

**CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL
STOCKS**

**True translation of the Financial Statements for the year ended 31
December 2023 prepared in Greek language that have been approved at
the Annual General Meeting.**

Chairperson:


.....
Kyriaki Papadopoulou

**CYPRUS ORGANISATION FOR
STORAGE AND MANAGEMENT OF OIL
STOCKS**

FINANCIAL STATEMENTS

For the year ended 31 December 2023

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

FINANCIAL STATEMENTS For the year ended 31 December 2023

CONTENTS	PAGE
Board of Directors and other officers	1
Independent auditor's report	2 - 3
Statement of comprehensive income	4
Statement of financial position	5
Statement of accumulated surpluses	6
Statement of cash flows	7
Notes to the financial statements	8 - 37

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Chairperson

Kyriaki Papadopoulou

Vice Chairperson

Maria Haviara Passades

Members

Thekla Kadi

Margarita Papaspyrou

Constantinos Karaolis

Kyriacos Kouros

Alexis Michael

Michaella Lefkariti (appointed on 7 February 2024)

Lucy Mouskou (appointed on 12 June 2024)

Stelios Neophytou (resigned on 12 June 2024)

Thomas Sepos (resigned on 5 January 2024)

Independent Auditors:

Nexia Poyiadjis Limited

Certified Public Accountants and Registered Auditors

2 Sofouli Street

The Chanteclair Building, 8th Floor

1096, Nicosia

Coordinating Authority of Auditors:

Audit office of the Republic of Cyprus

6, Deligiorgi street

1066, Nicosia

Legal Advisers:

Eliades & Partners

FROSIA House, 4th floor

Corner Evagorou & Menandrou 1

Ioannides Demetriou LLC

The City House,

17-19 Themistocli Dervi street

1066 Nicosia, Cyprus

Christos M. Triantafyllides LLC

27 Evagorou, 1066 Nicosia

Registered office:

Eracleous street, 27, 2nd floor, Office 203

Nicosia

2040

Cyprus

Independent Auditor's Report

To the Members of the Cyprus Organisation for Storage and Management of Oil Stocks ('KODAP') and the Auditor General of the Republic

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cyprus Organisation for Storage and Management of Oil Stocks ('KODAP') (the 'Organisation'), which are presented in page 4 to 37 and comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, accumulated surpluses, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Maintenance of Oil Stocks Laws, 2003 to 2020.

Basis for Opinion

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Maintenance Oil Stocks Laws, 2003 to 2020, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



Independent Auditor's Report (continued)

To the Members of the Cyprus Organisation for Storage and Management of Oil Stocks ('KODAP') and the Auditor General of the Republic

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation'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 Organisation'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 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 Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Organisation's members as a body 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.

Susana Poyiadjis
Certified Public Accountant and Registered Auditor
for and on behalf of
Nexia Poyiadjis Limited
Certified Public Accountants and Registered Auditors

Nicosia, 18 September 2024

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 €	2022 €
Revenue	9	20,308,790	19,888,182
Direct expenses	11	(16,456,598)	(11,117,937)
Surplus/(Deficit) from renewal/sale/storage of strategic inventory movement	19	12,045,065	9,739,492
Other expenses	11	(1,147,570)	(918,620)
Other income	10	298,197	774
Operating surplus before strategic inventory net realisable value adjustment		15,047,884	17,591,891
Strategic inventory net realisable value adjustment - unrealised	19	(5,110,746)	-
Operating surplus after strategic inventory net realisable value adjustment		9,937,138	17,591,891
Finance income/(cost)	13	(1,144,727)	(160,530)
(Deficit) / surplus before tax		8,792,411	17,431,361
Tax	14	(24,191)	(232)
(Deficit) / surplus for the year after tax		8,768,220	17,431,129

The notes on pages 9 to 37 form an integral part of these financial statements.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Property, plant and equipment	15	3,166,354	693,027
Right-of-use assets	16	4,852,937	-
Strategic inventory	19	135,698,350	125,751,442
		<u>143,717,641</u>	<u>126,444,469</u>
Current assets			
Trade receivables	17	8,752,141	4,749,875
Other receivables	15	1,803	4,998
Non-financial assets	18	625,934	585,217
Bank deposits with original maturity over 3 months	20	467,982	5,143,987
Cash at bank and in hand	20	8,682,498	17,699,772
		<u>18,530,358</u>	<u>28,183,849</u>
Total assets		<u>162,247,999</u>	<u>154,628,318</u>
SURPLUS AND LIABILITIES			
Surplus		<u>150,845,311</u>	<u>142,077,091</u>
Total Surplus		<u>150,845,311</u>	<u>142,077,091</u>
Non-current liabilities			
Borrowings	21	5,000,000	8,625,423
Obligations under finance leases	22	4,796,426	-
		<u>9,796,426</u>	<u>8,625,423</u>
Current liabilities			
Trade and other payables	23	1,551,126	919,536
Borrowings	21	12,753	3,006,268
Obligations under finance leases	22	42,383	-
		<u>1,606,262</u>	<u>3,925,804</u>
Total liabilities		<u>11,402,688</u>	<u>12,551,227</u>
Total equity and liabilities		<u>162,247,999</u>	<u>154,628,318</u>

On 18 September 2024 the Board of Directors of Cyprus Organisation for Storage and Management of Oil Stocks authorised these financial statements for issue.

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Kyriaki Papadopoulou
(Chairperson)

.....
Maria Haviara Passades
(Vice Chairperson)

The notes on pages 9 to 37 form an integral part of these financial statements.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

STATEMENT OF ACCUMULATED SURPLUSES For the year ended 31 December 2023

	Surplus €
Balance at 1 January 2022	124,645,962
Comprehensive income	
Surplus for the year	<u>17,431,129</u>
Balance at 31 December 2022/ 1 January 2023	142,077,091
Comprehensive income	
Surplus for the year	<u>8,768,220</u>
Balance at 31 December 2023	<u>150,845,311</u>

The notes on pages 9 to 37 form an integral part of these financial statements.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

CASH FLOW STATEMENT

For the year ended 31 December 2023

	Note	2023 €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus before tax		8,792,411	17,431,361
Adjustments for:			
Depreciation of property, plant and equipment	15	27,119	27,889
Unrealised exchange loss/(profit)		162,608	(153,015)
Deficit of renewal/sale/storage and natural wastage of strategic inventory movement		280,551	235,449
Interest income	10	(77,441)	(774)
Interest expense	13	484,884	251,692
		9,670,132	17,792,602
Changes in working capital:			
Trade and other receivables and non-financial assets		(4,039,788)	66,799
Trade and other payables		631,589	101,563
Strategic inventory		(10,227,459)	(9,615,376)
Cash (used in)/generated from operations		(3,965,526)	8,345,588
Tax paid		(24,191)	(232)
Net cash (used in)/generated from operating activities		(3,989,717)	8,345,356
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	15	(2,500,445)	(142,055)
Interest received		77,441	774
Movement in deposits with maturity over 3 months		4,676,005	(542)
Net cash generated from/(used in) investing activities		2,253,001	(141,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(11,618,976)	(2,807,574)
Repayments of obligations under finance leases		(14,128)	-
Proceeds from borrowings		5,000,000	-
Interest paid		(484,884)	(201,141)
Net cash used in financing activities		(7,117,988)	(3,008,715)
Net (decrease)/increase in cash and cash equivalents		(8,854,704)	5,194,818
Cash and cash equivalents at beginning of the year		17,699,764	12,351,931
Effect of exchange rate fluctuations on cash held		(162,608)	153,015
Cash and cash equivalents at end of the year	20	8,682,452	17,699,764

The notes on pages 9 to 37 form an integral part of these financial statements.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Incorporation and principal activities

Country of incorporation

The Cyprus Organisation for Storage and Management of Oil Stocks (the "Organisation" or "KODAP") is incorporated in Cyprus as a public law organisation in accordance with the provisions of the Maintenance of Oil Stocks Law of 2003 to 2020. Its registered office is at Eracleous street, 27, 2nd floor, Office 203, Nicosia, 2040, Cyprus.

Principal activities

The Organisation was founded for the purpose of harmonisation with European Directive 68/414/EEC, imposing an obligation on member states of the European Union to maintain minimum stocks of crude oil and/or petroleum products. As such the principal activities of the Organisation, which are unchanged from last year, is to maintain minimum stocks of crude and/or petroleum products.

Operating Environment of the Organisation

During 2023; the international economy, on emerging from the pandemic crisis, was affected by the war in Ukraine and was further disrupted by the hostilities in the Middle East which began in October 2023 and are still active. As a result, international oil markets have not gained stability and consequently the international oil prices have continued to fluctuate significantly throughout the year.

The war situation in Gaza has caused a disruption in the supply of petroleum products and the Cypriot government, through Decree No. 328 dated 16 October 2024, issued by the Minister of Energy, Commerce and Industry, has released a stock of kerosene jet fuel ("Jet A-1"). The Organisation proceeded with a release through sale to its interested members in October 2023 of Jet A-1 fuel in the total amount of 16,200 Metric Tons ("MT"). The Organisation proceeded immediately and within the timelines set forth in the Decree, to purchase Jet A-1 fuel in order to replenish and increase its inventories by increasing the amount of its owned stocks of Jet A-1 fuel to 23,500 MT.

Due to developments in the international oil market, oil prices have fluctuated significantly during the year. The international prices of options-to-buy ("tickets"), have shown a significant and sharp increase in the year 2023, and although the international tickets held by the organisation in the year 2023 compared to 2022 have decreased by 5%, costs have increased by over 460%. Related to the increase in ticket prices is the significant reduction in the market for supply of tickets which has resulted in the Organisation's difficulty of finding ticket suppliers at reduced prices. Specifically, the Organisation has made purchases of tickets in 2023 to cover for its obligation at a cost of EUR 4.1 million compared to a cost of EUR 0.7 million in 2022.

The following had a direct impact on the Organisation:

1. Liquid fuel consumption is gradually returning to pre-pandemic levels of 2019, following the sharp drop in consumption due to the pandemic and the imposition of strict lockdown in Cyprus during 2020 and partly in 2021 resulting in the need to increase the Organisation's strategic inventory.
2. The Organisation's revenue stream, which is a fixed fee on the volume of consumption, is gradually returning to pre-2020 levels.
3. The market value for oil products, illustrates a decrease at the end of the year compared to the previous one and this affects the market values of owned oil stocks. However, due to the increase in quantities of owned oil stocks as well as earlier purchases at lower prices, The market value of owned oil stocks as at 31 December 2023 is estimated at EUR 160.3 million, which is EUR 24.6 million higher than the book value of strategic inventory of EUR 135.7 million (note 19/strategic inventory).
4. The release of 16,200 Metric Tons ("MT") of Strategic Petroleum Reserves Jet A-1.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Organisation moved quickly to ascertain, as far as possible, the potential impacts and to mitigate emerging risks and challenges.

In this regard, a number of attributes and tools were effectively deployed, such as:

- The long-term perspective of the Organisation's operations and its strategic plans in relation to the construction of a privately owned storage terminal and the gradual increase of owned oil stocks.
- Robust balance sheet and strong liquidity.
- The Organisation's good and long-standing relationships with key oil players in Cyprus and in Europe for storage facilities and ticketing purchases.
- Creative, proactive and swift response in close coordination with the Ministry of Energy, Commerce and Industry.

Evaluation of impact

Based on the information available at the date of these financial statements, the indication of the impact is as follows:

The income from members' subscription for the year 2023 increased by 2.1% with the increase coming exclusively from the consumption of petroleum products in the Republic of Cyprus and especially Jet A-1 fuel. Revenue from subscriptions is expected to be at similar levels for fiscal year 2024 and is considered sufficient to cover operating expenses for fiscal year 2024.

Based on the Organisation's current cash flow projections, it is not expected that there will be any change in on the level of subscription fees imposed for oil consumption, which can be done as per the law, through a decision of the Organisation's Board of Directors and approval of the Minister of Energy, Commerce and Industry.

The fluctuation of the market value for petroleum products affects the book value of the strategic inventory stocks of liquid fuels. The Organisation does not hold reserves for commercial exploitation or short-term disposal, but with a long-term perspective. It is expected that market prices will remain high in the near future. The carrying value of the Organisation's strategic inventory as at 31 December 2023 is EUR 135.7 million compared to EUR 125.8 million as at 31 December 2022 (Note 19).

The Organisation intends to consider the risks and challenges presented by extreme scenarios, such as the risks of another pandemic, military conflicts in the Middle East or Europe and further price increases in future reviews of its emergency preparedness and response plans in line with EU guidelines and directives.

During the year 2023, and due to the expiration of the storage contract held by the Organization in Greece, part of the owned stocks stored in Greece have been transferred to the Republic of Cyprus, increasing the strategic inventory of stocks held in Cyprus, thus improving the ability to respond immediately with larger quantities of fuel. Accordingly, the Organisation has entered into a new storage agreement in Cyprus in the year 2023 and has increased the quantities of available storage in Cyprus in order to cover for the increased quantities of owned oil stocks.

During the year, the Organisation proceeded on 24 February 2023 to the award and signing of the contract for the Design, Construction and 12-year Maintenance of the Owned Liquid Fuel Terminal for a total cost of EUR 52.2 million. The start date of works according to the contract is 3 April 2023. By the end of the year the project had a completion rate of 11% (note 27).

The Organisation has already secured financing of EUR 35 million from the European Investment Bank ("EIB") (note 21) for the construction of the Terminal. An amount of EUR 5 million has been disbursed for the year 2023.

Due to the increase in interest rates in the international and local market, the organization has made an early repayment in the year 2023 for its existing borrowings from KEDIPES using its cash and cash equivalents (notes 20 and 21).

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. Basis of preparation

The Organisation's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Maintenance of Oil Stocks Law of 2003 to 2020. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Organisation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 8.

Going Concern

The financial statements are prepared on a going concern basis. The organisation's strong balance sheet position, cash reserves and current ratio ensure the Organisation's going concern status. Additionally, the fee rates imposed on fuel consumption by the organisation may be changed at any time, to ensure continued coverage of the organisation's annual obligations according to applicable legislation, by decision of the Organisation's Board of Directors and approval by the Minister of Energy, Commerce and Industry. Please refer to section "Operating environment" in Note 1 as well.

3. Functional and presentation currency

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

4. Adoption of new or revised standards and interpretations

During the current year the Organisation 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 Organisation.

5. Significant accounting policies

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

Revenue

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Organisation's activities, net of value added taxes, returns and discounts.

The Organisation recognises revenue when its members have approved their obligation (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations, the Organisation can identify each party's rights, the arrangement has commercial substance, it is probable that the Organisation will collect the consideration to which it will be entitled and when specific criteria have been met for each of the Organisation's rights against its members. The revenue of the Organisation comprises of members' subscriptions, as defined by section 2 of the Maintenance of Oil Stocks Law of 2003 to 2020. Revenues earned by the Organisation are recognised on the following basis:

- **Members' subscription**

In accordance with the relevant legislation, members of the Organisation are required to pay subscriptions, which are calculated as a fixed amount per unit quantity of sales. Members' subscriptions are recognized on an accrual basis.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Employee benefits

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

Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Finance expenses include interest expense on loans, exchange rate differences and other bank charges and interest. Financing expenses are recognised as expenses in the period in which they fall due.

Foreign currency translation

(1) Functional and presentation currency

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

(2) 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 recognised in profit or loss within "finance costs".

Tax

The Organisation is not subject to corporation tax, but is subject to special defence contribution on interest income.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisitions of property, plant and equipment.

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. As such, "assets under construction" are not depreciated.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Property, plant and equipment (continued)

Land is not depreciated. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3
Computers	33.3
Furniture, fixtures and office equipment	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Organisation and the cost of the item can be measured reliably.

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

Computer software

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Organisation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Organisation's general policy on borrowing costs (see below).

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

Financial assets - Classification

The Organisation classifies its financial assets using measurement at amortised cost.

The classification depends on the Organisation's business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Organisation classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest (SPPI). They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Organisation's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables, non-current receivables and other receivables.

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 Organisation commits to deliver a financial instrument. All other purchases and sales are recognized when the entity 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 Organisation has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses.

Financial assets - Measurement

At initial recognition, the Organisation measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

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.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL

The Organisation assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Organisation 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 impairment losses on financial assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL. The impairment methodology applied by the Organisation for calculating expected credit losses depends on the type of financial asset assessed for impairment. Refer to Note 7, Credit risk section for a description of impairment methodology applied by the Organisation for calculating expected credit losses for debt instruments measured at amortised cost.

Financial assets -Reclassification

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

Financial assets - modification

The Organisation sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Organisation assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Organisation 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 Organisation 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.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Financial assets - modification (continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Organisation 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 Organisation 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.

Classification as cash and cash equivalents

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. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Organisation. 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.

Classification as trade receivables

Trade receivables are amounts due from members of the Organisation in respect of the subscription fees provided 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 Organisation 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 Organisation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 7 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 includes, amongst others, the failure of a debtor to engage in a repayment plan with the Organisation, and a failure to make contractual payments for a period of greater than 180 days past due.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as "Other 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).

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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 profit or loss 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.

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 profit or loss as other income or finance costs.

Borrowing costs are interest and other costs that the Organisation 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.

Borrowings are classified as current liabilities, unless the Organisation has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date in which case it is classified as non-current liabilities.

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 Organisation and the costs can be measured reliably.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is 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 liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

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

Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

Provisions

Provisions are recognised when the Organisation 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 recognised 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 recognised as interest expense.

Strategic Inventories

Strategic Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average cost method and includes raw materials and other expenses except from borrowing costs. Net realisable value is the oil price per product as per recognised oil price platforms at the balance sheet date.

The strategic inventories are categorised as non-current assets as there is no intention for selling them in the short term or medium term, unless there is need of renewal of stock, in cases of supply disruption or crisis as this is defined in the Oil Crises Law of 2002 to 2014.

Stock losses arise from evaporation of oil products held in storage over time. In addition losses/gains in measurement arise from changes in temperature and pressure caused by weather conditions at the time of measurement. The Organisation continuously monitors such operating losses and measurement differences against industry standards. Operating stock losses are recognised in the year in which they occur based on the difference between actual stock measurement at the year end and carrying amounts.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. Significant accounting policies (continued)

Ticketing

Ticketing relates to short-term holding contracts under which one party agrees to hold oil stocks which will be available to the Organisation during a specified period and under which the Organisation has an option to purchase oil stocks in emergency circumstances at the prevailing price at the time. The cost is recorded in the statement of comprehensive income in the period to which the ticketing contracts relate.

Comparatives

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

6. New accounting pronouncements

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

7. Financial risk management

Financial risk factors

The Organisation is exposed to market risk (including price risk, interest risk and currency risk), credit risk and liquidity risk from the financial instruments it holds. The risk management policies employed by the Organisation to manage these risks are discussed below.:

The Organisation employs formal risk management policies programme. This comprises the following:

- i) Statements of policy regarding foreign exchange risk, cash flow interest risk, credit risk, liquidity risk and capital risk.
- ii) daily monitoring of positions,
- iii) mitigation techniques where risks are considered material in terms of amount or duration,
- iv) avoidance of risk where it is considered that significant uncertainty prevails.

7.1 Market risk

i. Price risk

The primary commodity price risk that the Organisation is exposed to includes oil prices that could adversely affect the value of the Organisation's strategic inventory. The Organisation, due to its non-profit nature and the provisions of the relevant legislation which dictate its operation, does not have formal arrangements for hedging this risk. If oil prices as at 31 December 2023 were 1% higher/lower, the surplus for the year after tax would have been unaffected as currently the oil stocks are valued at cost, which is lower than the net realisable value.

ii. Cash flow interest rate risk

The Organisation's interest rate risk arises from interest bearing assets and long-term borrowings. Interest bearing assets and borrowings at variable rates expose the Organisation to cashflow interest rate risk.

At 31 December 2023 and 31 December 2022, if the rates on the interest bearing assets had been 0,1% higher/lower with all other variables held constant, the change for post-tax surplus for the year would have been insignificant. At 31 December 2023 and 31 December 2022, if the rates on the long term borrowings had been 0,1% higher/lower with all other variables held constant, the change of post-tax surplus for the year would have been insignificant.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.1 Market risk (continued)

Interest payable on loans is monitored on a continuous basis by management and proposals for refinancing are made when the Organisation faces a significant risk of interest rate cost escalation.

The Organisation manages the process of obtaining financing by:

- (i) requesting tenders
- (ii) negotiating terms
- (iii) seeking advice and approval from the Ministry of Finance and the Ministry of Energy, commerce and Industry - and
- (iv) monitoring positions and taking appropriate measures in each circumstance including:
 - (a) arranging early repayments without penalty
 - (b) refinancing

Interest receivable on deposits is also monitored on a continued basis and is managed by:

- (i) Assessing liquidity requirements
- (ii) Renegotiation of deposits on expiry of term
- (iii) Monitoring positions

iii. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Organisation's measurement currency. The Organisation is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar.

At 31 December 2023 if the Euro had weakened/strengthened by 1% (2022: 1%) against the US dollar with all other variables held constant, (deficit)/surplus for the year after tax would not have been significantly impacted, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated cash balances.

The Organisation, due to its non-profit nature and provisions of the relevant legislation which dictate its operation, does not have formal arrangements for hedging this risk.

7.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to balances due from subscriptions, including outstanding receivables.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.2 Credit risk (continued)

(i) Risk management

In respect of credit risk related to trade receivables, this is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. The credit quality of the customer is assessed, and outstanding customer receivables are regularly monitored. The Organisation does not hold collateral as security.

All members of the Organisation, as defined by section 2 of the Maintenance of Oil Stock Laws of 2003 to 2020, are either government owned bodies or significant multinational corporations, or publicly listed companies with substantial credit standing.

The Organisation reviews the credit standing of these institutions on a regular basis. The Organisation does not place deposits to institutions outside Cyprus or not appropriately monitored by local supervisory authorities.

Management does not expect any losses from non-performance by these counterparties.

(ii) Impairment of financial assets

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

- Trade receivables
- Other receivables
- Cash and cash equivalents
- Bank deposits with original maturity over 3 months

Trade receivables

The Organisation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Organisation defines default as a situation when the debtor is more than 90 days past due on its contractual payments.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indications that there is no reasonable expectation of recovery include, but are not limited to, failure of the debtor to participate in a repayment plan with the Organisation and failure to make contractual payments for a period of more than 180 days past due.

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

Out of the total trade receivables (including non-current portion) of €3,381,025 (net) and €4,728,994 (gross):

- €1,347,969 which is past due for more than 365 days - remains outstanding on a gross level and an expected credit loss of €1,347,969 has been recognised (note 17) and
- the remaining balance has been settled as at the date of these financial statements and no expected credit loss has been recognised as at 31 December 2023.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

For other receivables the Organisation follows the general approach.

The Organisation 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 Organisation 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 forward-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
- actual or expected significant changes in the operating results of the borrower/counterparty
- 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 the counterparty in the Organisation and changes in the operating results of the borrower.

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.

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 Organisation. The Organisation categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the Organisation continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Category	Organisation 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; as 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)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised.

Cash and cash equivalents

Organisation internal credit rating	2023	2022
	€	€
Ba1 (as per Moody's)	8,681,653	17,672,652
Unrated	-	26,199
Total cash and cash equivalents	8,681,653	17,698,851

The rest of the balance sheet item 'cash at bank and in hand' is cash in hand.

The estimated loss provision for cash and cash equivalents at 31 December 2023 and 31 December 2022 was immaterial. All cash and cash equivalents were performing (stage 1) at 31 December 2023 and 2022.

Bank deposits with original maturities of more than 3 months are all performing with an appropriate external credit rating and the estimated loss allowance for these deposits at 31 December 2023 and 31 December 2022 was immaterial.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Organisation has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Organisation's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Organisation can be required to pay. The table includes both interest and principal cash flows.

31 December 2023	Carrying amounts	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€
Bank loans	5,012,707	7,652,356	235,765	235,765	1,491,511	5,689,316
Obligations under finance leases	4,838,809	10,451,444	316,710	316,710	950,131	8,867,892
Bank overdrafts	46	46	46	-	-	-
Trade and other payables	1,550,946	1,550,946	1,550,946	-	-	-
	11,402,508	19,654,792	2,103,467	552,475	2,441,642	14,557,208
31 December 2022						
	€	€	€	€	€	€
Bank loans	11,631,683	12,869,116	3,006,260	3,006,260	6,856,596	-
Bank overdrafts	8	8	8	-	-	-
Trade and other payables	919,532	919,532	919,532	-	-	-
	12,551,223	13,788,656	3,925,800	3,006,260	6,856,596	-

The Organisation is by law a not-for-profit organisation. Surpluses are maintained for use in:

- (a) Additional stock purchases.
- (b) Unforeseen changes in the payment of interest or storage fees.

The level of income and the Organisation's subscription/fees reviewed annually through the budgeting process.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Financial risk management (continued)

7.4 Capital risk management

The Organisation's capital is analysed as follows:

	2023	2022
	€	€
Total borrowings (Note 21)	5,012,707	11,631,683
Less: Cash and cash equivalents and short term deposits with original maturity of more than three months (Note 20)	<u>(9,150,480)</u>	<u>(22,843,759)</u>
Net (asset) / debt	(4,137,773)	(11,212,076)
Total Surplus	149,445,046	142,077,091
Total capital	145,307,273	130,865,015
Gearing ratio	(2.85)%	(8.57)%

The increase in the gearing ratio for the year ended 31 December 2023 resulted primarily from (a) a decrease in cash and cash equivalents and (b) a lower increase in total surplus resulting from the decrease/adjustment of net realizable value of strategic inventory at the end of the year 2023.

8. Critical accounting estimates, judgments and assumptions

The preparation of 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 Organisation'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.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. Critical accounting estimates, judgments and assumptions (continued)

Critical accounting estimates and assumptions

The Organisation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. No estimates and assumptions have been identified in respect of these financial statements, which would have a significant risk of material misstatement within the next financial year.

Critical judgements in applying for Organisation's accounting policies

- **Strategic inventory**

Strategic inventory is held by the Organisation in accordance with EU Directive 2009/119/EEC and Maintenance of Oil Stocks law of 2003 to 2020. Strategic inventory is not held for trading but can be sold to the members of the Organisation in the cases of supply disruption or crisis as this is defined in the Oil Crises Law of 2002 to 2014.

The Organisation considered the guidance of IAS 2 and IAS 16 in order to determine the appropriate classification of strategic inventories. Following the assessment, the Organisation considered that strategic inventories should be classified as inventories in accordance with the provisions of IAS 2 since oil stocks are not held for own use and as they do not arise from contractual rights which give to the Organisation the present right to receive cash or another financial asset.

These oil stocks are classified as not current assets as this classification reflects better the Organisation's objectives.

In addition, the Organisation considered appropriate to use the lower of cost and net realisable value rather than fair value less costs to sell as a measurement basis for strategic inventories since the Organisation does not act as broker-trader of oil products with the purpose of acquiring and selling in the near future and generating a profit from fluctuations in price; instead, the principal activity of the Organisation is to store and manage national oil stocks and release them in cases of supply disruption or crisis.

The underlying assessment relates to global prevailing oil prices as compared to carrying values. Management considered as net realisable value of oil stocks at year end prices as provided by the Ministry of Energy, Commerce and Industry.

- **Related parties**

Judgement has been applied by management in determining whether certain parties meet the definition of IAS24 "Related parties".

9. Revenue

	2023	2022
	€	€
Member's subscriptions - recognised over time	<u>20,308,790</u>	19,888,182
	<u>20,308,790</u>	19,888,182

According to relevant legislation and directives issued by the Organisation, KODAPlevies a monthly subscription fee to its members as a fixed amount per unit quantity of sales. The subscription fees throughout 2023 and 2022 have been set and unchanged at €0.0027 per kilogram for heavy and light fuel oil and at €0.0107 per litre of gasoline, diesel, JetA1 and Gasoil.

During the year the Organisation recognized subscription revenue from Electricity Authority Cyprus ("EAC") amounting to €5,475,131 (2022: €5,834,319).

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. Other operating income

	2023	2022
	€	€
Interest income	77,441	774
Government grants	100,986	-
Sundry operating income	119,770	-
	298,197	774

The above sundry operating income in 2023 relates to the collection of an amount for loss of inventory in a storage facility. The Government grant relates to the cost of construction of the Vasiliko Energy Centre Fire Fighting System which was assigned to the Organisation by the Central Government and the cost of construction will be met by the Government through a grant from the Ministry of Energy, Commerce and Industry.

11. Expenses by nature

	2023	2022
	€	€
Staff costs (Note 12)	179,672	135,900
Depreciation expense (Note 15)	27,119	27,889
Auditors' remuneration	3,875	3,875
Insurance	436,283	344,341
Transportation cost	653,243	-
Fees of the members of the Board of Directors (Note 22.1)	12,621	12,183
Strategic inventory storage expenses	11,765,355	10,390,937
Ticketing	4,038,000	727,000
Write-off of receivables	51,929	-
Non recoverable VAT	225	2,958
Purchase of services	79,953	67,321
Bank charges	65,980	90,376
Port expenses	120,377	83,930
Other expenses	169,536	149,847
Total expenses	17,604,168	12,036,557

Out of the total expenses indicated above, the amount of €16,456,598 (2022: €11,117,937) relates to direct expenses. Direct expenses are defined as those expenses which are directly related to the Organisation's operations, and they are the strategic inventory storage expenses, transportation costs and ticketing.

The Organisation has a storage and ticketing agreement with EAC for which an amount of €420,500 (2022: €416,000) and €105,000 (2022: €15,000) respectively has been recognised in "direct expenses".

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. Staff costs

	2023	2022
	€	€
Salaries	151,131	113,535
Social security costs	22,224	16,917
Pensions/ Provident fund cost	6,317	5,448
	<u>179,672</u>	<u>135,900</u>
Average number of employees	<u>4</u>	<u>3</u>

13. Finance income/(costs)

	2023	2022
	€	€
Exchange (loss)/profit/	<u>(659,843)</u>	91,162
Finance income	<u>(659,843)</u>	91,162
Interest expense	<u>(484,884)</u>	(251,692)
Finance costs	<u>(484,884)</u>	(251,692)
Net finance costs	<u>(1,144,727)</u>	<u>(160,530)</u>

14. Tax

	2023	2022
	€	€
Defence contribution	<u>24,191</u>	232
Charge for the year	<u>24,191</u>	232

The Organisation is not subject to income tax on surplus from its trading activities.

The Organisation is subject to 30% defence contribution on interest income.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. Property, plant and equipment

	Land and buildings	Assets under construction	Computers	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2022	688,067	76,462	56,437	31,017	851,983
Additions/(Reclassifications)	-	132,064	6,461	3,530	142,055
Balance at 31 December 2022/ 1 January 2023	688,067	208,526	62,898	34,547	994,038
Additions	-	2,492,075	5,832	2,538	2,500,445
Balance at 31 December 2023	688,067	2,700,601	68,730	37,085	3,494,483
Depreciation					
Balance at 1 January 2022	203,229	-	43,484	26,409	273,122
Charge for the year	22,581	-	4,313	995	27,889
Balance at 31 December 2022/ 1 January 2023	225,810	-	47,797	27,404	301,011
Charge for the year	22,581	-	3,213	1,325	27,119
Balance at 31 December 2023	248,391	-	51,010	28,729	328,130
Net book value					
Balance at 31 December 2023	439,676	2,700,601	17,721	8,356	3,166,354
Balance at 31 December 2022	462,257	208,526	15,101	7,143	693,027

The process for the registration of the land and buildings in the name of the Organisation, has not yet been completed.

Management considered the prevailing economic conditions, the performance of the Organisation and other impairment indicators as per IAS 36, and concluded that there are no indications that the carrying amount of the Organisation's property, plant and equipment as at 31 December 2023 might exceed its recoverable amount.

The assets under construction relate to the Storage Terminal at Vassiliko.

16. Right-of-use assets

	Land
	€
Cost	
Balance at 1 January 2023	-
Additions	4,852,937
Balance at 31 December 2023	4,852,937
Depreciation	
Balance at 1 January 2023	-
Charge for the year	-
Balance at 31 December 2023	-
Net book value	
Balance at 31 December 2023	4,852,937

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. Right-of-use assets (continued)

Amounts recognised in profit and loss:

	2023 €	2022 €
Interest on lease liabilities	65,050	-

17. Financial assets

	2023 €	2022 €
Trade receivables	4,728,994	5,809,060
Less: credit loss on trade receivables	<u>(1,347,969)</u>	<u>(1,347,969)</u>
Trade receivables - net	3,381,025	4,461,091
Deposits and prepayments	267,516	-
Advances to subcontractors	5,103,600	-
Interest receivable from fixed deposit accounts	-	3,195
Deferred expenses	-	288,784
Other receivables	1,803	1,803
	<u>8,753,944</u>	<u>4,754,873</u>

As at 31 December 2023, the Organisation had a receivable from EAC of €792,301 (2022: €768,404). This is included in Trade Receivables.

Legal case

In 2010 and 2011 the Organisation received invoices from Greek providers on which Greek VAT was charged. The Organisation claimed refund of this VAT from the Greek VAT authorities. The Greek VAT authorities rejected the claim. Against the rejection, the Organisation has filed a recourse to the Administrative Appeal Court of Athens. After consideration of the facts, the Administrative Appeal Court of Athens issued a decision in favour of the organisation. The Greek VAT Authorities filed an appeal against this decision to the Council of State.

The Council of State issued decision 1681/2019 according to which, the original decision of the Administrative Appeal Court of Athens was overwritten and accordingly it has been confirmed that the storage services should be subject to VAT in Cyprus. As a consequence, an amount of €1.347 m was considered as receivable from the storage providers and not from the Greek VAT Authorities. The amount of €1.347 m is fully provided for (note 7). Decision 1681/2019 ensures that no liability may arise from VAT not charged on storage services for the period since 2011, with the relevant amount for the period 2011-2019 estimated at €8 m.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. Financial assets (continued)

Included in the advances and prepayments is an amount of €29,983 relating to a receivable balance from the Republic of Cyprus to cover expenses paid by the Organisation until 31 December 2023 for the construction of the fire fighting system of the Vasilikos Energy Centre.

The Organisation does not hold any collateral over the trading balances. The Organisation has proceeded with legal proceedings to claim the above amounts as provided for in the contracts.

Movement in provision for impairment of current receivables:

	2023	2022
	€	€
Balance at 1 January	<u>1,347,969</u>	1,347,969
Balance at 31 December	<u>1,347,969</u>	<u>1,347,969</u>

The Organisation's financial assets are denominated in the following currencies:

	2023	2022
	€	€
Euro	<u>8,642,883</u>	4,754,873
	<u>8,642,883</u>	<u>4,754,873</u>

The fair values of financial assets due within one year approximate to their carrying amounts as presented above.

The exposure of the Organisation to credit risk and impairment losses in relation to financial assets is reported in note 7 of the financial statements.

18. Non-financial assets

	2023	2022
	€	€
Refundable VAT	<u>625,934</u>	585,217
Balance at 31 December	<u>625,934</u>	<u>585,217</u>

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. Strategic Inventory

	2023	2022
	€	€
Finished goods	<u>135,698,350</u>	<u>125,751,442</u>

The above strategic stocks belong to the Organisation and are valued at the lower of historical cost and net realisable value. As at 31 December 2023, the historical cost was higher than the net realisable value and therefore a decrease in carrying value is recognised for the year 2023 of €5,110,748 (2022: €1).

As at 31 December 2023, the Organisation owned or had secured quantities, for the purpose of meeting the obligation per K.Δ.Π. 261/2021, of oil amounting to 533,667 metric tons. This corresponds to 91 days of inland imports. The month end average stocks held by the Organisation during 2023 correspond to 90 days of inland imports. The relevant legislation and regulations stipulate a minimum of 90 days of inland imports.

	2023	2022
	€	€
Strategic inventory at 1 January	125,751,442	116,371,516
Purchases	34,749,380	19,016,243
Cost of stocks sold	(19,411,174)	(9,400,867)
Deficit from renewals of strategic inventory movement	(103,662)	(3,030)
Deficit of physical losses from storage	(176,888)	(232,419)
Adjustment for net realisable value	<u>(5,110,748)</u>	<u>(1)</u>
Balance at 31 December	<u>135,698,350</u>	<u>125,751,442</u>

The movement in the above table, excluding the adjustment for Net Realisable Value, is €15.1 m while the deficit from renewal/sale/storage of strategic inventory movement in the Statement of Comprehensive Income is €12 m. The difference is mainly the result of purchases made to replace and increase the quantities of owned stocks.

The deficit of €176,888 (2022: €232,419) relates to stock deficits which are due to the storage of oil products over long periods. During 2023, there was a deficit from the renewal of strategic inventories of €103,662 (2022: €3,030).

Strategic inventories are sold when:

- (a) there is an energy crisis according to the provisions of Oil Crisis Law and of the Maintenance of Oil Stocks Law of 2003 to 2020 and decrees are issued by the Minister of Energy,
- (b) Re-circulation of oil stocks is required to maintain product quality within specifications,
- (c) a seasonal adjustment in specification is necessary,
- (d) the Organisation needs to upgrade inventories as a result of changes in specifications required by Law; and
- (e) operational issues drive the sale such as availability of storage, due to alterations in the Cyprus' oil consumption profile etc.

For the storage of the stocks, the Organisation has storage service agreements with external providers including a provider based in Greece.

Storage contracts, currently held by the Organisation, are contractually conventional and most are under the term of zero percentage losses while one allows for low percentage losses.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. Cash at bank and in hand

	2023	2022
	€	€
Cash in hand	845	921
Cash at bank	<u>8,681,653</u>	<u>17,698,851</u>
	<u>8,682,498</u>	<u>17,699,772</u>

	2023	2022
	€	€
Cash in hand	845	921
Cash at bank	<u>8,681,653</u>	<u>17,698,851</u>
Fixed-term deposits	<u>467,982</u>	<u>5,143,987</u>
	<u>9,150,480</u>	<u>22,843,759</u>

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2023	2022
	€	€
Cash at bank and in hand	<u>8,682,498</u>	<u>17,699,772</u>
Bank overdrafts (Note 21)	<u>(46)</u>	<u>(8)</u>
	<u>8,682,452</u>	<u>17,699,764</u>

Reconciliation of liabilities arising from financing activities:

	2023	2022
	Bank loans	Bank loans
	€	€
Balance at 1 January	11,631,683	14,388,706
Cash flows:		
Proceeds from borrowings	5,000,000	-
Repayment of principal	(11,733,633)	(2,807,565)
Repayment of interest	(305,177)	(198,686)
Interest expense	<u>419,834</u>	<u>249,236</u>
Balance at 31 December	<u>5,012,707</u>	<u>11,631,683</u>

Cash and cash equivalents by currency:

	2023	2022
	€	€
United States Dollars	<u>296,549</u>	<u>2,645,913</u>
Euro	<u>8,385,949</u>	<u>15,053,859</u>
	<u>8,682,498</u>	<u>17,699,772</u>

The exposure of the Organisation to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

There were no non-cash transactions during 2023 and 2022.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. Borrowings

	2023	2022
	€	€
Current borrowings		
Bank overdrafts (Note 20)	46	8
Bank loans	12,707	3,006,260
	<u>12,753</u>	<u>3,006,268</u>
Non-current borrowings		
Bank loans	5,000,000	8,625,423
Total	<u>5,012,753</u>	<u>11,631,691</u>

Maturity of non-current borrowings:

	2023	2022
	€	€
Between one to two years	-	6,012,520
Between two to five years	833,333	2,612,903
After five years	4,166,667	-
	<u>5,000,000</u>	<u>8,625,423</u>

The above borrowings are repayable by semi-annual installments by December 2043. The bank loans are secured as follows:

- By pledging income, comprised of members' subscriptions of the Organisation as included in the budget every year.

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

	2023	2022
Bank loans	4.72%	2.41%

The Organisation borrowings are denominated in the following currencies:

	2023	2022
	€	€
Euro	5,012,753	11,631,683
	<u>5,012,753</u>	<u>11,631,683</u>

During the year the bank loan from the Cooperative Central Bank Ltd has been fully repaid.

The Organisation had decided to construct and operate a storage Terminal in Vassiliko (the project) which will be used as storage facility for the Organisation's strategic oil stocks. For that purpose, on 28 December 2017, the Organisation signed a Finance Contract with European Investment Bank (EIB) under which EIB provides a credit in the amount of €35 million for the purposes of the construction of the project. The expected cost for the project is €52.2 million and will be financed by EIB credit and additional borrowing. As at the date of approval of these financial statements, an amount of €10 million has been disbursed under the EIB financing agreement. The contract was amended on 14 January 2020 and 20 April 2023 and the final disbursement date of the EIB loan is set for 31 December 2025.

The loan agreement with EIB requires the Organisation to comply with the following covenants:

1. Debt over Adjusted Equity (DOAE): shall not exceed (i) 175% from 01/01/2020 (included) until 31/12/2020 (included) and (ii) 150% thereafter.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

21. Borrowings (continued)

2. Availability of liquid funds (ALF): no lower than 1:1

3. Annual income stream generation (ISG): no lower than 1:1

No covenant breaches took place during the year.

The carrying amount of borrowings approximate their fair value.

22. Obligations under finance leases

	2023	2022
	€	€
Balance at 1 January	-	-
Additions	4,852,937	-
Repayments	(79,178)	-
Interest on leases	65,050	-
Balance at 31 December	4,838,809	-

	Minimum lease payments		The present value of minimum lease payments	
	2023	2022	2023	2022
	€	€	€	€
Not later than 1 year	316,710	-	42,383	-
Later than 1 year and not later than 5 years	1,266,842	-	258,011	-
Later than 5 years	8,867,892	-	4,538,415	-
	10,451,444	-	4,838,809	-
Future finance charges	(5,612,635)	-	-	-
Present value of finance lease liabilities	4,838,809	-	4,838,809	-

During the year the Organisation entered a 33-year land lease agreement with the Republic of Cyprus for the lease of land at Vasiliko, effective from 1 October 2023 and expiring on 30 September 2056.

All lease obligations are denominated in Euro.

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

The Organisation's obligations under finance leases are secured by the lessors' title to the leased assets.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023

23. Trade and other payables

	2023	2022
	€	€
Trade payables	613,570	679,663
Accruals	706,275	239,873
Retentions to subcontractors	231,281	-
	<u>1,551,126</u>	<u>919,536</u>

The Organisation trade and other payables are denominated in the following currencies:

	2023	2022
	€	€
Euro	<u>1,551,126</u>	<u>919,536</u>
	<u>1,551,126</u>	<u>919,536</u>

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

24. Related party transactions

The Organisation is supervised by the Minister of Energy, Commerce and Industry of the Republic of Cyprus.

The following transactions were carried out with related parties:

24.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2023	2022
	€	€
Directors' fees	12,621	12,183
	<u>12,621</u>	<u>12,183</u>

Specific transactions with the EAC have been disclosed in the relevant notes (Notes 9, 11 and 16).

25. Contingent liabilities

The Organisation had no contingent liabilities as at 31 December 2023 and 2022.

CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. Commitments

Storage fees commitments

The Organisation as lessee

The future aggregate minimum storage fee commitments under non-cancellable agreements are as follows:

	2023	2022
	€	€
Within one year	9,306,336	6,253,906
Between one and five years	<u>12,092,548</u>	<u>252,886</u>
	<u>21,398,884</u>	<u>6,506,792</u>

The increase for 2023 is related to the fact that 3 storage agreements have been signed with existing suppliers to replace those that expired during 2023 and one new additional storage agreement whose period extends beyond 2023.

27. Events after the reporting period

The international economy has been disrupted by the war in Ukraine that started in February 2022 and continues and further disruptions have been observed due to the hostilities in Gaza and the Middle East that continue to this day. International oil prices have increased in the first few months of 2024 and continue to fluctuate. The market value of owned oil reserves held at 31 December 2023 at June 2024 market prices amounts to €175.3 million, €39.6 million higher than the book value of reserves.

Due to market fluctuations and the high prices that continue to be observed on the international oil market, the international market for tickets has been significantly affected, resulting in a sharp price increase that started in the second half of 2022 and continued throughout 2023 and worsened in the first months of 2024.

In relation to the construction of the privately owned terminal at Vasiliko, construction work continues with a 34.3% completion rate as at June 2024.

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

Independent auditor's report on pages 2 to 4