVISIONS

Movements in provisions are as follows:	LEGAL CLAIMS	TOTAL
	€000	€000
Balance at 1 January 2022	4.022	4.022
Additions charged to profit or loss	-	-
Balance at 31 December 2022 / 1 January 2023	4.022	4.022
Additions charged to profit or loss	20.792	20.792
Balance at 31 December 2023	24.814	24.814

The additions relate to legal claims against the Group from a fuel supplier. The amount of €20.792 thousand has been recognized in the consolidated statement of comprehensive income. An amount of €13.835 thousand is included in operating cost as Fuel - prior years (Note 11), an amount of €6.991 thousand is included in finance cost (Note 13) and an amount of €(34) thousand is included in net foreign exchange losses (Note 13).

The additional provision of the year was recognised based on a court decsion issued against the Group on February 2024. The Group has appealed the decision. The court decision was issued following a lawsuit brought in 2010 by the Group against a fuel supplier and specific financial organizations of the supplier, due to multiple assignments of the supplier's rights arising from the fuel supply contract with the Authority. The Group sought declaratory judgments from the Court, as to which amounts were owed to which bank under the relevant assignments, as well as damages against the supplier for breach of contract for which the supplier made its own counterclaims.

The amounts included in the consolidated statement of financial position include the following:

	2023	2022
	€000	€000
Provisions to be used within twelve months	24.814	4.022

All of the above provisions have been classified as current liabilities because the Group does not have an unconditional right to defer settlement beyond one year.

27. SUBSIDIARY UNDERTAKINGS

	2023 HOLDING	2022 HOLDING	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Electriki Ananeosimes Limited (previously Electriki Ltd)	100	100	Cyprus	Dormant
EAC LNG Investments Company Ltd	100	100	Cyprus	Dormant
ESCO AHK Ltd	100	100	Cyprus	Energy saving

The results of subsidiary undertakings were consolidated in the Group accounts of Electricity Authority of Cyprus.

28. CONTINGENT LIABILITIES

(a) As at 31 December 2023 the Group had a contingent liability in respect of possible tax for various expenses, amounting to €42.924 thousand (2022: €42.030 thousand) and possible tax refund amounting to €- (2022: €535 thousand) as well as possible refund for defence contribution amounting to €8.728 thousand (2022: €8.747 thousand).

(b) As at 31 December 2023 the Group had contingent liabilities in respect of pending litigations amounting to €17.711 thousand (2022: €18.267 thousand) plus interest, of which €16.290 thousand (2022: €16.876 thousand) relates to claims regarding fuel supply contracts of prior years. As at 31 December 2023 and 31 December 2022 the Group did not have any contingent assets in relation to pending legal cases. The Group believes that adequate defence exists against all claims. Accordingly no provision has been made in these financial statements in respect of this matter.

(c) On 31 December 2023 the Group had the following guarantee documents:

(i) An amount of €2.771 thousand for the benefit of Senior Customs Officer regarding the authorization granted to the Group for exemption from payment of excise duty on energy products used for electricity generation, including fuel oil (diesel).

(ii) An amount of €20 thousand for the benefit of the Department of the Environment regarding the Industrial Emissions Permit for Moni's power station.

(iii) An amount of €11 thousand for the benefit of the Human Resources Development Authority for participating in the development plan of training.

29. COMMITMENTS

Capital commitments

	2023	2022
	€000	€000
Commitments in respect of contracts or with work in progress	73.665	100.526
Approved commitments but not contracted or without any work in progress	135.581	129.927
Approved commitments with expenditure outstanding	209.246	230.453

30. RELATED PARTY TRANSACTIONS

The Electricity Authority of Cyprus is a Public Corporate Body which was established in Cyprus under the Electricity Development Law Cap. 171 of 1952.

The related parties consist of Governmental controlled entities (e.g. Government Offices, Ministries etc.) and related companies. All transactions were made under normal trade terms and conditions.

(i) Sales

	2023	2022
	€000	€000
Sales of electricity to related parties of the Group	113.632	113.052
Electricity market income	9.237	2.926
Income from desalination	20.614	19.879
Capital contributions from Goverment department	4.704	4.625
Replacement/ maintenance of street lighting	2.046	1.734
Income from installation of photovoltaic systems	1.800	3.467
Income from TSOC	4.203	3.929
	156.236	149.612

(ii) Expenses

	2023	2022
	€000	€000
Purchase from electricity market	5.173	2.551
KODAP fee	5.475	5.834
Cyprus Energy Regulatory Authority fees	1.847	1.615
Cyprus Transmission System Operator fee (TSOC)	4.793	4.968
Digital Security Authority fees	1.093	1.398
Loan guarantee fee to government	861	974
	19.242	17.340

(iii) Year end balances - net

	2023	2022
	€000	€000
Receivable from related parties from sales of electricity	11.623	10.891
Receivable from related parties from installation of photovoltaic systems	7.963	5.685
Receivable from related parties for subsidy of electricity	11.462	2.470
Receivable from AHK-IAK AXEPA Ανανεώσιμες Λτδ	626	669
Receivable from TSOC	5.670	2.838
	37.344	22.553

(iv) Key management personnel compensation

The compensation of key management personnel is as follows:

	2023	2022
	€000	€000
Salaries	365	370
Social insurance and other costs	65	101
Social cohesion fund	8	8
Pension fund costs	31	57
	469	536

(v) Directors' remuneration

The total remuneration of the Directors is as follows:

	2023	2022
	€000	€000
Emoluments in their executive capacity	66	86

31. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting date which have a bearing on the understanding of the Consolidated Financial Statements.

Independent Auditor's report on pages 40 to 41.