

Bright Ilios RAIF V.C.I.C. Plc

Report and financial statements

31 December 2023

Bright Ilios RAIF V.C.I.C. Plc

Report and financial statements

31 December 2023

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Bright Ilios RAIF V.C.I.C. Plc

Board of Directors, key service providers and other advisors

Board of Directors

Maroun El-Charabati (Non-Executive Director)

Georgios Hadjiyiannis (Non-Executive Director) (appointed on 6 February 2024)

Chrysostomos Xenofontos (Non-Executive Director) (resigned on 31 December 2023)

Company Secretary

G.T. Global Trust Services Limited (appointed on 14 January 2024)

36 Agias Elenis

Galaxias Building, 6th floor, Flat/Office 601

CY-1061, Nicosia

Cyprus

Asmik Melian (resigned on 14 January 2024)

Spetson, Flat 103

IZI Court, Latsia

CY-2220, Nicosia

Cyprus

Independent Auditors

Deloitte Ltd

24 Spyrou Kyprianou Avenue

CY-1075, Nicosia

Cyprus

Fund Administrator

PricewaterhouseCoopers Fund Services Limited

43 Demostheni Severi Avenue

PwC Central, 1st floor

CY-1080, Nicosia

Cyprus

External Manager

Wealth Fund Services Limited

12-14 Kennedy, Flat 305

CY-1087, Nicosia

Cyprus

Depository

Eurobank Cyprus Limited

28 Spyrou Kyprianou Avenue

CY-1075, Nicosia

Cyprus

Bright Ilios RAIF V.C.I.C. Plc

Board of Directors, key service providers and other advisors

Bankers

Eurobank Cyprus Limited
28 Spyrou Kyprianou Avenue
CY-1075, Nicosia
Cyprus

Legal Advisors

EY Law
Prountzos & Prountzos LLC
Galaxias Building
Block B, 6th floor, Office 602
CY-1061, Nicosia
Cyprus

Registered office

20C Giannou Kranidioti Avenue
CY-2220 Latsia, Nicosia
Cyprus

Registration Number

HE 410169

Bright Ilios RAIF V.C.I.C. Plc

Annual Report of the Registered Alternative Investment Fund for the year ended 31 December 2023

1. INTRODUCTION

This report has been prepared pursuant to:

- a) The Alternative Investment Funds Law 124(I)/2018, to the extent amended (hereafter referred to as the "AIF Law"), and in particular sections 76(1), 76(2) and 78(1) of the AIF Law;
- b) The Alternative Investment Fund Managers Law of 56(I)2013, as amended from time to time (hereafter referred to as the "AIFM Law"), and in particular section 29 of the AIFM Law.

Wealth Fund Services Limited (hereafter referred to as the "External Manager") has an obligation to prepare and publish its Annual Report on behalf of Bright Ilios RAIF V.C.I.C. Plc (hereafter referred to as the "Fund" or the "Company") in accordance with the above-mentioned provisions of the AIF and AIFM Laws. All the figures included in the report have been extracted from the Fund's financial statements for the year ended 31 December 2023 (the "Reporting Period") which have been prepared according to the International Financial Reporting Standards as adopted by the European Union (hereafter referred to as "IFRS") which have been audited by an independent auditor.

The Fund was incorporated as a private company limited by shares on the 15 June 2020 and is registered with the Registrar of Companies and Official Receiver under the laws of the Republic of Cyprus with registration number HE 410169 with its registered office at 20C Giannou Kranidioti Avenue, CY-2220 Latsia, Nicosia, Cyprus.

The Fund is Registered Alternative Investment Fund (RAIF) and is registered with the Cyprus Securities and Exchange Commission (hereafter, the "CySEC") in accordance with the provisions of the AIF Law, with registration number RAIF42. The Fund is established as a variable capital investment company and it operates as an open-ended umbrella scheme with the ability of setting up and operating more than one investment compartment. Each investment compartment corresponds to a separate portfolio of the assets and liabilities of the Fund and may be distinguished by its specific investment policy, or any other specific feature as set forth in the Fund's Prospectus and Articles of Association. The Fund is exclusively addressed to professional and/or well-informed investors. The Board of Directors of the Fund may authorise the creation of additional investment compartments in the future. As of 31 December 2023 the Fund had one investment compartment in existence ILIOS 1.

The present Annual Report should be read in conjunction with the accompanied audited financial statements for the Reporting Period.

2. OVERVIEW OF ACTIVITIES

During the Reporting Period, the Fund maintained one investment compartment under its umbrella, namely:

- Ilios I (hereafter referred to as "Compartment No. 1").

Bright Ilios RAIF V.C.I.C. Plc

Annual Report of the Registered Alternative Investment Fund for the year ended 31 December 2023 (continued)

Investment Objective

The investment objective of Investment Compartment ILIOS I is to manage funds raised from investors with the intention to generate capital growth over the medium to long term investment horizon, with the aim of surpassing short term fluctuations in value by providing investors collectively access to investment opportunities that might otherwise not be accessible to them due to high entry barriers and complexity of structuring and economies of scale required.

The objective of the Investment Compartment is to provide its investors with consistent and above average risk adjusted returns by acquiring high quality cash flow generating businesses within the alternative energy sectors of the Eastern Mediterranean with a focus on the Republic of Cyprus and neighbouring countries with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains.

Investment Policy

The Fund will seek to achieve its investment objectives by combining skill, expertise, knowledge, network access, professional infrastructure of human capital at hand, and economies of scale to achieve attractive yields over medium to long term horizons of at least three to five years by identifying and investing in value assets predominantly within attractive sectors in developed markets with the right momentum and high potential of growth. Meanwhile, ensuring ethical values are considered at the forefront of investing by following the alternative energy and energy efficient good business practices.

The Fund will seek investments primarily in renewable energy with a focus on solar panels, inverters, storage systems of energy, electric charging stations and park and plug programs. The Fund will seek to cooperate with market leaders in the renewable energy industry that the investment manager believes are leaders in innovation, take advantage of new technologies, have superior management and benefit from new industry conditions in the dynamically changing global economy.

The Fund will target specific companies that are market leaders in the renewable energy industry that support and provide innovative services to households and commercial sectors. Although the target markets will be in the Republic of Cyprus, the investment manager may invest in other neighbouring countries within the Mediterranean region and the European Union.

3. AN OVERVIEW OF THE FINANCIAL CONDITION AND FINANCIAL PERFORMANCE

(a) Financial condition

The total assets of the Fund as at 31 December 2023 were €1,230,398, its total liabilities €80,181 and the net assets attributable to holders of redeemable investment shares were €1,149,217. The Balance Sheet of the Fund as at 31 December 2023 is included in the accompanied audited financial statements.

Bright Ilios RAIF V.C.I.C. Plc

Annual Report of the Registered Alternative Investment Fund for the year ended 31 December 2023 (continued)

(b) An overview of the performance

The total income of the Fund for the Reporting Period was €179.690, total expenditure was €49.651 and the total profit for the Reporting Period attributable to holders of redeemable investment shares was €130.039.

(c) The number of redeemable investment shares and holders of redeemable investment shares

As at 31 December 2023 there were 1.430 redeemable investment shares issued by the Fund, held by 9 investors.

(d) The net asset value per redeemable investment share

As at 31 December 2023 the net asset value per issued redeemable investment share(s) amounted to €803,65.

4. AN OVERVIEW OF MATERIAL CHANGES DURING THE REPORTING PERIOD

There were no material changes during the Reporting Period.

5. REMUNERATION DISCLOSURES OF THE EXTERNAL MANAGER

(a) Fixed and variable remuneration

During the period, the total amount of fixed and variable remuneration paid by the External Manager to its staff was as follows:

	€
Gross Fixed Remuneration	653.090
Gross Variable Remuneration	-
Total Gross Fixed & Variable Remuneration	653.090
Number of staff	32

(b) Senior management and other staff remuneration

During the period, the aggregate amount of remuneration broken down by senior management and members of staff of the External Manager was as follows:

	Period Gross Remuneration
	€
Senior Management personnel	155.737
Other members of staff	497.353
Total	653.090

Bright Ilios RAIF V.C.I.C. Plc

Annual Report of the Registered Alternative Investment Fund for the year ended 31 December 2023 (continued)

(c) Other remuneration

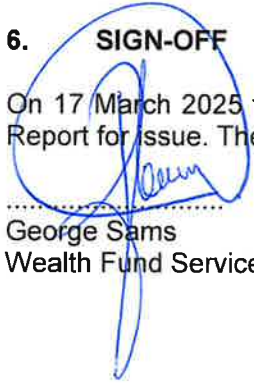
- Management Fee

The External Manager is entitled to receive a Management Fee, set to an annual fixed fee of €15.000 for the first twelve (12) months of the External Manager's appointment irrespective of the assets under management (AUM), paid semi-annually. Following the first twelve (12) months, the Management Fee will be increased to €20.000 and the following year the annual fee will be €25.000.

In the event that the Fund does not raise the capital of €3.500.000 for two consecutive years, the annual fee will remain at €15.000.

6. SIGN-OFF

On 17 March 2025 the External Manager of the Fund authorized the content of this Annual Report for issue. The below named Director was authorised to sign.



George Sams
Wealth Fund Services Limited

Independent Auditor's Report

To the Members of Bright Ilios RAIF V.C.I.C. Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bright Ilios RAIF V.C.I.C. Plc (the "Company"), which are presented in pages 10 to 13 and comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report of the Register Alternative Investment Fund, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

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Offices: Nicosia, Limassol

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Independent Auditor's Report (continued)

To the Members of Bright Ilios RAIF V.C.I.C. Plc

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Independent Auditor's Report (continued)

To the Members of Bright Ilios RAIF V.C.I.C. Plc

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 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.



Nicos Pittas

Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited

Certified Public Accountants and Registered Auditors

Nicosia, 17 March 2025

Bright Ilios RAIF V.C.I.C. Plc

Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 €	2022 €
Income			
Fair value gain/(loss) on financial assets at fair value through profit or loss	9	<u>179.690</u>	<u>(85.187)</u>
Total net income		<u>179.690</u>	<u>(85.187)</u>
Expenses			
Administrative expenses	10	<u>(48.087)</u>	<u>(94.490)</u>
Total operating expenses		<u>(48.087)</u>	<u>(94.490)</u>
Finance costs		<u>(1.564)</u>	<u>(700)</u>
Profit/(loss) before tax		<u>130.039</u>	<u>(180.377)</u>
Income tax expense	11	<u>-</u>	<u>-</u>
Profit/(loss) and total comprehensive profit/(loss) for the year		<u>130.039</u>	<u>(180.377)</u>
Increase/(decrease) in net assets attributable to holders of redeemable investment shares from operations		<u>130.039</u>	<u>(180.377)</u>

The notes on pages 14 to 36 form an integral part of these financial statements.

Bright Ilios RAIF V.C.I.C. Plc

Statement of financial position at 31 December 2023

	Note	2023 €	2022 €
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	12	<u>1.229.690</u>	1.050.000
Total non-current assets		<u>1.229.690</u>	1.050.000
Current assets			
Cash and cash equivalents	14	<u>708</u>	30.272
Total current assets		<u>708</u>	30.272
Total assets		<u>1.230.398</u>	1.080.272
Equity			
Share capital	13	<u>1.000</u>	1.000
Total Equity		<u>1.000</u>	1.000
Liabilities			
Current liabilities			
Trade and other payables	15	<u>80.181</u>	60.094
Total current liabilities		<u>80.181</u>	60.094
Total liabilities		<u>80.181</u>	60.094
Net assets attributable to holders of redeemable investment shares (at trading value)	13	<u>1.149.217</u>	1.019.178

	2023 €	2022 €
Historic Table		
Total Net Asset Value		
Investor Shares	1.149.217	1.019.178
Management Shares	1.000	1.000
Net Asset Value per Share		
Investor Shares	803,65	712,71
Management Shares	1	1
Total Shares in issue		
Investor Shares	1.430	1.430
Management Shares	1.000	1.000

On 17 March 2025 the Board of Directors (the "BoD") of the Fund authorised these financial statements for issue.



Maroun El-Charabati



Georgios Hadjiyiannis

The notes on pages 14 to 36 form an integral part of these financial statements.

Bright Ilios RAIF V.C.I.C. Plc

Statement of changes in net assets attributable to the holders of redeemable investment shares for the year ended 31 December 2023

	Note	2023 €	2022 €
Net assets attributable to the holders of redeemable investment shares			
1 January		1.019.178	1.024.555
Issue of redeemable investment shares during the year		-	175.000
Net increase from share transactions		-	175.000
Profit/(loss) and total comprehensive profit/(loss) for the year		130.039	(180.377)
Net assets attributable to holders of redeemable investment shares as at 31 December (at trading value)	13	1.149.217	1.019.178

The notes on pages 14 to 36 form an integral part of these financial statements.

Bright Ilios RAIF V.C.I.C. Plc

Statement of cash flows for the year ended 31 December 2023

		2023	2022
	Note	€	€
Cash flows from operating activities			
Profit/(loss) for the period		130.039	(180.377)
Fair value (gain)/loss in financial assets at fair value through profit or loss	7	(179.690)	85.187
		(49.651)	(95.190)
Changes in working capital:			
Increase/(decrease) in trade and other payables		20.087	(4.149)
Increase in financial assets at fair value through profit or loss	7	-	(117.000)
Net cash used in operating activities		(29.564)	(216.339)
Cash flows from financing activities			
Proceeds from redeemable investment shares issued	13	-	175.000
Net cash generated from financing activities		-	175.000
Net decrease in cash and cash equivalents		(29.564)	(41.339)
Cash and cash equivalents at beginning of the year	14	30.272	71.611
Cash and cash equivalents at end of the year	14	708	30.272

The notes on pages 14 to 36 form an integral part of these financial statements.

Bright Ilios RAIF V.C.I.C. Plc

Notes to the financial statements

1. General information

Country of incorporation

Bright Ilios RAIF V.C.I.C. Plc (the "Fund") was incorporated and is domiciled in Cyprus as a private limited liability Company in accordance with the provisions of the Cyprus Companies Law, Cap. 113, on 15 June 2020 with registration number HE 410169. Its registered office is at 20C Giannou Kranidioti Avenue, CY-2220 Latsia, Nicosia, Cyprus.

The Fund is a Registered Alternative Investment Fund (RAIF) and is registered with the Cyprus Securities and Exchange Commission (the "CySEC") in accordance with the provisions of the applicable legislation regulating Alternative Investment Funds in Cyprus (Law 124(I)/2018) with registration number RAIF42. The Fund is exclusively addressed to professional and/or well informed investors as defined in the AIF Law.

Principal activities

The investment objective of the Investment Compartment is to manage funds raised from investors with the intention to generate capital growth over the medium to long term investment horizon, with the aim of surpassing short-term fluctuations in value by providing investors collectively access to investment opportunities that might otherwise not be accessible to them due to high entry barriers and complexity of structuring and economies of scale required.

The Fund is a variable capital investment company with segregated liability between its investment compartments and operates as an umbrella scheme with several investment compartments. Each investment compartment corresponds to a separate portfolio of the assets and liabilities of the Fund and may be distinguished by their specific investment policy or any other specific feature as set forth in the Fund's Prospectus and Articles of Association.

As at 31 December 2023, the External Manager established and operates one investment compartment under its umbrella as follows:

- Ilios I (hereafter, referred to as "Compartment"): The objective of the Investment Compartment is to provide its investors with consistent and above average risk-adjusted returns by acquiring high-quality cash flow generating businesses within the alternative energy sectors of the Eastern Mediterranean with a focus on the Republic of Cyprus and neighbouring countries with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains.

Bright Ilios RAIF V.C.I.C. Plc

1. General information (continued)

Operating environment of the Fund

Conflict between Russia and Ukraine

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The Fund has not been significantly affected by this conflict.

Israel - Gaza conflict

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 07 October 2023. 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 Fund is not directly exposed.

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

2. External Manager, Depositary and Fund Administrator

The Fund is externally managed by Wealth Fund Services Limited (the "External Manager"), pursuant to the provisions of section 135(1)(a) of the AIF Law. The External Manager is responsible for managing the Fund's portfolio for the benefit of the latter's unitholders. The External Manager is authorised by CySEC as a management company under the provisions of the undertakings for Collective Investments Law 78(I)/2012 and the Alternative Investment Fund Managers Law 56(I)/2013 as amended from time to time, and it is regulated to this end by the CySEC under license number MC UCITS 6/78/2012. The External Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the Fund's compartments and provide other management services to assist the Fund to achieve its investment objectives and policies.

The Fund's depositary is Eurobank Cyprus Limited which is licensed by the Central Bank of Cyprus and is operating under the latter's regulation and supervision.

Bright Ilios RAIF V.C.I.C. Plc

2. External Manager, Depositary and Fund Administrator (continued)

The Depositary serves three broad functions, (1) safe-keeping of the Fund's assets, (2) oversee compliance with the Fund's Prospectus, Memorandum and Articles and with applicable laws and regulation governing the Fund and (3) monitor the cash flows of the Fund. The duty to safe-keep consists of either custody or record-keeping depending on the type of asset owned by the Fund. The custody function includes proper asset segregation on the Depositary's books, due care of assets held in custody and assessment and monitoring of custody risk throughout the custody chain. All assets which cannot be held in custody are subject to the record-keeping obligation. The Depositary's obligations as regards such other assets are to maintain up-to-date records and verify ownership. Apart from segregation of assets between the Fund's assets and its own, the Depositary must also ensure that the asset of an investment compartment of the Fund are safe-kept separately from the assets of the Fund's other investment compartments. The duty to oversight consists of assessment of the risks associated with the nature, scale and complexity of the Fund's strategy and organization in order to devise oversight procedures which are appropriate to the Fund and the assets in which it invests and which are then implemented and applied.

The Fund's Administrator is PricewaterhouseCoopers Fund Services Limited. The Administrator performs certain administrative and accounting services for the Fund.

3. Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorization of the 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 Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The material accounting policies applied in the preparation of these financial statements are set out below in Note 5. These policies have been consistently applied during the reporting period, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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

4. Adoption of new or revised standards and interpretations

During the current period, the Fund adopted all the new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. The adoption did not have a material effect on the accounting policies of the Fund.

Bright Ilios RAIF V.C.I.C. Plc

5. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Going concern basis

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

Investment entity classification and consolidation

(a) Investment entity

An investment entity is an entity that:

- (i) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

An entity shall consider whether it has the following typical characteristics of an investment entity:

- (i) it has more than one investment;
- (ii) it has more than one investor;
- (iii) it has investors that are not related parties of the entity; and
- (iv) it has ownership interests in the form of equity or similar interests.

The External Manager has determined that the Fund meets the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Fund has obtained funds for the purpose of providing investors with professional investment management services.
- The Fund's business purpose, which was communicated directly to investors through the Fund's Prospectus, is investing for returns from long term capital appreciation and investment income.
- The performance of investments made are measured and evaluated on a fair value basis.

(b) Controlled subsidiary investments and consolidation

Bright Ilios RAIF V.C.I.C. Plc

5. Summary of material accounting policies (continued)

Controlled subsidiary investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10 'Consolidated Financial Statements'. The fair value of controlled subsidiary investments is determined on a consistent basis to all other investments measured at fair value through profit or loss, and as described in the fair value estimation notes below.

A controlled subsidiary investment involves one holding company of which the Fund has the power to govern the financial and operating policies, generally accompanying a shareholding of an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

The Fund does not have any subsidiaries other than those determined to be controlled subsidiary investments. The subsidiary will operate as a vehicle for the conduct of the Fund's activities in meeting the investment objective.

The subsidiary is reflected at its fair value, with the key fair value driver thereof being the underlying assets that the subsidiary is expected to hold on behalf of the Fund.

The subsidiary requires no consolidation, because the subsidiary is not deemed to be providing investment-related services, as defined by IFRS 10 'Consolidated Financial Statements'.

The investment in subsidiary is classified within "Financial assets at fair value through profit or loss" in the statement of financial position.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) 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. Translation differences on non monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. 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. Translation differences on non monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

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5. Summary of material accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Fund operates and generates taxable income. Management 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 provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unaudited interim management accounts. However, 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income 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 income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Fund where there is an intention to settle the balances on a net basis.

Financial assets

Financial assets - Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value 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 Fund's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

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 Fund 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.

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5. Summary of material accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition (continued)

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

Financial assets - Measurement

At initial recognition, the Fund 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 statement of comprehensive income. 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

The subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund 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 (SPPI) are measured at amortised cost. Interest income from these financial assets is included in "other income". 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. Impairment losses are presented as a separate line item in the statement of comprehensive income. The Fund's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents.

Equity instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments continue to be recognised in profit or loss as "other income" when the Fund's right to receive payments is established.

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

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5. Summary of material accounting policies (continued)

Financial assets (continued)

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 - modification

The Fund sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Fund 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 Fund 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 Fund 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.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include 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. Cash and cash equivalents 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.

Trade and other payables

Trade and other 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.

Share capital

The share structure of the Fund is divided in two types of shares, the Management Shares owned by the Fund's initiators and the Investment Shares owned by the Investment Shareholders.

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5. Summary of material accounting policies (continued)

Share capital (continued)

The Fund is authorized to issue 100.000.000 shares of no par value divided into:

- (1) 1.000 Management Shares of no nominal value, offered at an initial price of EUR1,00 each;
- (2) 25.000.000 Investment Shares of no nominal value and attributable to Ilios I; and
- (3) 74.999.000 Unclassified Shares of no nominal value.

Management shares

The Management Shares are solely held by Maroun El-Charabati. As far as the issue relates to Management Shares, the CySEC's permission is required if such shares are to be issued, allotted or transferred to additional or alternative persons.

The Management Shares have the following rights:

- as to voting: the holder of a Management Share shall have the right to receive notice of, attend and vote at any general meeting of the Fund, in particular but not limited to the following matters:
 - (i) the appointment or removal of any Director;
 - (ii) the winding up of the Fund; and
 - (iii) any amendment to the Memorandum and Articles of Association of the Fund.
- as to capital: the holder of a Management Share:
 - (i) shall have the right on a winding up to repayment of capital after the return of capital on the Investor Shares; and
 - (ii) after the return of capital, a Management Share will not be entitled to the surplus assets of the Fund.
- as to distributions: the holder of a Management shares will not be entitled to participate in distributions paid out of the profits of the Fund and/or other distributions paid out of the proceeds of the Fund.

Redeemable Investment shares

The investment share capital of the Fund is variable and it is divided into redeemable Investment Shares of variable value allocated to the investment compartments of the Fund. Redeemable investment shares may be issued from time to time and be designated to the Fund's investment compartments following decision from the External Manager.

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5. Summary of material accounting policies (continued)

Redeemable Investment shares (continued)

The Investment share capital issued for the investment compartment represents the Net Asset Value of the investment compartment and shall be invested in accordance with the objectives of the investment compartment. The value of the issued investment shares in the share capital of the Fund shall at all times be equal with the NAV of the investment compartment.

The Investment shares have the following characteristics:

- as to voting: the holder of an Investor Share shall not have the right to receive notice of, attend, or vote at any general meeting of the Fund.
- as to capital: the holder of an Investor Share has the following rights:
 - (i) On a winding up, will be entitled in priority to the Management Shares to the return of the capital paid up thereon and thereafter,
 - (ii) Have exclusive rights in the distribution of surplus assets of the Fund in its liquidation.
- as to distributions: the holder of an Investor Share shall be entitled to distributions paid out of profits and distributions paid out of proceeds of the Fund excluding the payments which relate to the Redemption of Investor Shares.

Winding-Up Rights

In the event of a winding up the liquidator shall firstly apply the assets of each Investment Compartment in such manner and order as he thinks fit in satisfaction of creditors' claims.

The liquidator shall apply the assets of each Investment Compartment in satisfaction of liabilities incurred on behalf of or attributable to such Fund and shall not apply the assets of any Investment Compartment in satisfaction of any liability incurred on behalf of or attributable to any other Investment Compartment.

The assets available for distribution among the Members shall then be applied in the following priority:

- firstly, in the payment to the holders of the Shares of each Share Class of the Investment Compartment a sum in the Denominated Currency in which that Investment Compartment is designated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares held by such holders of the relevant Share Class respectively as at the date of commencement to wind up.
- secondly, in the payment to the holders of the Management Shares of sums up to the nominal amount paid thereon out of the assets of the Fund not comprised within any Investment Compartments provided that if there are insufficient assets aforesaid to enable such payment to be made, no recourse shall be had to the assets comprised within any of the Investment Compartments; and

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5. Summary of material accounting policies (continued)

Winding-Up Rights (continued)

- thirdly, in the payment to the holders of each Classes of an Investment Compartment of any balance there remaining in the relevant Investment Compartment in proportion to the number of Shares held in the relevant Share Class; and
- fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Investment Compartments or Share Classes such payment being made in proportion to the value of each Investment Compartment and within each Investment Compartment to the value of each Share Class and in proportion to the number of Shares held in each Share Class.

Comparatives

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

During the year we have identified that the classification of the Management Shares on the statement of financial position was not in accordance with the relevant provision of the International Financial Reporting Standards. The Management Shares possess certain rights and as a result they should be classified as Equity and not as Liability. This adjustment does not significantly affect the understanding of the users of financial statements. The prior year error was corrected by a retrospective restatement given that it was practical to determine the period-specific effects and the cumulative effect of the error. The impact of this adjustment is presented in the table below:

Statement of Financial Position	Balance 1.1.2022 €	Correction €	Adjusted Balance 1.1.2022 €
Net Equity	-	1.000	1.000
Net Assets attributable to the holders of redeemable shares (at trading Value)	1.025.555	(1.000)	1.024.555

6. New accounting pronouncements

At the date of approval of these financial statements a number of new standards, interpretations and amendments to existing standards 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 Fund.

7. Financial risk management

(i) Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including price risk), credit risk, liquidity risk and compliance risk.

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7. Financial risk management (continued)

(i) Financial risk factors (continued)

The Fund maintains and applies appropriate risk management systems, in order to identify, measure, manage and duly monitor the risks related to the investment positions that it undertakes and the contribution of these positions to the overall risk profile of the Fund's investment compartment.

The Fund's External Manager identifies potential risks to the profitability or existence of the Fund or the investment compartment, identifies and assesses threats, put plans in place for if things go wrong and advise on how to avoid, reduce or transfer risks.

- **Market risk**

Price risk

Exposure

The Fund is exposed to unlisted equity securities price risk because of investment held by the Fund and classified on the Statement of Financial Position at fair value through profit or loss. The Fund is not exposed to commodity price risk.

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market price. The Fund's financial assets at fair value through profit or loss comprise unquoted equity investments whose fair value is determined on the basis of the net asset valuation method at each reporting date, and not susceptible to market price risk. Additional information is presented in Note 8.

- **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations leading to a financial loss. The Fund is not exposed to credit risk from its operating activities, as it has no outstanding receivables and cash and cash equivalents are immaterial as at 31 December 2023.

- **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations associated with financial liabilities.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position 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.

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7. Financial risk management (continued)

(i) Financial risk factors (continued)

• Liquidity risk (continued)

	Carrying amounts €	Contractual Cash Flows €	3 months or less €	3-12 months €
At 31 December 2023				
Trade payables	13.735	13.735	13.735	-
Payables to related parties	42.730	42.730	42.730	-
	56.465	56.465	56.465	-
At 31 December 2022				
Trade payables	8.094	8.094	8.094	-
Payables to related parties	9.901	9.901	9.901	-
	17.995	17.995	17.995	-

• Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non compliance with laws and regulations of the state.

The External Manager of the Fund is required to communicate to CySEC and make available to the investors the annual and half yearly reports within six months from the end of the fiscal year for the annual report and two months from the end of the six month period for the half yearly reports. The External Manager is taking steps to ensure the Fund is compliant with all its reporting obligations.

(ii) Fair value estimation

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques and/or utilizing alternative pricing sources. The Fund's approach in valuing its investment in subsidiary is analysed below.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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7. Financial risk management (continued)

(ii) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by Management. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses the fair value hierarchy the Fund's assets and liabilities measured at fair at 31 December 2023.

All fair value measurements disclosed are recurring fair value measurements.

Analysis by geography and strategy:

	Level 1 €	Level 2 €	Level 3 €	Total €
At 31 December 2023				
Financial assets at fair value through profit or loss:				
Equity Instruments:	-	-	-	-
Investment in EFSC Ltd	-	-	1,229,690	1,229,690
Total	<u>-</u>	<u>-</u>	<u>1,229,690</u>	<u>1,229,690</u>

	Level 1 €	Level 2 €	Level 3 €	Total €
At 31 December 2022				
Financial assets at fair value through profit or loss:				
Equity Instruments:	-	-	-	-
Investment in EFSC Ltd	-	-	1,050,000	1,050,000
Total	<u>-</u>	<u>-</u>	<u>1,050,000</u>	<u>1,050,000</u>

The following table presents the movement in Level 3 instruments for the year ended 31 December 2023 by class of financial instrument.

	Equity Investment €	Total €
Opening balance	1,050,000	1,050,000
Net gains recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	179,690	179,690
Closing balance	<u>1,229,690</u>	<u>1,229,690</u>

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7. Financial risk management (continued)

The following table presents the movement in Level 3 instruments for the year ended 31 December 2022 by class of financial instrument.

	Equity Investment €	Total €
Opening balance	1.018.187	1.018.187
Additions	117.000	117.000
Net loss recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss.	(85.187)	(85.187)
Closing balance	1.050.000	1.050.000

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Fund makes use of valuation techniques to derive the fair value.

Valuation techniques

Controlled subsidiary investment

Securities representing ownership of privately owned companies such as Subsidiaries/Wholly Owned Subsidiaries/private equity investments shall be valued based on acceptable valuation models prepared by independent financial Valuers and approved by the External Manager and the Board of Directors. In determining the fair value of the subsidiary, the External Manager has appointed an external independent financial valuer to determine the fair market value of the investment in EFSC Ltd (the "Subsidiary"), in accordance with the Alternative Investment Fund Managers Law 56 (I)/2013 ("AIFM Law"), which governs the establishment and supervision of Alternative Investment Fund Managers ("AFIMs") in Cyprus.

The Level 3 equity that amounts to €1.229.690 consists of the controlled subsidiary investment. There has been a change in the valuation technique, change from a market approach to an income approach, given that it is considered a more appropriate approach to value an operating company with positive cash flows by converting anticipated economic performance into a present value. The independent financial valuer prepared a Discounted Cash Flow calculation which derives a value conclusion from the present values of future cash flow of the Subsidiary by discounting them to recognise the time value of money. When using this approach, Management provided to the independent valuer the relevant assumptions for the forecasts of revenue, operating expenses, capital expenditures, depreciation and amortisation, corporate and other taxes. The resulting cash flows after discounting them to their present value, together with the present value of the terminal value yield the total value of the Subsidiary.

Description	Fair value at 31/12/2023	Valuation Technique	Unobservable Inputs	Weighted average input**	Reasonable possible shift +/- (absolute value)	Change in Valuation +/-
Equity Instruments	1.229.690	Discounted cash flows	WACC Terminal Growth	13.96% 3%	0.50% 0.50%	(€99.170)/€107.837 €66.247/(€60.464)

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7. Financial risk management (continued)

Valuation techniques (continued)

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result. Any increase in the Terminal Growth rate would lead to an increase in estimated equity value of the investment. However, an increase in the Weighted Average Cost of Capital (WACC) would lead to a decrease in the equity value of the investment.

8. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Fund's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

– *Fair value of securities not quoted in an active market*

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models used for private equity securities are based on the income approach which involves the preparation of a Discounted Cash Flow calculation which considers the present values of future cash flows.

9. Fair value gain/(loss) on financial assets at fair value through profit or loss

	2023 €	2022 €
Financial assets at fair value through profit or loss:		
Net fair value gain/(loss) (Note 12)	<u>179.690</u>	<u>(85.187)</u>
Total fair value gains/(losses)	<u>179.690</u>	<u>(85.187)</u>

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10. Administrative expenses

	2023	2022
	€	€
Annual levy fee	350	350
Consultancy fees	-	1.800
CySEC fees	500	-
Custodian fees	7.089	8.190
Other professional fees	9.316	15.781
Fund administration fees	6.575	-
Management and performance fees	7.500	60.000
Auditors' remuneration	10.000	7.083
Irrecoverable VAT	5.584	-
Legal fees	-	643
Tax compliance fees	650	643
Sundry expenses	523	-
	48.087	94.490

11. Income tax expense

	2023	2022
	€	€
Current tax		
Corporation tax	-	-
Total current tax	-	-
Income tax expense	-	-

The tax on the Fund's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	€	€
Profit/(loss) before tax	130.039	(180.377)
Tax calculated at the applicable corporation tax rate of 12.5%	16.255	(22.547)
Tax effect of expenses not deductible for tax purposes	3.941	14.001
Tax effect of income not taxable for tax purposes	(23.036)	-
Tax effect of tax losses carry forward	2.840	8.546
Income tax charge	-	-

Brought forward losses of only five years may be utilized.

Under certain conditions, interest may be exempt from income tax and be subject only 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.

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12. Financial assets

(a) Financial assets at fair value through profit or loss

	2023 €	2022 €
Financial assets at fair value through profit or loss		
Non-listed securities	1.229.690	1.050.000
	1.229.690	1.050.000
Balance as at 1 January	1.050.000	1.018.187
Additions	-	117.000
Change in fair value	179.690	(85.187)
Balance as at 31 December	1.229.690	1.050.000

The details of the subsidiary are as follows:

Name	Country of incorporation	Principal activities	2023 Holding	2022 Holding	2023 €	2022 €
			%	%		
EFSC Ltd	Cyprus	Renewable energy services	100	100	1.229.690	1.050.000

The financial assets at fair value through profit or loss comprise 100% of the share capital in EFSC Ltd, a limited liability company registered in Cyprus. The subsidiary was incorporated on 16 November 2020.

The Fund exercised control over the subsidiary via voting rights of the shares acquired. As the Fund meets the definition of an investment entity, it does not consolidate the results of its subsidiary, but measures the latter at fair value through profit or loss.

The subsidiary is valued close of business on 31 December 2023 using valuation techniques (Note 7) and is classified as a non-current asset because the fund has no intention of realising it during the next twelve months.

Changes in fair value of financial assets at fair value through profit or loss are recorded in "Fair value gain/(loss) on financial assets at fair value through profit or loss" (Note 9) in profit or loss and are analysed as follows:

	2023 €	2022 €
Financial assets at fair value through profit or loss:		
Fair value gains/(losses)	179.690	(85.187)
Financial assets at fair value through profit or loss	179.690	(85.187)

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13. Net asset value per share

	2023 €	2022 €
Net assets attributable to the holders of redeemable investment shares	<u>1.149.217</u>	<u>1.019.178</u>
Number of redeemable investment shares	<u>1.430</u>	<u>1.430</u>
Net asset value per redeemable investment share	<u>803,65</u>	<u>712,71</u>

In accordance with the provisions of the Fund's Prospectus, the Net Asset Value per shares is calculated on a semi-annual basis.

The Fund was initially registered with an authorised share capital of 1.000 Management Shares of no par value, 25.000.000 Investor Shares of no par value and 74.999.000 unclassified shares of no par value.

The issued and paid share capital of the Fund is fluctuant and equal to the Net Asset Value and the Fund's capital is divided into shares having no nominal, but fluctuant value.

The rights and obligations of the two share classes differ in terms of voting rights and management fee charge.

Management Shares

The rights attaching to the management shares are as follows:

- carry voting rights in respect of all matters to be resolved in a general meeting of the Fund
- carry the exclusive right to appoint and remove the members of the Board of Directors of the Fund
- not be entitled to participate in any dividends of the Fund and/or other distributions to be made out of the profits of the investment compartments
- are non-redeemable
- in the event of liquidation, dissolution or winding up of the Fund:
 - (i) have the right to repayment of capital after the return of capital paid up on the Investor Units
 - (ii) after the return of capital, not to be entitled to the surplus of assets of the Fund.

Investor Shares

The rights attaching to the investor shares are as follows:

- do not carry voting rights
- may not confer upon the holders thereof the right to receive notices of or to attend and vote a general meeting of the Fund

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13. Net asset value per share (continued)

- on a winding up, will be entitled in priority to the Management Shares to the return of the capital paid up thereon and thereafter
- carry the exclusive rights in the distribution of surplus assets of the Fund in its liquidation
- to be entitled to all dividends and/or other distributions to be made out of the profits of the Fund.

The Minimum Initial Subscription required for Investor Shares is €125.000 and the Minimum Subsequent Subscription required for Investor shares is €50.000. These minimum initial and subsequent subscription amounts may be reduced or increased, at the discretion of the Directors, whenever they consider it reasonable or appropriate.

Transactions in share capital, shares outstanding and the Net Asset Value ("NAV") per share as at 31 December 2023, for each class of shares are as follows:

	Beginning Shares	Shares issued	Shares redeemed	Shares Outstanding
Investor shares	1.430	-	-	1.430
Management shares	1.000	-	-	1.000
	2.430	-	-	2.430

	Beginning Net Assets	Subscriptions	Redemptions	Change in Net Assets	Ending Net Assets	Ending NAV per Share
	€	€	€	€	€	€
Investor shares	1.019.178	-	-	130.039	1.149.217	803,65
Management shares	1.000	-	-	-	1.000	1
	1.020.178	-	-	130.039	1.150.217	804,65

During 2022, the Fund received a subscription amounting to €175.000 which attributed to 199 units based on NAV per Share prior to the subscription.

Transactions in share capital, shares outstanding and the NAV per share as at 31 December 2022, for each class of shares are as follows:

	Beginning Shares	Shares issued	Shares redeemed	Shares Outstanding
Investor shares	1.231	199	-	1.430
Management shares	1.000	-	-	1.000
	2.231	199	-	2.430

	Beginning Net Assets	Subscriptions	Redemptions	Change in Net Assets	Ending Net Assets	Ending NAV per Share
	€	€	€	€	€	€
Investor shares	1.024.555	175.000	-	180.377	1.019.178	712,71
Management shares	1.000	-	-	-	1.000	1
	1.025.555	175.000	-	180.377	1.019.178	713,71

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14. Cash and cash equivalents

	2023	2022
	€	€
Cash at bank	708	30.272
	<u>708</u>	<u>30.272</u>

15. Trade and other payables

	2023	2022
	€	€
Trade payables	13.735	8.094
Payables to related parties (Note 16(ii))	42.730	9.901
Accrued expenses	23.716	42.099
Trade and other payables	<u>80.181</u>	<u>60.094</u>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the reporting date.

16. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The management shares of the Fund as at 31 December 2023 are 100% held by Maroun El-Charabati.

The related party balances and transactions are as follows:

(i) External Manager

During 2023 Deltamark Fund Management Ltd resigned as the Fund's External Manager and Wealth Fund Services Limited was appointed to provide management services to the Fund as outlined in the Fund's Offering Memorandum.

The External Manager is entitled to receive a Management Fee, set to an annual fixed fee of €15.000 for the first twelve (12) months of the External Manager's appointment irrespective of the assets under management (AUM), paid semi-annually. Following the first twelve (12) months, the Management Fee will be increased to €20.000 and the following year the annual fee will be €25.000.

In the event that the Fund does not raise the capital of €3.500.000 for two consecutive years, the annual fee will remain at €15.000.

		2023	2022
Name	Nature of Transactions	€	€
Deltamark Fund Management Ltd	Management fees	-	60.000
Deltamark Fund Management Ltd	Professional services	-	100
Wealth Fund Services Limited	Management fees	7.500	-
Wealth Fund Services Limited	Professional services	4.000	-
		<u>11.500</u>	<u>60.100</u>

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16. Related party balances and transactions (continued)

(i) External Manager (continued)

The services rendered to the Fund during the year by the External Manager relate primarily to management fees and other Fund set-up fees.

(ii) Payables to related parties (Note 15)

		2023	2022
Name	Nature of Transactions	€	€
EFSC Ltd	Financing	31.230	9.901
Wealth Fund Services Limited	Management fees	7.500	-
Wealth Fund Services Limited	Professional services	4.000	-
		42.730	9.901

The payables to related parties were provided interest-free and have no specified repayment date.

17. Other significant contractual arrangements

17.1 Administration Company

During 2023, Deltamark Fund Management Ltd resigned as the Fund's Administrator and PWC Fund Services Ltd was appointed to provide administration services to the Fund as outlined in Administrator agreement dated 3 August 2023. Under the terms of the agreement the Fund pays the administrative agent an annual Administration Fee for the investment compartment Ilios I of 0,06% of the Gross Asset Value with a minimum of €16.000 per annum.

Administrative fees for the for the year ended 31 December 2023 totalled €6.575 (2022: €0) and are presented in the statement of comprehensive income. The amount outstanding at the year-end is €13.022 (2022: €0) which also includes other professional fees of €6.447 and it is included in trade and other payables.

17.2 Depositary Company

The Management Company has appointed Eurobank Cyprus Ltd as the Depositary to provide depositary services to the Fund pursuant to a depositary agreement. Under the terms of the agreement the Fund pays the Depositary an annual fee of 0,08% calculated on the value of assets of each compartment.

There is a minimum monthly fee of €450 applicable per RAIF compartment.

Depositary fees for the for the year ended 31 December 2023 totalled €7.088 (2022: €8.190) and are presented in the statement of comprehensive income. The amount outstanding at the year-end is €0 (2022: €0).

18. Contingent Liabilities

The Fund had no contingent liabilities as at 31 December 2023.

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19. Commitments

The Fund had no capital or other commitments as at 31 December 2023.

20. Events after the reporting period

Change of Non-Executive Director

On 31 December 2023, Chrysostomos Xenofontos resigned from their duties as a Non-Executive director and on 6 February 2024, Georgios Hadjiyiannis was appointed for the role.

Change of Secretary

On 14 January 2024, Asmik Melian has resigned from their duties as the Secretary of the Fund, and was replaced by G.T. Globaltrust Services Limited.

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

Independent auditor's report on pages 7 to 9