HELLENIC ELECTRICITY DISTRIBUTION
NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2021 – 31/12/2021
based on the International Financial Reporting Standards,
as endorsed by the European Union

ANNUAL FINANCIAL REPORT

CONTENTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS
HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
FOR THE FISCAL YEAR 01/01/2021 – 31/12/2021

Dear Shareholders,

At the end of the tenth financial year (01/01/2021 - 31/12/2021) of the company Hellenic Electricity Distribution Network Manager SA ('HEDNO SA' otherwise 'the Company'), we are honoured to present you with the financial statements for the year in question, together with our comments thereon, in accordance with the Company's Articles of Association.

The financial statements of HEDNO SA for the financial year ended 31/12/2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

In the context of the implementation of Directive 2009/72/EC, which, inter alia, sets out the rules governing the internal market for electricity, from which specific requirements arise pertaining to the independence of electricity distribution activity, the Board of Directors ("BoD") of PPC SA, at its meeting of 12/10/2010, took the decision to begin proceedings for the transfer of this activity of the division in its entirety to a 100% subsidiary of PPC SA. More specifically, the BoD resolved that all activities concerned with distribution of electricity, including the activities of the Non-Interconnected Islands Network Operator, should be incorporated within its then already operating subsidiary, PPC RHODES SA.

By virtue of more recent respective decisions of the BoD of PPC SA, namely Decisions No 294/21.12.2010, 200/4.10.2011 and 230/10.11.2011, the 'Report on the determination of the book value of transferred assets and liabilities of the PPC Distribution Division' dated 31 December 2011 was drawn up by a chartered accountant and approved by the General Meeting of Shareholders of PPC SA, such that the division could be absorbed by its 100% subsidiary, PPC RHODES SA, which was then renamed HEDNO SA, based on the provisions of Law 2166/1993 and Law 4001/2011, as amended and in force.

This split-off was approved by the Prefecture of Athens in April 2012, thus marking the establishment of the autonomous and independent business and financial operation of HEDNO SA as of 1 May 2012.

The spin-off through absorption of the Electricity Distribution Network Sector ("Sector") and through the Sector's contribution to the subsidiary HEDNO S.A. ("Beneficiary") by PPC S.A. ("Demerged") was agreed and approved by decisions of the Boards of Directors of PPC S.A. and HEDNO S.A. taken on 15/06/2021 and 18/06/2021, respectively, in accordance with the provisions of Articles 4 and 54-73 of Law 4601/2019 with parallel application of Law 1297/1972.

The Sector's spin-off was based on financial data from the transformation balance sheet as of 31/03/2021, which were used as basis for the valuation of the assets of the Demerged Company's spin-off Sector that is contributed to the Beneficiary Company.

The spin-off specifically concerns the Sector, which includes all activities of the Demerged Company's independent exploitation of the Hellenic Electricity Distribution Network ("HEDN"), as well as ownership of the HEDN, including real estate and other assets of the Sector and the Network of the Non-Interconnected Islands (as defined in Law 4001/2011), as well as related liabilities and other liabilities, with the exception of the High Voltage Network of Crete along with the relevant fixed assets and assets thereof. This Sector also excludes the existing fiber optic network, assets related to it and the rights and obligations that come with them, as well as the right to install fiber optics or other electronic communications network data on the HEDN. As a result, PPC S.A. remains the Network Operator, and it is responsible for providing access and transit rights to third parties in accordance with Law 4463/2017.

The assets of the Branch that were transferred to the Beneficiary are expressed in the transformation accounting statement dated 31/03/2021, and they were valued for the purposes of the spin-off with the Valuation Report dated 29/06/2021, which was performed by the Chartered Auditors & Accountants of Grant Thornton Certified Auditors and Business Advisors Société Anonyme in accordance with Article 17 of Law 4548/2018.

The "spin-off date" was defined as the date on which the resolutions of the General Meetings of the shareholders of the Demerged and of the Beneficiary on the authorisation of the spin-off were registered in the General Electronic Commercial Registry (G.E.M.I.), i.e. 30/11/2021.

The Company has 7 branches nationwide and 219 tax warehouses.

CURRENT STATUS

Operating Framework until 30/11/2021 (Spin-Off Date)

A new operating environment of the domestic electricity market was created during the initial spin-off of the activities of Electricity Distribution and Operator of Non-Interconnected Islands in 2011 and their absorption by HEDNO S.A. (which was then 100% owned by PPC S.A.).

The legal operating framework of HEDNO SA was established under Law 4001/2011, and in particular it was determined that:

- HEDNO SA would be the HEDNO having received the relevant licence from the Regulatory Authority for Energy ("RAE"). The granting of the licence presupposed, inter alia, the taking of necessary measures to ensure the independence and impartiality of HEDNO towards all Network users.

- The ownership of HEDNO belongs exclusively to PPC SA, which is granted an exclusivity licence with regard to ownership of the Network, thus covering future extensions.

- The regulation of issues concerning the manner in which calculation and payment of the annual consideration due to the Owner of the Hellenic Electricity Distribution Network HEDN - namely to PPC SA, which forms part of the total annual income received by the holder of the Management Licence, via invoices used of the Hellenic Electricity Distribution Network, is defined by the Concession Agreement for Operation of HEDNO, prepared by HEDNO SA together with PPC SA.

Responsibilities of the Operator

In accordance with Law 4001/2011, the main responsibilities of HEDNO are the following.

- The development, operation and maintenance of the Hellenic Electricity Distribution Network in such a way as to ensure its reliable, efficient and safe operation.

- To ensure equal access of users to the HEDN, such that HEDNO's activities are carried out in accordance with the Management Licence and the Hellenic Electricity Distribution Network Code.

- Regarding the Non-Interconnected Islands, in addition to management of the Network, HEDNO SA is responsible for management of the output and market operation of the electrical systems of these islands.

- Management of the Special Account of Services of General Interest (SGI) in the Greek Territory from 01/01/2018 onwards.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2021	
ACCOUNT INFLOWS	
INITIAL DEPOSIT (DOD 0002445 EX 2017)	476,000,000
PLUS IPTO BALANCE	8,574,066
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4264/20.11.2019)	59,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	**875,254,756**

ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728
ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072
ACCOUNT DEFICIT 31/12/2020	104,416,901
ACCOUNT DEFICIT 31/12/2021	-120,098,050
DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SELF-PRODUCED SERVICES OF GENERAL INTEREST (SGI) LV-MV	-29,729
DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SELF-PRODUCED SERVICES OF GENERAL INTEREST (SGI) HV	-795,905
DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SGI HV	-628.279
TOTAL OUTFLOWS	**764,316,131**
ACCOUNT BALANCE	**110,938,625**
PLUS SETTLEMENTS 2012 - 2017	1,867,707
LESS ADDITIONAL SETTLEMENTS 2012 - 2016 (RAE O-76750/12.04.2019)	21,954,985
PLUS SETTLEMENT SOCIAL DOMESTIC TARIFF - EAP 2017 (RAE 435/2019)	17,875,007
LESS ADDITIONAL SETTLEMENTS 2014 - 2016 (RAE 832/12.04.2019)	21,664,978
LESS SUPPLEMENTARY COMPENSATION 2013 (RAE 854A/2019)	994,139
LESS SUPPLEMENTARY COMPENSATION 2014 - 2016 (RAE 200/2020)	5,767,413
PLUS FINAL SETTLEMENT OF SGI FOR THE NON-INTERCONNECTED ISLANDS 2017 RAE 1254/2019	72,204,790
PLUS FINAL SETTLEMENT OF SGI FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2017	3,083,249
CURRENT BALANCE OF SGI ACCOUNT	**155,587,863**
SGI WITH SUSPENSION OF PAYMENTS	**21,937,536**

The Company also has an active role with regard to the handling of electricity theft, through detection and management, based on the provisions of the Network Management Code and the relevant decisions of the RAE that follow; the Electricity Theft Manual, determination of administrative fixed prices etc.

In accordance with the provisions of Article 36 of Law 4508/2017, the Company was appointed administrator of the special account established for the reconnection of electricity supplies to low-income consumers, who have been disconnected from the electricity supply network due to overdue debts so that their energy needs can be met, as determined by a joint ministerial decision (Government Gazette, Series II, 474/14.02.2018). The amount received by HEDNO in the special account from the State Budget amounts to EUR 70 million, and it is made available for the aforementioned purpose.

Activities of the Operator

The main activities of HEDNO SA are as follows.

- Network development, either by own means or via contractors
- Strengthening, improvement and modernisation of the Network
- Construction of distribution centres and 150kV lines
- Network exploitation
- Network operation
- Network inspection and maintenance
- Fault restoration
- Consumption metering
- Provision of services to users

- New network connections for consumers and producers of Renewable Energy Sources ("RES")
- Relocation of electricity supply poles and cables
- Expansion of capacity for existing connections
- Ensuring the reliable and economical operation of the autonomous island electrical systems within the context of HEDNO SA's responsibilities pursuant to Article 129 of Law 4001/2011 and the specific regulatory framework thereof under RAE decision 39/2014 (Government Gazette, Series II, No 304/11.02.2014)

Operating Framework as of 30/11/2021 (Spin-Off Date)

As previously stated, a further demerger of PPC S.A. occurred on 30/11/2021, with the spin-off and contribution of the Electricity Distribution Network Sector to HEDNO S.A., in accordance with the provisions of Articles 4 and 54-73 of Law 4601/2019 in conjunction with the application of Legislative Decree 1297/1972.

The spin-off procedure, in particular, was completed, with the following effects for the Demerged and Beneficiary:

- HEDNO S.A. subrogated as a universal successor, in accordance with Article 70 (2) of L.4601/2019, to the total of the property transferred to it (assets and liabilities of the Sector), and became the exclusive owner, possessor, occupant and beneficiary of each of its assets, as reflected in the accounting statement of transformation of the spin-off Sector dated 31/03/2021. All rights, obligations, and generally legal relations of the spin-off Sector from the Demerged or those related to it, including administrative licenses issued in favour of the latter by Public/Independent Authorities and corresponding to the spin-off Sector, were transferred to the Beneficiary as part of the universal succession. Any other right, obligation, intangible good, claim, or in general other asset or liability pertaining to the Branch was transferred to the Beneficiary together with the spin-off Sector. Furthermore, all contracts, agreements, and legal transactions between the Demerged and any third natural or legal person that concern the spin-off Sector are transferred to the Beneficiary and continued by the latter on the same terms and agreements. Even if they are not specifically indicated in the transformation accounting statement, assets, any kind of licenses, rights, claims, or legal connections of the Demerged that concern the transferred Sector were transferred to the Beneficiary.

- The Beneficiary's share capital was increased by €953,662,960.00 with the issuance of 95,366,296 new common registered shares of a nominal value of €10.00 each, the total of which will be received by the Demerged by the Spin-Off Day, due to the Branch's spin-off from the Demerged and its contribution to the Beneficiary, and according to the financial data of the transformation balance sheet and of the Valuation Report. As a result, the Beneficiary's entire share capital is €991,214,970.00, which is divided into 99,121,497 shares with a nominal value of €10.00 each.

  According to the above, the Demerged's shares in the Beneficiary provide it the right to partake in the profits from any dividend distribution that occurs after the spin-off date.

Dividend policy

In accordance with the Company's Articles of Association and Article 32 thereof pertaining to net profits and their disposal, the Company's net profits are derived from gross profits after deduction of any expenses, losses, statutory depreciation, and any other liabilities that burden the Company.

Net profits shall be distributed as follows:

(α) A percentage of at least 5% of net profits is deducted to form the statutory reserve. This deduction shall no longer be mandatory when reserves reach 1/3 of the share capital. If this amount should fall for any reason, deductions shall be repeated until the same limit is reached.

(β) The minimum dividend is fixed at 35% of the Company's net profits, after deductions of amounts used for formation of the statutory reserve and other credit items of the income statement not derived from realised profits. The above percentage may be reduced following a decision of the General Meeting taken with an increased quorum and majority, in accordance with the provisions of Article 130 (3) and (4) and Article 132 (2) of Law 4548/2018, but it may not be less than 10%. The General Meeting may, by virtue of a decision taken with an increased quorum and a majority of eighty percent (80%) of the share capital represented at that meeting, decide not to distribute the minimum dividend. The General Meeting may, by virtue of a decision taken with an increased quorum and majority, decide that profits to be appropriated for distribution as minimum dividends should be capitalised and distributed to shareholders in the form of shares calculated at their nominal value. The appropriation of any further profits shall be decided by the General Meeting with a simple quorum and majority.

Any distribution to shareholders is subject to the provisions of Articles 159 to 163 of Law 4548/2018, as in force.

Proposal for profit appropriation

It is proposed that a minimum dividend of 35% of the Company's net profits should be distributed after deductions have been withheld to form the statutory reserve.

Important data for 2021

The most important data regarding the operation of HEDNO SA as manager of the Hellenic Electricity Distribution Network for the fiscal year 01/01/2021 - 31/12/2021 are the following, taking into account any reclassifications for the purposes of comparability.

- The total revenues of the Company for 2021 amounted to EUR 946,251 (2020: EUR 900,063).
- The total assets of the Company in 2021 amounted to EUR 5,746,829 (2020: EUR 942,917).
- Personnel remuneration subsequent to reductions arising from the application of Law 3833/10, Law 3845/10 and Law 4024/11 amounted to EUR 300,785 (2020: EUR 278,432), of which the sum of EUR 45,398 (2020: EUR 41,095) corresponds to network projects and the amount of EUR 255,388 (2020: EUR 237,338) to exploitation.
- The number of employees (regular staff) at the end of 2021 reached 5,456 persons (2020: 5,820).
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 70,788 (2020: EUR 50,613).
- Profits before taxes amounted EUR 19,120 (2020: EUR 26,031).
- The EBITDA margin is 7.48% (2020: 5,62%).

Progress of network usage charges under recovery (until 30/11/2021)

Based on the required revenues determined by RAE Decision 1515/2020, the sum under recovery in 2021 amounted to EUR 48.65 million, the burden of which was divided between the Network Owner, PPC SA in the amount of EUR 40.74 million and the Network Operator, HEDNO SA, in the amount of EUR 7.91 million. The Company is now the Owner of the Network as of 01/12/2021, following the spin-off from PPC S.A. and the absorption of the Electricity Distribution Network Branch by HEDNO S.A. - therefore, the required revenue has been adjusted for the 11 months of 2021 during which PPC S.A. was the Owner of the Network. Based on such adjustment, the sum under recovery in 2021 amounted to EUR 45.29 million, the burden of which was divided between the Network Owner, PPC SA with the amount of EUR 41.21 million and the Network Operator, HEDNO SA with the amount of EUR 4.08 million.

Progress of network development activities and projects

Given that these networks are strategic infrastructures of key importance for the productive and economic reconstruction of our country, in 2021 the Company continued to make progress with its modernisation plans, laying the foundations for its digital transformation.

Development & exploitation of networks

In 2021, distribution facilities were expanded by 781 km in the medium voltage (MV) networks and by 611 km in the low voltage (LV) networks, and 335 more MV/LV transformers were installed, while at the same time 2,900 switching systems became operational. Thus the MV network now extends over 114,139 km and the LV network has reached 128,822 km in length, while the number of transformers installed in the network amounts to 166,160.

The active users of the distribution networks amounted to 7,648,284, of which 14,018 are MV users.

The level of investments in distribution activity reached approximately EUR 221.2 million, of which EUR 14.9 million pertains to important public works.

New connection service times

The average service time (studies and construction installation works) for ordinary new user connections was 21.5 working days, while for connections requiring network intervention works it is 42.4 working days, and for alternative network change requests it is 42.51 working days.

Environmental Matters

The Company takes due care to improve its environmental performance. As a way to achieve this it signed a contract with a specialised Consultant in 2021 for the design and development of a methodology for recording HEDNO SA's Carbon Footprint. The project's goal is to identify and calculate the Company's greenhouse gas emissions, both direct (Scope 1) and indirect (Scope 2 & Scope 3), which are primarily caused by fuels, electricity consumption, supply chain, fixed equipment, and electricity losses in the Network, in order to calculate the Carbon Footprint and then implement an integrated recording, calculation, monitoring, and disclosure system for the carbon footprint on an annual recurring basis in compliance with ISO 14064:2018. The carbon footprint was calculated for the categories Scope 1 and 2 in the first phase, in 2021, for the period 01/01/2020 – 31/12/2020, and these data were utilised in the PPC Group's 1st Sustainable Development Report.

At the same time, the Company takes steps to conserve natural resources, such as tree pruning and ground vegetation clearance aimed at forest preservation. Another key aim is environmental "aesthetic" protection, with priority given to underground networks and the replacement of naked LV conductors with twisted cables in traditional communities and special interest settlements (in terms of culture or tourism). For example, in 2021, 1,745.95 kilometers of twisted cables were installed in the Low Voltage system. 1,273.48 km were installed in place of sections of LV bare conductor network, with many positive consequences for the environment, such as avifauna preservation and aesthetic enhancement, as well as making use of the network.

HEDNO S.A. considers preserving biodiversity endangered species to be top priorities. It continues to take steps for improving networks in locations where rare bird species live, including significant interventions with new technologies (e.g., it participates in the program LIFE17 NAT/GR/000514 – LIFE Bonelli eastMed, for the conservation and management of the Bonelli's eagle population in the Eastern Mediterranean, which provides for the placement of special insulating covers at selected locations of the Medium Voltage (MT) overhead network), in collaboration with competent bodies and organisations. It also ensures the safe passage and stay of migratory species in our country and cooperates with NGOs to protect our country's wildlife. HEDNO SA placed stork nests and assisted with the maintenance of nests, as well as ringing storks in many places of Greece in 2021, in collaboration with NGOs.

Finally, in 2021, it began delivering water-soluble preservative-impregnated hardwood poles for installation in new overhead networks, in order to assess the widespread use of poles free of creosote and composed of more environmentally friendly materials.

Impact of the COVID-19 pandemic

From the first moment that the SARS-CoV-2 virus made its appearance in our country, HEDNO SA has been in constant vigilance and readiness, placing absolute priority on the protection of the health and safety of its employees, the uninterrupted and seamless supply of electricity to the whole country, as well as provision of a safe service to all its customers.

In this context, the Company, which reviews the progress and impact of the virus on a daily basis, has taken and continues to take the necessary protective and preventive measures on behalf of its employees, in conformity with the prescribed health protocols. In particular, the Company ensures the continuous supply and adequacy of COVID-19 protective materials (masks, gloves, antiseptics), supports organised and targeted diagnostic testing of its employees in collaboration with certified diagnostic centers throughout Greece, provides special attention to critical functions and teams (e.g. reserves), has successfully implemented teleworking and promotes vaccination. Furthermore, since the start of the pandemic, it has conducted COVID-19 updates sessions for personnel and offered a relevant e-learning seminar.

As of 2020, HEDNO S.A. used the Covid-19 Responsible Persons (Correspondents) Network for direct and two-way contact with all of its Service Units, monitoring the evolution of confirmed cases at organisational level, and implementing any new measures for improved risk preparation and treatment.

Simultaneously with the above, HEDNO adjusts and updates at regular intervals the Business Continuity Plan (BCP) which became applicable immediately from 2020 with the outbreak of the pandemic, and which ensures, as far as possible, the continuation of its work in cases of emergency and force majeure, with a focus on the smooth and efficient operation of all of the critical infrastructure that it manages. As part of the BCP, a Crisis Management Team has been set up to address all operational and functional problems arising from the spread of the virus, ensuring, as far as possible, the smooth supply of electricity throughout the country and efficient service to the public.

The Company, in parallel with the above measures, continues to review the possible impact on its financial operation, as a result of the pandemic, with emphasis on the possible effects due to uncertainties associated with the continued flow of receivables and the need to ensure adequate levels of liquidity.

In this context, and given that the situation continues to evolve dynamically, any accurate estimate of the impact of COVID-19 on HEDNO' s main source of revenue (network usage charges) for the current year cannot be made at the present time. However, it nevertheless seems that it will not be significant. The non-competitive and regulated activity of the Company is a strengthening factor in the midst of an extremely difficult and uncertain environment.

With regard to the impact of the consequences on the financial activity of HEDNO SA in 2021, the main points are as follows:

- The company showed an increase in investments by 27% compared to the previous year and the investments for the year 2021 were 7% over the approved budget of the enterprise.
- The expenses of the Company within the context of safety and hygiene measures against the COVID-19 pandemic up to 31/12/2021 amounted to EUR 8.37 million. (2020: € 8.45 mil)
- Total operating costs did not change significantly, and neither did the Company's revenue from network usage charges.

Main risks - Uncertainties

The activities of the Company are affected by various types of risk, which are analysed below.

Unaudited tax years

The IAPR issued a partial income tax audit order for the tax year 2019 on 08/11/2021. This audit has yet to be finished; it is expected to be completed in the first half of 2022. Because the relevant audit work by the competent authorities is ongoing, the outcome of the tax audit cannot be predicted at this time, and thus no provision has been made in the financial statements on this matter – however, it is estimated that there will be no significant impact on the Company's financial position.

The Company has not undergone tax audits for the fiscal years 2016 to 2020 inclusive, which are not yet time-barred. The tax certificates of HEDNO SA obtained by the respective audit company for the years 2016 – 2020 were issued without reservation.

The task of carrying out the work necessary for the issuance of the tax certificate for the year 2021 has been entrusted to the certified auditors of the company Ernst & Young (Hellas) Certified Auditors – Accountants SA, and it is already underway. The Company's Management does not expect to incur significant tax liabilities on completion of the work in question, other than those already recorded and reflected in the financial statements.

In the course of preparation of the financial statements for the year ended 31/12/2021, the corresponding accounting differences have been calculated, and the Company estimates that no special provision needs to be made for this fiscal year.

Interest rate risk

HEDNO SA's financial commitments include fixed-rate loans from the European Investment Bank ("EIB") and Black Sea, which were transferred by PPC S.A. with the Sector's spin-off on 30/11/2021, as well as any overdraft accounts from which no withdrawal has been made yet. There are no hedging derivatives transactions on the loan portfolio as of 31/12/2021.

Commodity price risk
The prices of the primary raw materials used by the Company, both for the operation of the Network and for its development, are determined by the international commodity markets and as a result the Company is exposed to the risk arising from the respective price fluctuations.

Risk of lack of environmental permits in storage areas
Due to the lack of required environmental permits in the warehouses, the Company is at risk of being sanctioned by the responsible ministries as well as RAE.

In 2021, the Company commissioned an external consultant to conduct a Due Diligence Environmental Report of its Regional Warehouses, with the goal of identifying potential environmental issues, risks, and obligations related to historical and current activities at the warehouse sites, as well as, if possible, adjacent facilities, that could negatively affect the environmental conditions of the sites and potentially pose a risk of compliance for HEDNO S.A.

During the months May - June 2021, the external consultant visited and inspected the warehouse premises, identifying the major environmental concerns. The environmental risks are considered to be high based on the preliminary assessment of possible environmental impacts conducted, and the external consultant suggested that an Environmental Impact Assessment be conducted in specific warehouses in the near future. This will include an assessment of environmental obligations (issuance of permits) and possibly an investigation into the possible presence of pollution.

There is a risk that additional time will be required to complete the investigation and implement any required compliance measures or other pollution prevention measures, leaving the Company vulnerable to penalties owing to a lack of environmental permits in the storage locations.

To gradually reduce risk, the Company has begun proceedings for the required licensing of the Thessaloniki Warehouse under the Service Provision Agreement no. 5121561/11.01.2022 with the Contractor DEPA International Projects SA.

Credit risk
The Company is exposed to credit risk in relation to its trade receivables, while the general economic situation with the significant increases in electricity price adversely affects liquidity. With regard to the collection time of receivables, the Company closely monitors its overdue receivables and takes all necessary measures to address such risk. As far as the operation of the market for electricity is concerned, the settlement time for receivables is determined by the RAE, which is an indication of the direct relationship to regulatory risk, which is referred to below.

Liquidity risk
Liquidity risk is associated with the Company's need for adequate financing to support its operation and development. The Company manages the liquidity risk through the monitoring and planning of its cash flows, and takes appropriate action to ensure, as far as possible, that credit limits and cash and cash equivalents are sufficient. Monitoring of the Company's cash and liquidity takes place on a daily basis.

The Company's borrowing was zero until 30/11/2021, when the Sector's spin-off from PPC S.A. was completed on 01/12/2021, and it was absorbed by the Company and the related borrowing was transferred to it. The lending, which, as previously stated, is primarily from the EIB, totaled € 1,416.3 million on 30/11/2021 and € 1,375.8 million on 31/12/2021 (amortised balance).

Simultaneously, the Company has access to short-term working capital borrowing through overdraft accounts with the following banks:

	National Bank	Piraeus Bank	Attica Bank	Optima Bank	Cooperative Bank of Epirus
Amounts Granted	€ 23 m.	€ 10 m.	€ 7 m.	€ 10 m.	€ 2 m.

On 10/02/2022, the Board of Directors also authorised the initial binding parameters for a bond loan issuance of up to €660 million (with the option of a reduction to €430 million if alternative financing is acquired by the EIB) with Eurobank as contractor to cover financing needs.

Risk due to lack of insurance cover
The Company does not insure materials and spare part inventories maintained by it. Taking into account the dispersion of a total of 219 tax warehouses across Greece, of which 14 have an inventory value of more than EUR 1.5 million, while the maximum value held in any warehouse is EUR 23.7 million, we consider that the Company faces limited risk for a potential significant loss that could have a corresponding impact on its profitability.

Inventory held in the warehouses of third parties and contractors are covered in their entirety by insurance contracts that they themselves conclude. In addition, the Company is covered for 50% of their value through letters of guarantee.

Civil liability risks are not insured, but they are completed upon collection of the necessary data in relevant studies which have been assigned by the Company to a recognised firm, for the purpose of insuring against risks to facilities and civil liability, to credit and to the Company's vehicles and decisions on the general insurance practices that are to be followed are pending.

Regulatory risk
Possible amendments and/or supplements to the regulatory framework governing the electricity market, and in particular to the secondary regulatory framework governing the activities of HEDNO, both in accordance with the provisions of European legislation and applicable law, may have a significant impact on the operation and financial results of the Company.

Risk arising from litigation pending
The Company is a defendant in a significant number of cases, the negative outcome of which could significantly affect its financial results. The Company has made provision in the light of this risk, which is updated as appropriate.

Risk arising from amendments to taxes and other regulations
Potential amendments of taxation and other regulations may have an impact on the financial results of the Company.

Risk arising from breach of Guaranteed Service time limits
In accordance with the respective decisions of the RAE, HEDNO SA is obliged to provide Guaranteed Services (technical services, new connection services, etc.), within specific time periods to consumers. Breach of these time limits carries the imposition of payment of fixed amounts to the beneficiaries, which are not included in the requisite annual income approved by RAE.

On 01/04/2020, the RAE issued a new decision regarding this matter (1151 A/2019), amending the HEDNO SA guaranteed services to consumers program, which entered into force on 01/07/2020. This resolution is in effect as amended by RAE's decision 1593A/2020. The amount for the second half of 2021 will be paid to consumers in 2022 (April). This sum totals € 613,690, and it is worth noting that the payment amount for the Guaranteed Service 3.2 (voluntary interruption) was determined based on the aforesaid RAE rulings for those consumers who had submitted an IBAN.

Risk arising from rising Network maintenance and operating costs - Failure to achieve efficiency targets
The risk of HEDNO's maintenance and operation costs exceeding projected levels is always present, as unforeseen factors affecting HEDNO's operation (especially those that are beyond HEDNO S.A.'s control, such as those due to force majeure and adverse weather conditions) are numerous and may prevent the company from achieving its goals. After the transfer of the Network's assets to the Company's ownership on 30/11/2021, the result of such a divergence is anticipated to be greater than in the previous situation.

Liquidity risk due to late payment by electricity suppliers
Potential delays in payment by electricity suppliers would have a negative impact on the Company's liquidity.

According to RAE guidelines, on 22/10/2021, seven (7) power providers with considerable arrears presented proposals for debt resolution based on the presentation of Letters of Guarantee and payment of the remaining 50% in monthly installments. HEDNO S.A. updates RAE on the status of the implementation of the arrangements on a monthly basis.

Risk of cost absorption that may not be approved by RAE
If RAE does not approve certain cost data submitted HEDNO SA, this may have a negative impact on financial results and liquidity of the Company.

Inclusion of the Company, due to its legal nature, under laws and regulations restricting its operational flexibility

HEDNO SA is an ex lege universal successor of the electricity distribution division of PPC SA, in accordance with Article 123 of Law 4001/2011 and, until 28/02/2022 it was a 100% subsidiary and an affiliated company of the former, within the meaning of Article 32 of Law 4308/2014. Aside from that, both PPC S.A. and HEDNO S.A. saw major business developments. More specifically: a) on 16/11/2021, PPC S.A.'s share capital was increased, resulting in the Greek State no longer owning the majority of PPC's share capital, as the Greek State's percentage stake in PPC S.A.'s shares was reduced from 51.12% to 34.12%, b) on 30/11/2021 the spin-off of the Electricity Distribution Network Sector was completed on the basis of and in accordance with Article 123A of Law 4001/2011, as mentioned in the said report, and c) on 28/02/2022, PPC S.A. transferred shares it in owned in HEDNO S.A. which represent 49% of the Company's share capital to a private investor. As a result, PPC S.A. currently owns 51 percent of HEDNO S.A.'s share capital. Given the foregoing developments, and the fact that PPC S.A. and HEDNO S.A., as its subsidiary and the universal successor of PPC S.A.'s Distribution Sector and Distribution Network Sector, both left the public sector following the issuance of Presidential Decree 360/1991, the question arises as to whether the companies are considered Public Enterprises under the Law 3429/2005, as it now appears that the aforementioned law's prerequisites for their inclusion (*rationae personae*) in it have not been met. This question, whether or not HEDNO S.A. is a company of the larger Greek public sector, is raised from time to time in various aspects, and the answer is related to and in any case takes into account the specific legislation (public, labor, tax, lease, property, etc.) as well as the various fora (political, administrative, fiscal courts and various administrative authorities) in which it is posed. It should be noted that it has recently been placed in the context of the pre-contractual audit of HEDNO S.A.'s contracts, and that a decision by the major Plenum of the Court of Auditors is expected to be issued soon (the case was discussed in court on 02/03/2022), while there is also a recent Supreme Court decision (1107/2019), according to which it was judged that HEDNO S.A., as a subsidiary of PPC SA, is not one of the bodies in the broader public sector.

Currently, a number of legislative and regulatory provisions continue to apply to the Company which in principle apply to bodies in the wider public sector and which affect specific processes, including for example those pertaining to charges, maximum remuneration limit, personnel recruitment and dismissal and procurement procedures. These laws and regulations, especially in the context of the current economic situation and the respective decisions of the central management, may limit the operational flexibility of the Company and have significant negative effects on its financial results.

However, due to recent business developments in the share capital of PPC S.A. and HEDNO S.A. (the State no longer owns the majority of the shares in PPC S.A., as stated above), the provisions of paragraphs 6, 7 and 8 of Article 3 of Law 3845/2010 (Government Gazette Series I No. 65) on the non-payment of Christmas, Easter holiday allowances, and leave to their employees ceases to apply, and HEDNO S.A. is required to pay the allowances on a standard basis. The same applies to Article 28 of Law 4354/2015 (Government Gazette Issue I, No. 76), which stipulated that any kind of salaries, additional remuneration, or reimbursements paid to all kinds of staff must not exceed the total remuneration of the Secretary General of the Ministry, as determined each time, and whose application, likewise, ceases to apply to HEDNO S.A. and thus this ceiling does not apply from the time of the change of the share capital of PPC S.A. It should be noted that the Company is no longer subject to the restrictive regulations of Law 4389/2016, or those of Law 4057/2015, in terms of the required approval of the CMA 33/2006, following the enactment of Law 4643/2019 (Government Gazette Issue I, No. 193/03-12-2019), and thus certain difficulties in terms of staff recruitment have been lifted.

Strike action by personnel
Most of the Company's employees participate in trade unions. Prolonged labour disruptions may have a significant negative impact on the Company's business activity.

Organisation and management risk

The Company has defined risk as a set of uncertain and unpredictable situations that may affect its overall activities, its business activity, its financial performance, the implementation of its strategy and the achievement of its objectives.

In order to prevent and identify risk prevention solutions, the newly formed Risk Management team will work directly with the competent Executives. The 4 strategic pillars of HEDNO's S.A. Business Plan include risk management as one of the key elements. Through a structured classification, the team plans to establish a holistic risk management framework to identify and mitigate the Company's risks.

The risk management system comprises three lines of defence:

1st → Risk owner – Standard-based execution
2nd → Control – Central hazard and surveillance operation units
3^{d} → Assurance – Internal Audit

Risk management is overseen by the Board of Directors and carried out by Senior Management - Executive Executives.

The Company has an adequate internal audit system which permits the preparation and fair presentation of financial statements, in accordance with International Financial Reporting Standards, as adopted by the European Union.

Other non-financial information for 2021

HEDNO S.A. NON-FINANCIAL STATEMENT FOR THE YEAR 2021	
Total HEDNO S.A. employees on 31/12/21	5,456 persons
Female employees (number)	1,402 women
Female employees (%)	25.70%
Number of employees with collective labour agreements	5,418 persons
Employees with collective labour agreements (%)	99.30%
Total number of workplace accidents involving employees (number of workers)	71
Accidents with absence of ≥1 day	55
ESAW accidents (excluding pathological, from/to-work and accidents resulting in a ≤3 3-day absence)	31
Total number of fatal workplace accidents involving employees (number of workers)	1
Irrevocable court decisions in cases of human rights violations in the workplace (number of incidents)	0

Irrevocable criminal court rulings on matters relating to the criminal offences of corruption, abuse of power, embezzlement, theft, breach of trust, bribery, extortion, fraud, forgery, false testimony or falsification of documents, use of false statements, and breach of confidentiality (number of judgments of courts)	0
Donations and sponsorships	€ 446,746.06
System Average Interruption Frequency Index (SAIFI)/ (average annual number of outages per customer)	2.05 outages/customer
System Average Interruption Frequency Index (SAIFI) (average annual number of outages in minutes per customer)	155.41 min/customer

Labour matters

HEDNO SA applies modern management practices to its human resources and takes care to ensures the creation of a modern working environment of equal opportunities. It is committed to ensuring the health and safety of its employees, with the implementation of the appropriate Occupational Health and Safety Management Systems, and by carrying out respective training programs. Furthermore, it respects human rights and trade union freedoms and opposes child, forced and compulsory labour, as well as all forms of discrimination. The Staff Regulation of PPC SA regulates, among other things, the rights and obligations of employees, the terms of employment contracts, the relationships that are formed in the execution of work and the exercise of disciplinary authority.

The Enterprise Collective Bargaining Agreement (ERC) with Company personnel was renewed on 21/04/2021 with a 3 year validity term. Its general regulations provided for the insurance of personnel under a Group Health Insurance Program for the duration of the Enterprise Collective Bargaining Agreement, subject to the provisions of Article 31 of Law 4024/2011 as applicable at the given time. The group contract entered into force on 01/03/2019 and it expires on 30/04/2022. The Company also covers its executives via special liability insurance against third parties.

From 15/11/2021 onwards, the following were put into effect by the Managing Director's decision no. 210/22-12-2021:

- Removal of the maximum remuneration level
- Providing the Company's employees with employment contracts (on fixed or indefinite term) or a salaried mandate with holiday and public holiday allowances in accordance with the relevant requirements of labor law, as these were applied to PPC S.A. prior to the entry into force of Law 3845/2010. Executives employed under individual mandate contracts or fixed-term employment contracts for three years, whose remuneration of any kind is regulated by the applicable remuneration policy and explicitly defined in their contracts, are excluded from the payment of the above holiday and public holiday allowances.
- Staff are paid subsistence in accordance with the applicable rules, without regard to the maximum wage limit.

The Company has an Training Management System in place for the analysis and identification of training needs, the design of training programs, selection of trainees and trainers, organisation and implementation of training programs, and the evaluation of training work (training cycle).

Recruitment 2021

By 31/12/2021, the following 65 recruitments had taken place.

Category	Number of persons recruited
PE (University Education)	42
TE (Technological Education)	5
DE (Secondary Education)	18

Total	65

From the above recruitments, the following staff were hired in accordance with the terms of the Supreme Council for Civil Personnel Selection (ASEP) Call for Applications 7K/2018:

Category	Number of persons recruited
PE (University Education)	39
TE (Technological Education)	3
DE (Secondary Education)	5
Total	47

The remaining 18 recruitments are broken down as follows:

Category	Public Tender Notice	Moving from PPC	From Revocation of Termination of Employment Contract	From Labour accident
PE (University Education)	2	1		
TE (Technological Education)		2		
DE (Secondary Education)		10	2	1
	2	13	2	1

Departures in 2021

In 2021, 429 employees left the Company.

By virtue of Decision No 472/7-3-2019 of the Board of Directors of the Company, it was decided to approve the granting of voluntary retirement benefits with payment of EUR 15 thousand in compensation to employees who decided to resign after completing at least 25 years of continuous service with the PPC Group, independent of the consent of the Company given their consent, together with the establishment of full pension rights. The entry into force of the decision was set as 27 April 2018.

By virtue of L. 4533/2018 (Government Gazette, Series I, No. 75/27-04-2018), Article 25(3) of Law 4491/1966 (Government Gazette, Series I, No 1/04.01.1966) was revoked, as well as any other relevant, general or special provision of the law or clause or term of the Labour Regulation or Collective Bargaining Agreement and, consequently, the compensation to which personnel are entitled due to departure from service, which is governed by the PPC Personnel Regulation, and corresponds to the amount of EUR 15 thousand, is not offset by the lump sum payable by the respective insurance organisation.

By virtue of Decision No 1254/9-6-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration meeting the following conditions up to 31/12/2020: a) who had established the right to a full primary pension based on legislation currently in force and who had also reached the age limit of 64 years; b) who had completed their 67th year of age, and who had at least 15 years total service in PPC SA and HEDNO SA. Employees meeting the above criteria were offered the incentive of a net sum of EUR 7 thousand, if they decided to leave voluntarily before 31/12/2020.

By virtue of Decision No 2602/29-10-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration meeting the following conditions up to 31/12/2020: a) who had established the right to a full primary pension based on legislation currently in force and who had also reached the age limit of 63 years; b) who had completed their 67th year of age, and who had at least 15 years total service in

PPC SA and HEDNO SA. Employees meeting the above criteria were offered the incentive of a net sum of EUR 20 thousand, if they decided to leave voluntarily before 31/12/2020.

By virtue of Decision No 3316/18-12-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration who had met the following conditions up to 31/12/2021: a) who had established the right to a full primary pension according to the information held by the Company and who had also reached the age limit of 62 years; b) who had completed their 67th year of age, and who had at least 15 years total service in PPC SA and HEDNO SA. Employees meeting the above criteria were offered the incentive of a net sum of EUR 20 thousand, if they decided to leave voluntarily before 31/12/21.

The procedure for terminating the employment contracts of employees born in 1959 was amended and finalised by the Company's Board of Directors by resolution number 255/28-01-2021 as follows: a) those born between 01/01/1959 and 28/02/1959 would leave by 31/03/2021, otherwise the employment contracts of the above employees would be gradually terminated starting from 30/04/2021, preferably starting from the oldest employees based on their date of birth, taking into account the provisions of Law 1387/1983; b) those born between 01/03/1959 and 31/12/1959 would leave at the end of the month that the condition (a) of Decision 3316/12-12-2020 is fulfilled.

Finally, the Company's Board of Directors decided, by decision no. 3873/2-12-2021, that employed personnel with indefinite-term employment contracts, who were born between 01/01/1955 – 31/12/1957, would leave by 31/12/2021, by submitting a resignation a) either because they have now acquired the right to a full main pension under current legislation, b) or, regardless of the acquisition of pension rights, and with their own responsibility / consent, a net sum of € 20 thousand will be paid as a retirement incentive, in addition to the compensation, which will not exceed € 15 thousand.

Articles 3 - 9 of Law 4643/2019 (Government Gazette, Series I, No 193/03-12-2019), have regulated issues pertaining to personnel, remuneration and the procurement policy of HEDNO SA. Furthermore, under Article 11, the special tariff for electricity consumption for personnel was adjusted as of 01/01/2020, such that the resulting discount on electricity consumption charges does not exceed 30%.

Main data pertaining to the implementation of strategic projects for 2021

Modernisation of the Attica Networks Control Centre (DD)
This project was completed by the end of 2020, in accordance with the Action Plan, as described below.

- The new Attica Regional Division Central Control System (CCS) (SCADA/DMS), supplied by EFACEC, has been in operation since April 2014.

- With regard to the 108 HV/MV & MV/MV substations for which replacement of RTUs to incorporate the new SCADA/DMS was planned, the following works have been carried out.

    - ✓ RTUs were replaced in 73 substations by new EFACEC type units;

    - ✓ In 24 Substations with TD-065 type RTUs and in 4 Substations with TELEGYR-type RTUs, no replacements have been made since they were able to interconnect with the SCADA system and were therefore retained;

    - ✓ At 7 22/6.6kV Substations the RTUs did not need to be replaced since they were removed from service.

153 existing SEVME-type RTUs were connected via the SCADA/DMS to the respective MV/LV substations.

- The updating of all of the electronic diagrams of the Attica Regional Division MV networks in the SCADA/DMS have been completed, and are available for use by personnel in the Distribution Network Control Centers.

- Training was completed for all operational shift staff in the new electronic SCADA/DMS diagrams, as well as in DMS applications related to the operation of the Network.

- Three control centres were integrated to form a single centre (the Network Development & Operation Headquarters (TALD), Nea Ionia, and Pallini) at the TALD (Athens - 3 September).

- The final delivery and acceptance of the new CCS Attica Regional Division Disaster Recovery SCADA/DMS and the three Central Control Systems for the Regional Divisions of Macedonia - Thrace, Peloponnese - Epirus, and Central Greece (part of Strategic Project 3, STE3), as well as the initial user training in the operation of the new system has been completed.

- The creation of the Distribution Network Control Centers (DNCC) of the Attica Regional Division at the Nea Ionia substation was also completed.

Establishment of the Control Centre for Island Networks
This project is in progress with the following actions:

- As of 09/2020, the receipt of SCADA/DMS has been completed (central maintenance contract for the respective HEDNO systems).

- Installation of RTUs in HV/MV substations is in progress, as are installations in Autonomous Power Plants/Local Power Plants (APP/LPP). Specifically, 30 HV/MV Substations have been included in the Central Control Systems out of a total of 33 Substations. The three (3) digital substations for which alternatives have been planned with a goal of deployment in 2022 are still pending (concerning the substations in Atherinolakos, Soroni and Rodini).

- Installation of RTU in APP, 12 Substations and 5 Coupling concerning cable interconnections (12 substations, 7 APP- 5 LPP) – and 5 Coupling

    - ✓ Due to upcoming interconnections and the cost-benefit ratio, the original physical object of 24 substations was reduced to 12. All of the materials are present for the entire object. From these, 2 RTUs are planned to be used in Heraklion, and the remaining ten (10) RTUs are available for installation, thus extending the project's scope.

    - ✓ In SCADA, 6 in APPs and 5 in LPPs have been completed; the remaining works have been carried out, and their receipt and completion – SCADA integration will continue.

    - ✓ Completion of 4 RTU in Coupling Substation – Ios is pending (Switchboards need to be changed) – waiting for works from the Directorate for Special Network Facilities - 2022

    - ✓ Installation of RTU in urban substation on islands (in conjunction with Str.4) – completed (concerned 30 units in the Area of Heraklion which were purchased in the EFACEC contract)

    - ✓ The project's scope was increased by two (2) couplings (total 7) without affecting the budget.

- Integration of the MV network into SCADA: The receipt of operational MV (AutoCAD) plans from 4/11 Areas (Lesvos, Samos, Chios, and Heraklion) has been completed, however only 2 Regions have updated plans on a regular basis (Chios and Heraklion). There is a contract for the implementation of the plans in the Heraklion Area.

- Establishment of Distribution Network Control Centers in the Island Region Department – Pilot operation

Modernisation of network control in the rest of the country
The project is in progress and the following actions are being carried out:

- Via Strategic Project 1, 3 full central control systems for the Regional Divisions of Macedonia/Thrace, Peloponnese/Epirus, and Central Greece, and one Disaster Recovery Central Control System for the Attica Regional Division were procured, installed and put into operation. The new EFACEC SCADA-DMS is similar to that of the Regional Division of Attica. It has all the DMS applications and has been in operation since 01/2020. The Central Control Systems are installed on virtual servers, in the Information Technology and Telecommunications Department data centre.

- To date, 19 of the planned 43 installations and 20 of 30 RTUs have been replaced in an equivalent number of substations in the Regional Divisions of Macedonia/Thrace, Central Greece, and Peloponnese/Epirus.

The determination of basic guidelines for the establishment of the Regional Distribution Network Control Centres for the Regional Divisions of Central Greece and Peloponnese - Epirus, and the extension to the Regional Distribution Network Control Centre of the Regional Division of Macedonia - Thrace have been completed.

- The Regional Distribution Network Control Centre of the Regional Division of Macedonia - Thrace has integrated the MV networks of Katerini Area into its operation with the old SCADA (it was already operating with the networks of the three Areas of Thessaloniki) and it supervises the most important risks in all the Remotely controlled HV/MV Substations of the Regional Division of Macedonia - Thrace. Implementation of AutoCAD schematic diagrams has commenced in the 4 regions mentioned above. Their completion rate today is at approximately 70%.
- The Regional Distribution Network Control Centre for the Regional Division of Peloponnese/Epirus has not yet been completed due to lack of resources. The AutoCAD schematic diagrams have been implemented at a level of 100% in the Patras Area and 33% in the remaining areas of the Regional Division of Peloponnese/Epirus
- The Regional Divisions of Central Greece have functional MT diagrams for all areas and schematic diagrams for Lamia, Karpenisi, Amfissa, and 50% of the Karditsa Area.

Upgrade of remote control peripheral equipment in the networks
The project is in progress and the following actions are being carried out:

- Pilot installation of 247 aerial FCRs
    - ✓ In 2021, a new type of FCR will be procured through a contract. The contract for a new type of FCR was signed, and they were delivered to Pallini and Andros on December 2021.
    - ✓ Remote Controlled Load Switches (2,000)
    - ✓ The first partial receipt of switches was completed (a total of 425 pieces out of 2000).
    - ✓ Distribution of the second batch of materials to the Regions for installation by the end of 2021.
    - ✓ Evolution of receipt procedures within 2022
    - ✓ Training sessions were held in the Regional Directorates' headquarters.
- Remotely controlled Automatic Reset Switches (R/C ARS) 830 R/C ARS
    - ✓ Completion of type and acceptance tests in Korea. The procedures for material inspection were completed so that their receipt could be progressed — the first batch of 220 pieces was received by February 2022.
- Installation of 770 indoor MV/LV RTUs (tele-control of MV/LV Substations)
    - ✓ Announcement of Schneider as the provisional contractor for the 1430 RTUs.
- Error Routing Indicative for indoor MV/HT Substation 830 FCR + 1450 RTUs for MV/HT Substations
    - ✓ Signing of a contract for the 830 FCRs.
    - ✓ Sample approval phase for successful tests on connection & communication with SCADA.

Installation of a Geographic Information System
The project is in progress and the following actions are being carried out.

- Supply and installation of licenses for the use of software & peripheral equipment
    - ✓ In December 2020, the manufacturer - General Electric - received and installed software licenses with the Enterprise licensing model.

  - ✓ The NSRF Managing Authority authorised the tender for the provision of regional equipment (computers, monitors, printers A3, plotter, and scanner) and the final signature with contractor took place in March 2021.

- Supply & installation of 60 GNSS
  - ✓ On 06/03/2020, the tender for the delivery of Global Navigation Satellite System equipment (GNSS) was published. By December 2021, 45 GNSS systems will have been installed in the Regions/Districts, with the remaining 15 GNSS systems being distributed in 2022.

- Tender for the selection of contractors for the digitisation of HV & LV networks (Regions)
  - ✓ Sections of the following Regions' networks have been digitised: Lamia, Xanthi, Karditsa, Tripoli, Kallithea, Komotini, Filothei, Kifissia and the entire Fiber Optic Network.
  - ✓ There is a final decision by the Council of State for Attica Regional Division & Regional Division Central Greece for the cancellation of the tenders. A new solution for network digitisation was implemented through HEDNO personnel.
  - ✓ In the meantime, a new decision of the Council of State for the Regional Division of Macedonia/Thrace - Adjudication of a case (12/2021) by a higher composition board of the Court of Auditors for the selection of a digitisation contractor (Q1/2022) is pending.
  - ✓ Adjudication of a case and waiting for the decision of the Court of Auditors for the selection of a digitisation contractor for the Regional Division of Peloponnese/Epirus and the Island Region Department by 12/2021.
  - ✓ The training of temporary staff in the Regional Division of Attica & Regional Divisions of Central Greece on the use of GIS/GNSS for field work was completed (11/2021).

<u>New Customer Service Information System</u>
The project is in progress and the following actions are being carried out.

- On 30/01/2020 the Board of Directors of the Company approved the selection of the association of companies "INTRASOFT INTERNATIONAL SA - OTE SA" as provisional contractor - the project started in 11/2020.
- Phase A - Materials, permits and project design, was completed and the acceptance minutes were signed on 12/10/2021.
- Phase B - Design and analysis of requirements through working meetings between HEDNO and Contractor teams is now ongoing and will be completed soon.

<u>Installation of Remote Customer Service Systems</u>
The development and operation of the Remote Customer Services Centre for the reporting of power outages by customers has been completed. By 12/2018, all 59 administrative districts of HEDNO SA had joined the Centre. The project is in the phase of revising its action plan and redefining its goals.

<u>Network Development Scheduling Upgrade</u>
The project is in progress and the following actions are being carried out.

- On 01/2021, the tender for the delivery of software was completed and a contractor was declared.
- Phase A - Software reception (standalone and intranet licenses) was completed on 03/2021.
- Phase B - Analysis of requirements, system design, development of procedures and functions was completed in 06/2021.
- The Network Directorate's personnel training began in November 2021.
- Final acceptance of the project is expected in 2022.

Development of Non-Interconnected Islands infrastructure as part of the implementation of the Non-Interconnected Islands Operating Code
The project is in progress and the following actions are being carried out.

- Measurement infrastructure for NII Production Stations

  - ✓ The metering devices have been installed in all of the Crete-Rhodes Thermal Power Plants, the APP, and the LPP, with the exception of four small LPPs, where the installation is still in progress and about to be completed. The meters of the Thermal Power Plants, APP and LPP have been included in HEDNO's MT Telemetering Center S.A.

- Development of infrastructure for a central Energy Control Centre (ECC) in Athens and a local Energy Control Centre in Rhodes

  - ✓ The tender for the development of infrastructure for Athens' Central Energy System (CES) and Rhodes' local CES has been temporarily halted. A proposal for the interim contractor's appointment was made to the Board of Directors in the second half of 2021. The appointment of an interim contractor has been made, and the Court of Auditors' approval is pending.

- Development of SCADA infrastructure in 27 NII electrical systems

  - ✓ Phase 1 - Implementation Study and Phase 2 - Installation and commissioning of the Central Control Systems, as well as two integrated ES of in project have been completed. Phase 3- Installation and operation of NII electrical systems is in progress.

  - ✓ The NII has completed the development of 20 of its 27 electrical systems. The progress of SCADA installations in the remaining electrical systems will be seen in 2022. The maintenance and technical support contract will be activated in the years 2023-2026.

- Development of methodological infrastructure for the NIIs

  - ✓ The "Pre-Manual Simplified DEP", "Manual for The NII Systems Development Program", "Manual for RES and Hybrid Generating Plants Studies" and "Manual for RES and Hybrid Generating Plants Studies" were all delivered to RAE.

  - ✓ Development of a simplified DEP in 22 ESs of the NIIs in application of the transitional phase of the NII Code.

  - ✓ Signing a contract with NTUA for a request for a deviation of the thermal units' System Marginal Price (SMP).

- Development of the NII IT System

  - ✓ The development of an information system (using HEDNO resources) for RES pricing and the liquidation of the NIIs' energy market is now in progress. Completion of works by 12/2021.

- Development of CES infrastructure in the remaining 30 ES of the NIIs

  - ✓ The project was approved on August 2020, and algorithms will be created to convert the infrastructure into Energy Control Centers (ECS)

Development of 'Smart Islands'; Pilot Project and promotion of its expansion
The object of the project concerned the selection of 3 prospective Electricity Systems for implementation of the Smart Island Project (Symi, Astypalea and Megisti), through a synthesis of RES and storage technologies, achievement of the minimum desired level of RES penetration, and determination of a maximum allowed bid price in the tender procedure. Astypalaia was transformed into an autonomous "green island" with clean energy from RES and full electrification (Smart & Sustainable Island) thanks to Volkswagen's unique investment - the project was completed.

Customer telemetering

The project is in progress and the following actions are being carried out:

- On 01/2021, the tender for the delivery of software was completed and a contractor was declared.
- Phase A - Software reception (standalone and intranet licenses) was completed on 03/2021.
- Phase B - Analysis of requirements, system design, development of procedures and functions was completed in 06/2021.
- The Network Directorate's personnel training began in November 2021.
- Final acceptance of the project is expected in 2022.

Reorganisation of the supply chain
The project is in progress and the following actions are being carried out.

- Action 1 - Reorganisation of HEDNO Regional Warehouses
  - ✓ The tender which had the aim of locating suitable premises, initially in Athens and Thessaloniki, for use as HEDNO Central Warehouses, based on the supply chain reorganisation study was deemed unfruitful. Updating of study data is pending so that the tender can be re-held.
- Action 2 - Development of Supply Chain Processes
  - ✓ Approval of the tender announcement is pending with regard to determination of project needs as far as materials standards are concerned, the reorganisation of contracting procedures and technical support requirements for the software, the study required for replacement of materials delivery/acceptance software and the certification of services/contracts, and the Business Intelligence (BI) system support (development of reports and performance indicators, and data control functionality).
  - ✓ It is expected that the data will be updated so that the tender for warehouse restructuring (Department of Materials, Supplies & Transmission Transports-Operational Improvement & Digitalisation Department with the assistance of an external consultant) can be reissued.

Creation of an Information Management System (IMS)
The project is in the phase of revising and redefining its goals.

- In 2021, the overall study of the project's technical issues was completed, and the specifications were updated.
- The notice of contract has been drafted, and it will be given out to public consultation before the announcement of the competition.

Significant Related Party Transactions

Receivables/liabilities pertaining to related parties as of 31/12/2021 are the following.

	31/12/21	
	Receivables	Liabilities
PPC SA	63,989	0
PPC Renewables SA	0	-5,568
Lignite Melitis SA	93	0
Lignite Megalopolis SA	19	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-12
HELLENIC POST OFFICE (ELTA)	711	0
ELTA COURIER	0	-26
ETVA	0	5

EYATH	1	0
AIA	23	0
	64,836	**-5,611**

	31/12/20	
	Receivables	Liabilities
PPC SA	132,669	0
PPC Renewables SA	0	-8,917
Lignite Melitis SA	14	0
Lignite Megalopolis SA	544	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-40
HELLENIC POST OFFICE (ELTA)	4,708	0
ELTA COURIER	0	-39
ETVA	0	-4
OSY	0	-2
AIA	22	0
	137,957	**-9,002**

It should be noted that the published 2020 amounts differ from the above amounts since they include non accrued revenue and expenses, which are stated separately below.

Transactions with related parties for the year ended 31/12/2021 are as follows.

	31/12/21	
	Invoicing to	Invoicing from
PPC SA	1,660,883	-1,567,808
PPC Renewables SA	303	-15,939
Lignite Melitis SA	130	0
Lignite Megalopolis SA	197	0
Athens Water Supply and Sewerage Company (EYDAP)	113	-35
HELLENIC POST OFFICE (ELTA)	17,252	-4,619
ELTA COURIER	0	-55
ETVA	1	-5
EYATH	6	-6
OSY	0	-7
AIA	236	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
ETAD	79	-26
Attica Greenesco Energy	0	-1
	1,679,200	**-1,588,502**

	31/12/20	
	Invoicing to	Invoicing from
PPC SA	1,784,734	-1,673,252
PPC Renewables SA	492	-14,521
Lignite Melitis SA	93	0
Lignite Megalopolis SA	364	0

Athens Water Supply and Sewerage Company (EYDAP)	116	-40
HELLENIC POST OFFICE (ELTA)	19,518	-5,405
ELTA COURIER	1	-91
ETVA	1	-4
EYATH	15	-4
OSY	0	-12
AIA	216	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-2
	1,805,550	**-1,693,331**

Accrued receivables and liabilities with related parties for the year ended 31/12/2021 are as follows.

	31/12/21	
	Accrued receivables	Other accrued liabilities
PPC SA	143,642	-47,983
PPC Renewables SA	1	-768
Lignite Melitis SA	38	0
Lignite Megalopolis SA	58	0
HELLENIC POST OFFICE (ELTA)	696	0
AIA	18	0
	144,453	**-48,751**

	31/12/20	
	Accrued receivables	Other accrued liabilities
PPC SA	176,807	-130,667
PPC Renewables SA	1	0
Lignite Melitis SA	23	0
Lignite Megalopolis SA	66	0
HELLENIC POST OFFICE (ELTA)	1,473	-321
	178,370	**-130,988**

The majority of the invoices to PPC SA concern invoices for Network Usage Fees, network works projects, Services of General Interest (SGI) and energy sales in the Non-Interconnected Islands. Invoices from the PPC pertain primarily to invoicing for the required Primary Revenue of Hellenic Electricity Distribution Network, purchases of energy from PPC SA thermal power plants in the Non-Interconnected Islands, and Services of General Interest (SGI), as well as additional services of PPC SA to HEDNO SA, and participation related to the connection works for producers and consumers. The invoicing from PPC Renewables pertains to energy markets in the Non-Interconnected Islands.

HEDNO SA, in the context of its business activity, carries out transactions with a large number of companies under state control, for profit and otherwise, (provision of services, sales of energy, receipt of services, etc.). All transactions with state-controlled companies are carried out on commercial terms.

Members of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS OF HEDNO SA as at 31/12/21

FULL NAME	LOCATION	OCCUPATION	START OF TERM OF OFFICE	END OF TERM OF OFFICE
Nikolaos Bakatselos	Chairperson	Entrepreneur	17/10/2019	16/10/2022*
Anastasios Manos	Managing Director	Naval Architect Mechanical Engineer	17/10/2019	16/10/2022
Sokratis Vertellis	Member of the Board of Directors	Attorney-At-Law	17/10/2019	16/10/2022*
Christina Lappa	Member of the Board of Directors	Attorney-At-Law	17/10/2019	16/10/2022*
Aikaterini Onoufriadou	Member of the Board of Directors	Economist	17/10/2019	16/10/2022*
Elias Padouvas	Member of the Board of Directors	Electrical Engineer & Economist	17/10/2019	16/10/2022*
Konstantinos Masouras	Member of the Board of Directors	Representative of the Employees	28/06/2019	27/06/2022

* It should be noted that these members' terms of office expired on 08/03/2022, when a new Board of Directors was elected, consisting of the following members:

MEMBERS OF THE BOARD OF DIRECTORS OF HEDNO SA since 08/03/2022				
FULL NAME	LOCATION	OCCUPATION	START OF TERM OF OFFICE	END OF TERM OF OFFICE
Kefalogiannis Michail	Chairperson	Entrepreneur	08/03/2022	28/02/2025
Anastasios Manos	Managing Director	Naval Architect Mechanical Engineer	17/10/2019	16/10/2022
Paterakis Alexandros	Member of the Board of Directors	Computer and Mathematics Engineer	08/03/2022	28/02/2025
Angeletopoulos Evangelos	Member of the Board of Directors	Business Consultant	08/03/2022	28/02/2025
Chatzimichail Sotirios	Member of the Board of Directors	Electrical Engineer	08/03/2022	28/02/2025
Christodoulopoulou Georgia	Member of the Board of Directors	Economist – Agriculturist	08/03/2022	28/02/2025
Brimont Stephane	Member of the Board of Directors	Engineer – Economist	08/03/2022	28/02/2025
Rakowski Arthur	Member of the Board of Directors	-	08/03/2022	28/02/2025
Mathieson Mark	Member of the Board of Directors	Technical Engineer	08/03/2022	28/02/2025
Aikaterinari Ourania	Member of the Board of Directors	Electrical and Computer Engineer	08/03/2022	28/02/2025
Konstantinos Masouras	Member of the Board of Directors	Representative of the Employees	28/06/2019	27/06/2022

Management Remuneration

The remuneration of persons participating in management bodies (members of the Board of Directors and General Managers) is as follows.

	31/12/21	31/12/20
Directors' fees		
- Non-executive Directors' fees	202,000	134,300
- Non-Executive Directors' fees	215,871	154,020
- Compensation/extraordinary fees	78,410	54,590
- Employer contributions	60,187	64,279
Total	**556,468**	**407,189**

	31/12/21	31/12/20
Remuneration of General Managers		
- Regular earnings	694,433	325,715
- Compensation/extraordinary fees	426,649	140,157
- Employer contributions	89,721	99,165
- Other benefits	775	556
Total	**1,211,578**	**565,593**

Subsequent events

The sale of shares in HEDNO has been completed.

The sale of 49% of PPC S.A.'s participation in HEDNO S.A. was finalised on 28/02/2022, with Mcquarie Asset Management depositing 1.32 million for the purchase of the aforementioned percentage.

The price has been adjusted to reflect the change in HEDNO's Net Asset Value until 28/02/2022, in accordance with the terms of the Share Purchase Agreement.

"Elpida" storm

In January 2022, extreme weather events in Greece caused several problems in the power supply network. The Company took all the necessary actions to immediately repair the damage to the best of its abilities and does not expect any significant impact on the 2022 results.

Agreement on Bond Loan and IRS

The completion of a bond loan with NBG of the amount of € 22.52 million was approved on 10/02/2022 by decision No 42/10.02.2022 for the purpose of funding the purchase of real estate to meet the needs of HEDNO's central services, with a loan term of 15 years, a Euribor rate of 6 months plus a margin of 1.75%, and capital repayment in semi-annual equal installments.

In addition, it was decided to enter into an IRS hedging arrangement on the aforesaid loan beginning 12 months after the contract was signed and lasting until the expiration of the loan, in accordance with the offer of the National Bank of Greece dated 28/12/2021.

Purchase of a building

On 09/03/2022, the Company completed the purchase of a property at the 'Rossignol' location in Sepolia, Municipality of Peristeri, with the intention of co-locating all central services in the future.

Approval of HEDN's Required Revenue for 2022

On 18/03/2022, RAE issued Decision No. 868/2021, which set the HEDN Required Revenue for 2022 at € 797.9 million.

Going concern

The global energy crisis reached its peak in 2022, and concerns about substantial social and economic consequences are developing in parallel with the start of the conflict in Ukraine in February 2022.

Despite the increase in arrears as of 07/2021 and the increase in the wholesale price per Mwh, the Company is in constant communication with RAE and the competent bodies, proceeding to receive letters of guarantee from electricity providers and the conclusion of debt settlements, while maintaining high levels of liquidity, in order to be able to meet the increasing obligations, as well as achieving the long-term investment plan that has been defined.

In addition, as previously stated, the 49% participation of Mcquarie Asset Management in the company's share capital as of February 2022 marks the start of a new era for the Company, as it gains the support and know-how of an internationally strong partner and embarks on a path of dynamic growth in accordance with sustainability standards.

Athens, 06/04/2022
For the Board of Directors

The Chief Executive Officer

Anastasios Manos

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hellenic Electricity Distribution Network Operator S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hellenic Electricity Distribution Network Operator S.A. (the "Company"), which comprise the statement of financial position as of December 31, 2021, the income statement and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Hellenic Electricity Distribution Network Operator S.A. as of December 31, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in the Greek law. 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 remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in the Greek law, together with the ethical requirements that are relevant to the audit of the financial statements in Greece, 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

Management is responsible for the other information. The other information includes the Board of Director's Report, for which reference is also made in the section "Report on Other Legal and Regulatory Requirements", 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 identified above 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.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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, as incorporated in the Greek law, 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, as incorporated in the Greek law, 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 management.

- Conclude on the appropriateness of management's 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 fair presentation.

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018 and the content of the Board of Directors' Report is consistent with the accompanying financial statements for the year ended December 31, 2021.

b) Based on the knowledge and understanding concerning the Hellenic Electricity Distribution Network Operator S.A. its environment, obtained during our audit, we have not identified information included in the Board of Directors' Report that contains a material misstatement

Unbundled financial statements

The management is responsible for the preparation of the Company's and the Group's unbundled financial statements as required by the article 141 of Law 4001/2011 and the Decision 121/2017 of the Regulatory Authority for Energy (RAE) and for those internal controls that management determines are necessary to enable the preparation of the Company's unbundled balance sheets as at December 31, 2021 and the unbundled statements of income before tax for the period from January 1, 2021 to December 31, 2021 that are free from material misstatement, whether due to fraud or error. The methodology of preparation of the unbundled financial statements is described in note 2 of the relevant appendix of the financial statements.

In our opinion, the Company's unbundled financial statements as at December 31, 2021, as presented in the relevant appendix of the financial statements, have been prepared in accordance with the provisions of article 141 of Law 4001/2011 and the Decision 121/2017 of the Regulatory Authority for Energy (RAE). As a result, the unbundled financial statements may not be suitable for another purpose.

Athens, 21/06/2022

The Certified Auditor Accountant

Vassilis Tzifas
SOEL R.N. 30011

ERNST & YOUNG (HELLAS)
Certified Auditors Accountants S.A.
8B Chimarras St., Maroussi
151 25, Greece
Company SOEL R.N. 107

HELLENIC ELECTRICITY DISTRIBUTION
NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2021 – 31/12/2021
based on the International Financial Reporting Standards,
as endorsed by the European Union

The attached financial statements are those approved by the Board of Directors of HEDNO SA on 06/04/2022 and they shall be published and posted online at www.deddie.gr.

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	GENERAL DIRECTOR FINANCE SERVICES	DIRECTOR ACCOUNTING WORKS
MICHAIL KEFALOGIANNIS	ΑΝΑΣΤΑΣΙΟΣ MANOS	MICHAIL PAPADOPOULOS	NIKOLAOS HAPSIS

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
COMPREHENSIVE INCOME STATEMENT
FOR THE FISCAL YEAR ENDED 31/12/2021

Amounts in EUR thousand

	Note	2021	2020
Revenue from contracts with customers	5	759,703	729,583
Other income	6	186,548	170,480
Total operating income		**946,251**	**900,063**
Personnel remuneration	7	303,280	282,040
Provision for retirement benefits	27	-9,683	958
Network usage costs	8	238,705	271,412
Maintenance and third party services	9	143,208	126,085
Consumption of materials	10	101,328	99,581
Third party fees	11	61,339	41,911
Provisions for doubtful receivables	12	2,694	-1,586
Provisions for risks	12	3,918	2,037
Miscellaneous expenses	13	28,348	24,499
Depreciation and amortisation	14	45,558	22,365
Taxes - duties	15	2,326	2,513
Total operating expenses		**921,021**	**871,815**
Operating profit		**25,230**	**28,248**
Financial income	16	273	417
Financial expenses	17	-6,383	-2,634
Profit before taxes		**19,120**	**26,031**
Income tax	18	-10,423	-5,682
Profit after taxes		**8,697**	**20,349**
Other comprehensive income/(losses) not classified in fiscal year results			
Actuarial gains/(losses)	27	11,355	12,742
Goodwill from revaluation of fixed assets	19	0	0
Deferred tax in other comprehensive income	18	-3,109	-3,058
Other comprehensive income after taxes		**8,246**	**9,684**
Fiscal year comprehensive income after taxes		**16,943**	**30,033**

The accompanying notes on pages 35 to 100 form an integral part of these financial statements.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED 31/12/2021

Amounts in EUR thousand

	Note	31/12/2021	31/12/2020 (Reformed)*
ASSETS			
Non-current assets			
Tangible assets	19	4,853,012	33,022
Intangible assets	19	3,162	2,041
Right-of-use asset value	20	30,455	54,587
Deferred tax receivables	18	0	53,458
Other long-term receivables		30	21
Total non-current assets		**4,886,659**	**143,129**
Current assets			
Inventories	21	174,006	172,863
Income tax receivables	18	0	0
Receivables	22	285,965	290,881
Accrued receivables	23	227,528	257,261
Cash and cash equivalents	24	172,671	78,783
Total current assets		**860,170**	**799,788**
Total assets		**5,746,829**	**942,917**
LIABILITIES AND EQUITY			
Equity			
Share capital	25	991,215	37,552
Statutory reserves	26	6,107	5,089
Special reserves	4 & 19	164,315	42,427
Results brought forward		135,245	122,835
Total equity		**1,296,882**	**207,903**
Long-term liabilities			
Deferred liability tax	18	328,619	0
Employee benefits	27	75,415	87,471
Right-of-use asset financial liabilities	20	23,630	42,056
Long-term borrowings	28	1,229,258	0
Consumer contributions and subsidies	29	1,945,506	0
Other long-term liabilities	30	34,474	20,718
Provisions	31	47,829	44,783
Total long-term liabilities		**3,684,731**	**195,028**
Short-term liabilities			
Trade and other liabilities	32	191,219	231,329
Sundry creditors	33	239,093	90,094
Short-term part of long-term loans	28	189,997	0
Income tax liabilities	18	5,820	2,349
Other tax and insurance liabilities	34	38,732	26,799
Accrued and other liabilities	35	100,355	189,415
Total short-term liabilities		**765,216**	**539,986**
Total Liabilities and Equity		**5,746,829**	**942,917**

* As stated in note 40 of the financial statements

The accompanying notes on pages 35 to 100 form an integral part of these financial statements.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED 31/12/2021

Amounts in EUR thousand

	Note	Share Capital	Ordinary Reserve	Special Reserves	Results brought forward	Total Equity Capital
Balance as at 31/12/2019		**37,552**	**1,589**	**42,921**	**117,399**	**199,461**
Adjustment of Provision for Staff Indemnity	40				2,217	**2,217**
Impact of adjustment on deferred tax asset	40				-532	-532
Balance 31/12/2019 (restructured)		**37,552**	**1,589**	**42,921**	**119,084**	**201,146**
Profit after taxes					20,349	**20,349**
Other comprehensive income / (profits) for the year, after taxes					9,684	**9,684**
Total Comprehensive Income 31/12/2020					30,033	**30,033**
Offsetting of revaluation reserve – withdrawals of fixed assets				-494	494	**0**
Transfer to Statutory Reserves			3,500		-3,500	**0**
Distribution of dividends					-23,276	**-23,276**
Balance 31/12/2020		**37,552**	**5,089**	**42,427**	**122,835**	**207,903**
Profit after taxes					8,697	**8,697**
Other comprehensive income after taxes					8,246	**8,246**
Total comprehensive income 31/12/2021					16,943	**16,943**
Share Capital Increase due to spin-off of the distribution sector	25	953,663				**953,663**
Difference in the Electricity Distribution Network Sector's book value (31/03/21 – 30/11/21)	4			125,138		**125,138**
Offsetting of revaluation reserves - withdrawals of fixed assets	19			-3,250	3,250	**0**
Transfer to statutory reserves	26		1,018		-1,018	**0**
Distribution of dividends	36				-6,765	**-6,765**
Balance as at 31/12/2021		**991,215**	**6,107**	**164,315**	**135,245**	**1,296,882**

The accompanying notes on pages 35 to 100 form an integral part of these financial statements.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED 31/12/2021

	Note	2021	2020
Cash flows from operating activities			
Profit/(Loss) before taxes		19,120	26,031
Adjustments for			
Amortisation of consumer contributions	5 & 29	-7,962	0
Depreciation of fixed assets, rights of use and subsidies	15	45,558	22,365
Credit interest	16	-273	-417
Provisions	12	6,612	451
Provision for Services of General Interest (SGI)		121,552	-104,533
(Profits)/Losses from disposal of fixed assets and of rights of use	19 & 6	-668	13
Debt and other interest	17	6,380	2,634
Changes in income tax	18	-5,112	862
Provisions for staff benefits	27	-10,816	38,551
Changes in working capital			
Increase / (decrease) in commercial and other short-term receivables	22	-42,681	107,944
Increase / (decrease) in inventory	21	-2,015	-25,019
Increase / (decrease) in accrued receivables	23	31,072	33,761
Increase / (decrease) in other long-term liabilities	30	9,447	10,131
Increase / (decrease) in trade and other liabilities	32, 33 & 34	34,282	41,147
Increase / (decrease) in accrued liabilities	35	-54,183	-36,405
Net cash flows from operating activities		**150,313**	**117,516**
Cash flows from investment activities			
Interest collected	16	273	417
Collection of Participations and Subsidies	29	28,649	0
Increase / decrease of long-term receivables		-9	1
Purchase of property, plant and equipment	19	-60,959	-12,115
Net cash flows from investment activities		**-32,046**	**-11,697**
Cash flows from financing activities			
Interest payments	17	-4,056	-87
Increase / (decrease) in loan liabilities to related parties		2,952	0
Payments from lease liabilities	20	-16,510	-16,578
Payment of dividends	36	-6,765	-23,276
Net Cash flows from financing activities		**-24,379**	**-39,941**
Net increase / (decrease) in cash and cash equivalents		**93,888**	**65,878**
Cash and cash equivalents available at year start	24	**78,783**	**12,905**
Cash and cash equivalents available at year end	24	**172,671**	**78,783**

The accompanying notes on pages 35 to 100 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY

The company HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, hereinafter the "Company" or "HEDNO SA", was founded on 24/09/1998 with the original name KOZEN HELLAS SOCIETE ANONYME COMPANY FOR THE DESIGN, DEVELOPMENT, CONSTRUCTION AND EXPLOITATION OF ELECTRICITY AND HEATING AND/OR COOLING COGENERATION UNITS. Subsequently, by virtue of Decision No 2547/03.02.2003 by the Prefect of Athens, approval was given to change the name of the company to "RHODES PUBLIC POWER CORPORATION, SOCIETE ANONYME COMPANY FOR THE DESIGN, CONSTRUCTION, OPERATION AND EXPLOITATION OF POWER PLANTS IN RHODES".

On 12 November 2010, this Company was reactivated from the liquidation stage into which it had entered on 2 July 2006, so that procedures could commence for the transfer to PPC RHODES SA by absorption of the activities of PPC SA's General Directorate for Distribution in their entirety, together with PPC SA activities in its role as Non-Interconnected Islands Operator.

Finally, on 17 February 2012, by decision of the Extraordinary General Meeting of the Company's shareholders, its Articles of Association were amended in terms of name and purpose. From that date onwards, the name of the Company has been the HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, and its distinctive title is "HEDNO SA" or "HEDNO". The Company's purpose is to carry out the responsibilities and duties of the Hellenic Electricity Distribution Network Operator ("HEDN"), as well as the Operator in the market of The Electrical Systems of Non-Interconnected Islands, in accordance with the applicable legislation (particularly Articles 127 and 129 of Law 4001/2011).

It is noted that the entire operation of the Electricity Distribution Network was spun off from PPC S.A. and transferred to HEDNO S.A. on 30/11/2021, resulting in the Company being both the Operator and the Owner of HEDNO on 31/12/21.

HEDNO SA shall have its registered office in the Municipality of Athens.

The Company's financial statements are included in the consolidated financial statements of the parent company PPC S.A., using the total consolidation method, which participated directly with a percentage of 100% in its share capital on 31/12/2021 - the said percentage of PPC S.A. in the share composition of HEDNO S.A. from 28/02/2022 was reduced to 51% due to the transfer of shares held by the former to a private investor, the value of which represents 49% of HEDNO's share capital.

2. INSTITUTIONAL FRAMEWORK

Changes in the institutional framework of the electricity market

On 02/08/2011, the Greek Parliament passed Law 4001/2011 proposed by the Ministry of Environment, Energy and Climate Change (YPEKA) "on the Operation of Electricity and Gas Energy Markets, for Exploration, Production and Transmission Networks of Hydrocarbons and other provisions" thus incorporating the provisions of Directives 2009/72/EC and 2009/73/EC into National Law.

Pursuant in particular to Articles 123, 127 and 129 of Law 4001/2011, the activities of the Electricity Distribution Sector, as well as all the requirements and obligations of the PPC SA were transferred to the then 100% subsidiary of PPC SA, HEDNO SA, related to the aforementioned activities, with the exception of distribution network assets and real estate property and facilities associated with distribution, which remained in the ownership of the parent company.

Pursuant to the aforementioned law, PPC SA proceeded in 2011 with the legal and operational separation of its distribution activity from its other activities through a split-off and incorporation in its 100% subsidiary, HEDNO SA.

More specifically, Article 123 of Law 4001/2011 made provisions determining that, within 8 months from the entry into force of Law 4001/2011, the PPC SA would be obliged to proceed with the legal and operational separation of the management activity of HEDN from the other activities of its vertically integrated business, with the incorporation of the Distribution Division under the control of HEDNO SA.

The split-off of the above division was carried out under the procedure and terms of Law 4001/2011, Articles 68-79 of Codified Law 2190/1920, as well as Articles 1-5 of Law 2166/1993 with proportional application of the derogations provided for in Article 98. By 'Distribution Division' was meant the homonymous autonomously-organised operating unit of PPC SA's General Directorate of Distribution together with the Islands Management Division of PPC SA, including assets of PPC SA and related claims and obligations, which fell within the competence of the aforementioned units, explicitly excluding the real estate property and fixed assets of the distribution network and Non-interconnected Islands Network.

The split-off was completed on 30 April 2012 and HEDNO SA commenced operations on 1 May 2012.

From 30/11/2021 onwards, when the absorption of the Distribution Network Sector of PPC S.A. by HEDNO S.A. was completed (Article 129 of Law 4819/2021 and announcement of GEMI with Prot. No. 2538505/30.11.2021), HEDNO S.A. now has the status of both the Owner of HEDNO (with the exception of certain explicit exceptions of fixed assets of the above absorbed Distribution Network Sector, which are exhaustively listed in the aforementioned Article 129 of Law of Law 4819/2021) and Administrator of HEDN, as per Articles 123 and 127 of Law 4001/2011.

Main Regulatory Framework of the Hellenic Electricity Distribution Network Operation Code

The Management Code of the Hellenic Electricity Distribution Network (HEDNO) was approved by virtue of RAE Decision No 395/2016, which was published in the Government Gazette, Series II, No 78/20-1-2017. The Management Code of the Electricity Distribution Network (hereinafter referred to as the 'HEDNO Code' or the 'Network Code') regulates the rights and obligations of the Electricity Distribution Network Operator (hereinafter referred to as the 'HEDN Operator' or the 'Operator'), Network Users and Suppliers, and issues related to the development, operation, network access, the services provided by the Network Operator and the financial consideration payable for said services, as specifically mentioned in Article 128 of Law 4001/2011. The details of application of the provisions of the Code, as well as the necessary procedures and methodologies governing the calculations required for its implementation, are defined in the Implementation Manuals, which form an integral part of the Code. So far, the Manuals for Representation of Meters and Periodic Liquidation (RAE Decision 1443/2020 – Government Gazette 4737/Issue II/26-10-2020), Electricity Thefts (RAE Decision 236/2017 – Government Gazette 1871/Issue II/30-05-2017), Meters and Measurements (RAE Decision 30/2020 – Government Gazette 370/Issue II/7-2-2020), the Network Operation Manual (RAE Decision 779/2020 – Government Gazette 1891/Issue II/18-5-2020) and the Network User Manual (RAE Decision 707A/2021 – Government Gazette 5427/Issue II/22-11-2021) have been issued and are in force. Finally, RAE Decision No. 534/2021 (Government Gazette 3292/Issue II/26-07-2021) established the methodology for calculating Guarantee Of Consumer Network Usage Charges in the HEDN Interconnected Network, and RAE Decision No. 725/2021 (Government Gazette 4457/Issue II/29-09-2021) approved the Table of Guarantee Amounts of Network Usage Charges for the period 01/10/2021 – 31/03/2022. Finally, the table for the calculation of guarantees for the Network Usage Charges of the Interconnected Network for the year 2022 was approved by RAE decision number 986/2021 (Government Gazette 6485/Issue II/31-12-2021).

In addition, by virtue of its Decision No 1431/2020, the RAE established the Methodology for Calculating the Required Revenue for the HEDN (Hellenic Electricity Distribution Network), which introduces significant changes in comparison to the methodology followed by the RAE to that date with regard to the calculation of the revenue, such as separating operating expenditure into controlled and uncontrolled expenditure, introducing a savings factor on controlled operating expenditure ("efficiency factor") and, at the same time introducing an incentive mechanism to reduce energy losses in the Network (RAE Decision 1432/2020), introduction of energy quality and quality of service incentives, fixed returns based on the weighted average capital cost (WACC) formula over the entire duration of the Regulatory Distribution Period (RDP), the possibility of designating specific investments as "Investment Projects of Major Importance", which will be given priority, etc. In accordance with RAE Decision No 1431/2020, the duration of the first RDP is set at 4 years, from 2021 to 2024. It is noted that, based on the new Methodology, starting from the second RDP, the Allowed Revenue of the HEDN will also include costs corresponding to the reasonable cost of the Network Operator in order to cover total energy losses in the Distribution Network. Based on the above, by virtue of RAE Decision number 632/2021 the Permitted Revenue for the 1st RPD and the Required Revenue for 2021 was adopted. The parameters of the incentive system for limiting energy losses for the 1st PPP were also defined, and the Return on the Regulated Asset Base for the first RDP was decided by the RAE Decision 1566/2020 (Government Gazette 1389/Issue II/08-04-2021). Finally, the Major Projects are defined by RAE decision no. 525/2021 (Government Gazette No. 4255/Issue II/15-09-2021).

Powers of HEDNO SA

HEDNO SA is responsible for the development, operation and maintenance under the financial terms governing the HEDN, in order to ensure its reliable, efficient and safe operation, as well as its long-term ability to meet reasonable electricity needs, showing due care for the environment and energy efficiency, as well as ensuring, in the most economical, transparent, direct and impartial way, the access of users to the HEDN so that they may carry out their activities, in accordance with the HEDN Management Licence granted to it in accordance with the provisions of Law 4001/2011 and the HEDN Management Code. The application for Management Licences was submitted to the RAE under Ref. No 1180/17.7.2012 and it includes the Management Licence for the Non-Interconnected Islands. By virtue of RAE Decision No 83/2014, the HEDN Management Licence was duly approved.

Following the prescriptions of HEDN Management Licence, HEDNO SA as Operator of the HEDN, is obliged in particular to ensure:

- The reliability and safety of the HEDN, while taking appropriate measures to protect the environment.
- The maintenance of a technically sound and cost effective Network.
- Adherence to the technical specifications and requirements for the design, operation and maintenance of the Network, and the achievement of performance targets for distribution activity, in terms of losses, supply reliability, voltage quality and customer service quality, as defined in the HEDN Management Code.
- Facilitation of access to the HEDN for the holders of generating licences, as well as of producers who are exempt from the obligation, suppliers and customers, in accordance with the terms, conditions and tariffs that are determined in the HEDN Management Code.
- It ensures that those who request it are connected to the HEDN in accordance with the terms and conditions set forth in the legislative and regulatory framework's text, while the applicable connection charges are decided in accordance with the HEDN Management Code's rules.
- The supply, installation, maintenance, good operation and replacement of metering devices installed in the HEDN, in accordance with the provisions of the HETS Grid Code (formerly the HETS Management Code), the HEDNO Management Code, and the terms of the HEDN Management Licence, as well as the collection of relevant measurements.
- Provision of information to HEDN users and the HETS Operator with the information required for effective access to the Network, as set out in the HEDN Management Code.
- Abstention from any form of discrimination between HEDN users or categories of users, especially in favour of undertakings affiliated with it.
- Cooperation with the System Operator, the Athens International Airport Network Operator (AIA) and the Closed Distribution Network Operators for the preparation and implementation of appropriate communication and cooperation protocols, in order to ensure the proper and smooth operation of the networks under their responsibility and the functioning of the market.
- The design, planning and implementation of the further development of the HEDN, having examined the possibility of taking energy efficiency/demand management measures and/or the possibility of decentralised generation that could replace the need to upgrade or replace electricity distribution infrastructure.

Without prejudice to Article 141 or any other provision establishing an obligation to disclose information, HEDNO SA shall preserve the confidentiality of commercially sensitive information that becomes known to it in the performance of its duties. Information disclosed about its own activities that might provide commercial advantages shall be made available to all distribution network users without discrimination.

HEDNO SA publishes the methodology for calculating Network connection fees, unit cost values and other necessary information regarding the method by which connection fees are calculated. The relevant invoices are approved by RAE in accordance with the provisions of Article 140 of Law 4001/2011, as in force.

More specifically, the following summarises HEDNO S.A.'s network of responsibilities in the market of Electrical Systems of Non-Interconnected Islands (ES of NON-INTERCONNECTED ISLANDS):

1. The operation of the electricity systems of the Non Interconnected Islands ("NII"), includes management of production, the operation of the market and the systems on these islands (pursuant to Article 129 of Law 4001/2011 Government Gazette, Series I, No 179/22.8.2011) and it shall be performed by HEDNO SA. Pursuant to the provisions of Article 123, in order to carry out this activity, HEDNO SA was obliged to obtain a management licence for the electricity systems of the Non Interconnected Islands (NII ES) within three (3) months from the completion of the separation procedure. RAE granted this license after HEDNO S.A. submitted an application to RAE under Protocol Number 1180/17.7.2012, which included the Company's application to RAE for the granting of the above license for the management of Non-Interconnected Islands.

2. The issuance of the HEDN Management License to HEDNO S.A., was subjected to public consultation until 13/02/2014 and was finally accepted and issued to HEDNO S.A. by RAE's Decision No. 83/2014.

   The HEDNO Management License establishes, inter alia, the following:

- the obligations and rights of HEDNO SA with regard to the performance of this activity;
- the terms and conditions that must be met for performance of this activity;
- the measures necessary to secure impartial, non-discriminatory behaviour on the part of HEDNO SA as far as its CESA producers and suppliers are concerned.

The Management License of HEDN was approved by RAE decision no. 83/2014, as previously stated, but this does not nullify the provision under Article 129 (2) of Law 4001/2011 for RAE approval and granting of a Management License for the NIIs market. As a result, HEDNO S.A. submitted a new application to RAE in July 2017 for the granting of the aforementioned NII Management License, which is still awaiting approval. In the lack of RAE approval/granting of a license, the management of the NIIs is governed at a secondary – regulatory level, particularly by the requirements of the NII Management Code, which was published by delegation of Article 130 of Law 4001/2011.

The basic framework of HEDNO S.A.'s responsibilities in the NII market includes the following basic responsibilities:

- To monitor and ensure the reliable, cost-efficient and safe operation of the generating units on the Non Interconnected Islands, and at the same time take the necessary measures to limit any potential impact on the environment.
- To undertake the development, technical integrity and the economical operation of generating units in the NIIs, in order to serve demand.
- Abstain from any form of discrimination between producers in the NIIs, especially in favour of undertakings affiliated with it.
- To prepare production development programmes for the Isolated Microgrids, before 31 March each year. These are then submitted for approval to the RAE, with duly reasoned supporting documentation. These programmes shall include estimates relating to the evolution of the demand for electricity and the availability of existing generating capacity, plans to replace existing generating facilities and install new ones, as well as plans to connect with other Non Interconnected Islands. Future demand estimates

shall include an energy-saving plans and load demand management measures. The time periods covered by these programmes are determined by an RAE decision, and their duration may not exceed a period of more than 7 years. The same decision shall also determine how these programmes are to be made public.

- To prepare statements for the NIIs before 31 March of each year, which shall present estimates of potential production capacity that could be connected to the HEDN, the need for interconnection with other Non-Interconnected Islands or Isolated Microgrids, and the demand for electricity. The time periods covered by these estimates are determined by an RAE decision, and their duration may not exceed a period of more than 7 years. The same decision shall also determine how these estimates are to be made public.
- To take care to ensure that suitable premises are available for installation of new generating capacity, expansion of existing capacity and/or installation of components to support and expand distribution by HEDN to the Non Interconnected Islands and Isolated Microgrids.
- To enter into contracts with the licence holders for the injection and absorption of energy and the provision of Ancillary Services to the Distribution Network of the Non Interconnected Islands, and fees payable to producers of such energy and shall keep the necessary accounts relating to fees payable to said producers, the charging of customers and suppliers for energy absorption, as well as for other credits and debits of the special accounts provided for under applicable legislation, in accordance with the specific provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII).
- To conclude contracts for the sale of electricity generated by RES or HECHP facilities, in accordance with the provisions of Article 12 of Law 3468/200 and Operating Aid Contracts in accordance with Law 4414/2016 as in force, given that the generating facilities are connected to the NII distribution network and they are making the payments as provided for in these contracts. The amounts payable to counterparties shall be collected in accordance with the provisions of Article 143 of Law 4001/2011, as in force.

Management of production in the Non Interconnected Islands shall be undertaken in accordance with the provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII ES). This Code entered into force with RAE Decision 39/2014 (Government Gazette Issue II 304/11.02.2014) and was subsequently amended by RAE Decision 330/2015 (Government Gazette Issue II 2221/15.10.2015) - article 237, RAE Decision 238/2016 (Government Gazette Issue II 3286/13.10.2016) - articles 14 and 15, RAE Decision 215/2018 (Government Gazette Issue II 1148/29.03.2018) - articles 152 and 155, RAE Decision 429/2020 (Government Gazette Issue II 2004/25.05.2020) – addition of Annex B, RAE Decision 749/2021 (Government Gazette Issue II 4975/27.10.2021) - Management of SGI Special Account, RAE Decision 775/2021 (Government Gazette Issue II 4982/27.10.2021) - addition of Annex C-Small Connected System of Crete and RAE Decision 165/17.2.2022 (Government Gazette Issue II 1076/10.3.2022) – Amendment of the Load Representative Participation Agreement in the Non-Interconnected Islands with the aim of:

- the minimisation of production costs in conventional generating units and the respective charges to consumers from Services of General Interest ("SGI");
- Ensure the proper and safe operation of electrical systems and the uninterrupted power supply of NIIs consumers by establishing rules for the planning, management and operation of production units in NII systems;
- Maximise penetration of RES and HECHP power plants, including hybrid plants;
- Ensure an open market operating on equal terms for suppliers and producers

3. Regulations, calculations and special approvals required for the application of the Electrical System Operation Code for Non-Interconnected Islands (NII ES) shall be determined by decision of RAE, following a recommendation by HEDNO S.A.

4. HEDNO SA keeps separate accounts for management activity of the distribution network of the Isolated Microgrids and NIIs.

5. Following the issuance of RAE Decision No 625/30-10-2014, as published in the Government Gazette (Government Gazette, Series II, No 3305/10-12-2014), Articles 72 of the then current Transactions Code CESA (PECE) which is observed by the Market Operator, and Article 175 of the then current Hellenic Electricity Transmission System Operation Code HETSO (IPTO Code) which is observed by the System Operator,

were amended with the object of harmonisation with Article 178 of the NII Code, with regard to RES and HECHP in the NIIs. Accordingly, as of 01/2015, HEDNO SA as NII Operator conducts all transactions with Market Participants, in accordance with the provisions of the NII Code and the relevant Accounts (Articles 170 furn. of the Non-Interconnected Islands Operating Code).

6. The energy market opened in Crete with the tender for Electricity Supply as of 21/06/2016, in Rhodes as of 01/01/2017 and as of 01/01/2018 in all other NIIs, where 15 Load Representatives are active in the NII Market. Subsequent to the settlement of 06/2016 and after, HEDNO SA, as NII Operator, conducts transactions as per the NII Code with all Participants in the NII Market. As of 01/10/2021, the electricity system of Crete has been integrated into the Greek Electricity Transmission System (HETS) and EDNOE as a Small Connected System, in accordance with Article 108C of Law 4001/2011. The provisions governing the operation of the electricity market of the Small Connected System of Crete from the Set Day of the first phase of the island's electricity interconnection until the Set Day of the second phase of the island's electricity interconnection in accordance with Articles 58B and 108C of Law 4001/2011, as in force, is described in Annex C of the NIIs Code.

7. With regard to ETMEAR, HEDNO SA charges Load Representatives based on consumption by their customers in the NIIs and carries out the necessary transfers of funds to the Special Account maintained by DAPEEP, based on the NII Code and the new Law 4414/2016 (Government Gazette, Series I, No 149/09.08.2016), so that the L-Z account of the Non-Interconnected Islands Operating Code managed by HEDNO SA, as a Manager of the NII, shall be balanced after settlement is complete.

Outline of HEDNO S.A.'s responsibility for SGI management across the country - Management of the SGI Special Account

By virtue of Article 57(1) ("Substitution of management of a special SGI account") of Law 4508/2017 (Government Gazette 200/Issue I/22-12-2017), HEDNO S.A. has replaced IPTO S.A. since 01/01/2018 in all rights, obligations, and legal relations arising from the management of the special SGI account of Article 55(8) of Law 4001/2011 ipso jure and regardless of the time of their generation, and has become the sole administrator of the special SGI account in Greek territory since that date.

The Company maintains a specific management account for SGI, which is divided into 2 parts: a special SGI account for non-interconnected islands and a special SGI account for the Interconnected System (IS).

The following considerations are charged as outputs and credited as inputs in the special SGI administration account: a) the revenues from the relevant charges imposed on the Customers, including the Autoproducers, which are collected and attributed by the Suppliers and the Self-Supplied Customers, and b) any other revenues provided in favor of the Special SGI Account by the applicable legislation.

SGI charges are attributed by suppliers and self-supplied customers to HEDNO S.A.

The Management Codes of the IS and the NIIs specify the procedure for recovering charges and reimbursing the due consideration, as well as any other special information.

Following a proposal by the Company to RAE and a recommendation by RAE to the Minister of Environment and Energy, any deficit or surplus in the special SGI account is covered by readjustment of the unit charges of the SGI consideration or by the State Budget by decision of the Minister of Finance.

RAE Decision 750/2021 established a specific approach for the reimbursement of overdue considerations for the provision of SGI in the event of a deficit or surplus in the account. In particular, in the event of a deficit, the SGI consideration owed to each supplier is lowered by the proportion of the deficiency. The impaired sum is invoiced and reimbursed from the account's future surplus.

RAE Decision 750/2021 established a specific approach for the reimbursement of overdue considerations for the provision of SGI in the event of a deficit or surplus in the special SGI account.

(amounts in thousand EUR unless stated otherwise)

The HEDNO Management and NII Management Codes were amended by Rae Decision 749/2021 (Government Gazette 4975/Issue II/27-10-2021) to adapt to the aforementioned.

For the period of consumption 01/11/2021 – 31/03/2022, Article 32 of Law 4872/2021 (Government Gazette 247/Issue I/10-12-2021) suspended the payment of SGI charges for defined categories of consumers.

The Ministry of Environment, Energy and Climate Change's decision no. YPEN/DHE/71867/1033/27.7.2021 (Government Gazette/Issue II/06-08-2021) determined the type, amount, and method of providing guarantees or other equivalent assurance to HEDNO S.A., as well as the methodology for determining the amount and its adjustment, and any other relevant matter, in order to ensure that HEDNO's duties are met and that its authority is exercised properly in the event that the Interconnected System's SGI charges are not reimbursed. In the case of the Non-Interconnected Islands, it should be noted that the corresponding guarantees are included in the total calculation of NIIs market participants' guarantees, as per the NII Code.

The table of amounts of SGI guarantees of the Interconnected Network for the period 01/10/2021 - 31/03/2022 was approved by RAE Decision 725/2021 (Government Gazette 4457/Issue II/29-09-2021).

The table of guarantee amounts for SGI costs for the year 2022 was approved by RAE Decision no. 986/2021 (Government Gazette 6485/Issue II/31-12-2021).

The annual charge limit for energy users was modified by RAE Decision number 218/2021 (Government Gazette 908/Issue II/09-03-2021) to cover the costs of providing SGI for the year 2021.

The annual charge limit for energy users was modified by RAE Decision number 97/2022 (Government Gazette 900/Issue II/28-02-2022) to cover the costs of providing SGI for the year 2022.

Within the current fiscal year, the Company received € 70 million on 30/06/2021 from the State Budget to cover the deficit of the Special Account of the SGI.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2021	
ACCOUNT INFLOWS	
INITIAL DEPOSIT (DOD 0002445 EX 2017)	476,000,000
PLUS IPTO BALANCE	8,574,066
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4264/20.11.2019)	59,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	**875,254,756**
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728
ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072
ACCOUNT DEFICIT 31/12/2020	104,416,901
ACCOUNT DEFICIT 31/12/2021	-120,098,050
DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SELF-PRODUCED SERVICES OF GENERAL INTEREST (SGI) LV-MV	-29,729

(amounts in thousand EUR unless stated otherwise)

DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SELF-PRODUCED SERVICES OF GENERAL INTEREST (SGI) HV	-795,905
DEFICIT CORRECTION 31/12/2021 FOR ACCRUED SGI HV	-628.279
TOTAL OUTFLOWS	**764,316,131**
ACCOUNT BALANCE	**110,938,625**
PLUS SETTLEMENTS 2012 - 2017	1,867,707
LESS ADDITIONAL SETTLEMENTS 2012 - 2016 (RAE O-76750/12.04.2019)	21,954,985
PLUS SETTLEMENT SOCIAL DOMESTIC TARIFF - EAP 2017 (RAE 435/2019)	17,875,007
LESS ADDITIONAL SETTLEMENTS 2014 - 2016 (RAE 832/12.04.2019)	21,664,978
LESS SUPPLEMENTARY COMPENSATION 2013 (RAE 854A/2019)	994,139
LESS SUPPLEMENTARY COMPENSATION 2014 - 2016 (RAE 200/2020)	5,767,413
PLUS FINAL SETTLEMENT OF SGI FOR THE NON-INTERCONNECTED ISLANDS 2017 RAE 1254/2019	72,204,790
PLUS FINAL SETTLEMENT OF SGI FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2017	3,083,249
CURRENT BALANCE OF SGI ACCOUNT	**155,587,863**
SGI WITH SUSPENSION OF PAYMENTS	**21,937,536**

Independence of the HEDN Operator - Article 124 of Law 4001/2011

Based on article 124 par. 1 of Law 4001/2011, as in force: "*1. Persons in charge of HEDNO S.A.'s management are not permitted to participate in PPC S.A. structural structures which are directly or indirectly responsible for the daily performance of electricity production, transmission or supply operations. The remuneration of executive members of the Board of Directors and other administrative bodies of HEDNO S.A., which includes all types of earnings and benefits, is not contingent on PPC S.A's operations or results, or any portion thereof, or to HEDNO S.A.'s operations or results.*"

The preceding paragraph applies to all persons performing the functions of representation and management (Government Gazette 179/22-08-2011, Issue I, P. 3855) delegated by the Board of Directors, as well as those directly accountable to them for matters relating to the operation, maintenance, or development of the HEDN.

Persons in breach of this Article may have fines imposed by RAE decision in the order of between EUR 50 thousand and EUR 200 thousand, in accordance with the provisions of Article 36.

The members of the Board of Directors and the administrative bodies of HEDNO SA may proceed, in accordance with the provisions of the respective Article, with premature termination of their employment with the RAE. The RAE may, by reasoned decision, proceed to suspend members of the Board of Directors or the administrative bodies of HEDNO SA, if the conditions laid down by the provisions of paragraphs 1 and 2 of the specific Law are not met.

Development of HEDN

HEDNO SA has an obligation to secure the necessary human, technical, material and financial resources for the operation, maintenance and development of the Hellenic Electricity Distribution Network and, in general, for the effective exercise of its responsibilities and the proper execution of its duties. HEDNO S.A. determines the necessary funds and resources for this purpose, in accordance with a procedure established by the appropriate regulatory framework governing the activity of Electricity Distribution (in particular, the HEDN Management License, HEDN Management Code, and RAE Decisions for Annual HEDN) and, without prejudice to the provisions of the following paragraph, independently of the Vertically Integrated Company PPC S.A. and any part thereof.

The Exclusive Ownership Licence of the Distribution Network was granted by virtue of Decision number 82/2014 of RAE, in accordance with Article 122 of Law 4001/2011, which sets out the terms and restrictions with regard to the protection of the financial rights of the vertically integrated enterprise PPC SA, as well as the supervisory rights over the management of HEDNO SA, as far as the return on capital allocated thereto is concerned. The above conditions may relate in particular to the right of the vertically integrated enterprise to approve the annual budget of HEDNO SA and to set general limits on its level of borrowing. In any case, no part of the PPC SA's vertically integrated enterprise may be involved or in any way influence the day to day activity of HEDNO SA, or its decisions regarding construction or upgrading of HEDNO infrastructure, to the extent that it is not exceeding the terms of its approved budget. In the event of violation of the above, penalties as per Article 36 of Law 4001/2011 shall be imposed.

It should be noted, however, that following the completion of the spin-off – absorption of the Distribution Network Sector, both the aforementioned Exclusive License for the Ownership of the Distribution Network, granted in accordance with Article 122 of Law 4001/2011, and the Management License of HEDN, will be significantly altered, both in terms of content and the beneficiary of the said Licenses. Given the aforementioned transfer of the fixed assets of PPC S.A.'s Distribution Network Sector to HEDNO S.A. as of 30/11/2021 (when the secession – absorption of the above Sector by the Company was completed), RAE is expected to make significant amendments to the License granted by the aforementioned Decision no. 82/2014, save in the case of expressly stated statutory exceptions.

Compliance Program and Compliance Officer

In order to avoid discriminatory behavior, discriminatory corporate practices and the distortion of competition in the exercise of its responsibilities, the Company is obliged to execute a compliance programme (Article 124 (7et seq.) of Law 4001/2011).
The Compliance Programme was drawn up, as required by Article 124(7) of Law 4001/2011, by the Compliance Officer in collaboration with HEDNO SA within 3 months of the legal and operational separation of the distribution division activity and was submitted for approval to the RAE on 17/07/2012. The RAE requested specific amendments in its letter Ref. No O-54046/13-2-2013, which were incorporated by the Company within the Compliance Programme, which was sent back to the RAE on 26/03/2013.

The RAE approved the HEDNO Compliance Programme by virtue of its Decision number 678/2014, which was duly notified to the Company on 09/12/2014, in its letter Ref. No O-60391. In parallel with this decision, the RAE requested that the Company submit details of the updated programme, in line with specific observations. HEDNO SA duly submitted an updated programme to the RAE on 31 March 2015.

Without prejudice to the responsibilities of the RAE, compliance with the programme is subject to the independent control of the Compliance Officer. The Compliance Officer is a natural or legal person appointed by the Board of Directors of HEDNO SA, within 2 months from its first formation, subject to the approval of the RAE. Article 124(1) of Law 4001/11 similarly applies for the Compliance Officer.

By virtue of subsequent Board of Directors' Decisions No 1475/02.08.2018 and No 1463/23.07.2020, Mr Markos Champakis was appointed as Compliance Officer of HEDNO SA. who holds this office to date.

HEDNO SA is obliged to ensure uninterrupted access of the Compliance Officer to any necessary data and information held by the Company or any affiliated company, as well as access to the premises of the above companies without prior notice, in order to perform his duties.

The Compliance Officer is responsible for the following:

- Monitoring the Compliance Program's execution and ensuring HEDNO S.A.'s adherence to it.
- Annual report preparation and submission to RAE by 31/01 of each year. The report, which is published on the RAE's website within five (5) days of its notification, lists the measures taken with regard to implementation of the Compliance Programme and evaluates the adequacy of the measures and their implementation by HEDNO SA as far as achieving the objectives of the programme are concerned, and

proposals are made by the Compliance Officer regarding the Compliance Programme and its execution.
- Quarterly reports submission to the RAE regarding the execution of the Compliance Programme,
- RAE notification of any violation with regard to the implementation of the Compliance Programme at the time that it is identified, and proposals will also be submitted for immediate action.
- Report submission to the RAE in relation to the commercial and financial relations between the vertically integrated company PPC SA and HEDNO SA.

The RAE reviews the extent of HEDNO SA's independence annually and may modify the Compliance Program at any time by its decision, imposing additional measures to address discriminatory behaviour, discriminatory practices and distortions of competition in favour of the vertically integrated SA company or businesses affiliated with it.

The Compliance Officer of HEDNO SA submitted the Annual Compliance Report for 2020 to the RAE, as required by Article 124(10) of Law 4001/2011, on 29/01/2021. The quarterly report for the first quarter of 2021 was submitted to RAE on 29/04/21, for the second quarter of 2021 on 16/07/21 and for the third quarter of 2021 on 26/10/2021. On 31/01/2022, HEDNO submitted its Annual Compliance Report for the year 2021, which included the fourth quarter of year 2021.

Guaranteed Services Programme

HEDNO SA, based on RAE Decision No 1151A/2019 amending the 'Guaranteed Services to Consumers' programme as determined by Decision No 165/2014, implemented the Guaranteed Services Programme (17) for consumers on 1 July 2020. The programme pertains to new connections, technical services to existing consumers, meters and communications quality, and customer service. In the case that deadlines set per guaranteed service are exceeded, and provided that the other conditions laid down in the above RAE Decision 1151^{A}/2019 are also met, the beneficiaries are paid a sum of money as provided for in the decision in question, which varies according to voltage (LV & HV), since in 11 of the 17 subparagraphs it is scaled according to how far the service times have been exceeded. The resolution 1151A/2019 as amended by RAE decision 1593A/2020 is still in effect.

3. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS AND BASIC ACCOUNTING PRINCIPLES

Framework of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and the interpretations of the Interpretation Committee, and as applicable to companies applying IFRS which present their financial position, operating results, and their company's cash flows on a going concern basis. These financial statements have been prepared on the basis of the historical cost principle, apart from financial assets which are measured at fair value and on the basis of the going concern principle. The financial statements are presented in thousands of EUR and all items are rounded to the nearest thousand, unless otherwise stated. Any discrepancies in amounts that may arise are due to rounding. No Standards have been applied before their effective dates.

Going concern principle

In determining the appropriate basis for preparation of the financial statements, the Management must examine whether the Company is able continue its business activity in the near future. The business activities of the Company and the factors that Management considers may affect the growth, financial performance, and financial position of the Company, are presented in the Management Report.

The future financial performance of the Company depends on the wider financial environment in which it operates. The Company continues to review the probable impact on its financial operation, with emphasis on the potential effects due to uncertainties associated with the continued flow of receivables and the need to ensure adequate levels of liquidity.

With regard to the impact of the consequences on the financial activity of HEDNO SA in 2021, this was not deemed to be significant, given that the non-competitive and regulated activity of the Company is a strengthening factor in the midst of an extremely difficult and uncertain environment.

Despite the uncertainties still exerted by the COVID-19 pandemic, the Management considers that there are no significant uncertainties that could cast doubt on the Company's ability to continue its operational activities. The future financial performance of the Company depends on the wider economic environment in which it operates, while the Company examines the probable impact on its financial operation on a continuous basis, with emphasis on the potential effects due to uncertainties associated with the continued flow of receivables and the need to ensure adequate levels of liquidity.

The Management considers that as of the date of approval of the financial statements, the Company has sufficient resources to continue its operational activity in the near future, i.e. for the next 12 months from the date of these financial statements.

3.1. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF MANAGEMENT

The preparation of financial statements requires that the Management must make estimates and assumptions which affect the balance of asset and liability accounts, the disclosure of contingent liabilities as of the date of the financial statements, as well as the revenue and expenditure presented for the fiscal years under review. The actual outcomes may differ from these estimates. The most important accounting policies, judgments and assessments regarding events the development of which could substantially change the accounts of the financial statements over the next twelve-month period are the following:

3.1.1. Income tax and recognition of deferred tax assets

The process of determining income tax and deferred taxation is complex and largely demands the making of estimates and the exercise of judgment. There are many transactions and calculations for which the final tax determination remains uncertain. In the event that tax issues have not been settled with the local authorities, the Management shall take into account the experience of the past and the advice of experts in tax and legal issues, in order to analyse specific facts and conditions, interpret the relevant tax legislation, assess the position of the tax authorities in similar cases and decide whether the tax treatment will be accepted by the tax authorities or whether it is necessary to recognise relevant provisions. When the Company has to make payments in order to appeal against the tax authority decisions and considers that it is more likely to win an appeal than to lose it, the respective payments are recorded as receivables, since these advances will be returned to the Company in the event of a positive outcome. In the event that the Company deems that a provision is necessary with regard to the uncertain outcome of a tax case, any amounts already paid shall be deducted from that provision. If the final result of the audit is different from that initially recognised, the difference will affect income tax and deferred tax assets and liabilities during the period when the results are being finalised.

3.1.2. Estimates when calculating value in use

The Company evaluates at each reporting date whether there is any indication that an asset may be impaired. If there is any indication or when an impairment test is required for any asset, the Company proceeds to estimate the recoverable amount of the asset in question. The impact of the COVID-19 pandemic has been evaluated and where necessary treated as an indicator of impairment. The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit (CAS) minus the cost of disposal and its value in use. The recoverable value is determined on an individual asset level, unless the asset does not generate cash flows which are independent of those of other assets or groups of assets. When the book value of an asset exceeds its recoverable amount, then its value is deemed to have been impaired and is adjusted to the level of its recoverable amount.

The recoverable amounts of CGUs have been determined for impairment control purposes, based on the calculation of their value in use or their fair value less costs of disposal, which requires estimates to be made. In order to calculate value in use, estimated future cash flows are discounted at their present value using a discount rate calculated pre-tax that reflects current market assessments of the time value of money and also the risks associated with the specific asset. The calculation uses cash flow forecasts based on budgets approved by the Management. These budgets and cash flow forecasts typically cover a period of five years. Cash flows beyond the period for which forecasts are available are extrapolated on the basis of estimated rates of growth. These rates of growth are consistent with forecasts included in reports on the country or industrial sector in which each CGU is operating.

The key assumptions used to determine the recoverable amount of the Company's various CGUs and tangible fixed assets are the relevant plans for withdrawal from use, sale prices and any physical losses that may have been incurred.

3.1.3. Estimation of the fair value of financial assets and liabilities

The fair value of financial assets that are not traded in active money markets (e.g. derivatives contracts outside the derivatives market, as well as certain investments in equity securities) is determined using specific valuation techniques. The Company selects the appropriate valuation method for each item by making assumptions based primarily on information available at the end of the year with regard to transactions carried out in active markets.

3.1.4. Forecasts of expected credit losses on trade receivables

The Company uses a table with which it calculates expected credit losses over the life of its receivables, while, for the cases that the calculation on a customer lever is not feasible, it applies the simplified approach provided for in the standard for the purpose of calculating expected credit losses. This table is based on past experience but is adapted in such a way as to reflect forecasts of the future financial circumstances of customers as well as the financial environment. On each financial statement preparation date, the historically derived percentages used are updated and estimates of the future financial situation are analysed.

The correlation between historical data, future financial conditions and expected credit risk requires substantial estimations to be made. The amount of expected credit losses depends to a large extent on changes in circumstances and forecasts of the future financial situation. In addition, past experience and forecasts of the future may not lead to conclusions indicative of the actual extent of future customer default.

For the year ended 31/12/2021, the Management has reviewed long-term information on its trade receivables and the financial environment, which have been affected by COVID-19 and has proceeded with the formation of additional provisions for impairment, as required - Note 22.

3.1.5. Post-Retirement Benefits

Electricity supply at reduced tariffs

The PPC Group provides electricity to employees of all companies in the Group and their retirees charged at a reduced tariff. The reduced rate price for retirees is recognised as a liability and is calculated as the present value of future retirement benefits based on financial and actuarial assumptions.

The actuarial liability of pensioners pertains to the present value of total compensation, i.e. the difference between the future generating costs and the future amount that they will be paying the company, the benefit as a whole has already been established.

For active employees, the future benefit is evenly distributed over the total years of service. The liability is equal to the present value of the post-retirement benefit corresponding to the completed years of service in total. The net expense for the year is incorporated under personnel remuneration in the income statement. No reserve is formed through the payment of contributions to cover the actuarial liability.

It is noted that, pursuant to Article 11 of Law 4643/2019, the special tariff for electricity consumption by personnel was adjusted from 01/01/2020, such that the resulting discount on electricity consumption charges does not exceed 30%.

Provision for staff retirement indemnity

Under Law 4533/2018 (Government Gazette, Series I, No 7527/4/2018) the provision of Article 25(3) of Law 4491/1966 was abolished (Government Gazette, Series I, No 1) , as was every other general or special provision of the law or the Labour Regulation which provided for the offsetting of compensation for dismissal of an employee with a one-time allowance, which they are entitled to claim from the relevant social insurance body. Based on the above, the PPC and its subsidiaries shall henceforth pay a sum in compensation due to departure from service of not more than EUR 15,000 (fifteen thousand euros) to insured persons leaving due to termination of their employment contract, or due to having reached the age limit, or any other reason as prescribed by law.

The above comprises a defined benefit plan in accordance with the provisions of IAS 19. The present value of the liability undertaken by PPC SA and its subsidiaries, calculated at the end of each year using actuarial methods, constitutes costs of previous service, for services provided in previous time periods. Details of the key assumptions and estimates for the above post-retirement benefits are included in Note 27.

3.1.6. Fair values and useful life of PPE

The Company periodically reviews the useful life of its tangible fixed assets in order to assess the appropriateness of initial estimates. To determine useful life, which may very due to various factors such as technological developments or asset maintenance programmes, the Company may obtain technical studies and use external sources.

The Company values tangible fixed assets at revalued amounts (estimated fair values), as determined by an independent appraisal firm every 3-5 years. Determining the fair values of property, plant and equipment requires assessments, assumptions and judgments regarding ownership, value in use as well as the existence of any financial, operational and physical depreciation of property, plant and equipment. Management makes estimates with regard to the total and remaining useful life of depreciable fixed assets which are subject to periodic review. The overall useful life of assets, as estimated, are listed below - Note 3.2.4.

3.1.7. Provisions for cases in litigation

The Management evaluates the potential outcome of the pending court cases, taking into account available information offered by the legal department and, if there is a likelihood of a negative outcome, it will then proceed with the formation of the necessary provisions. Provisions, where required, are calculated on the basis of Management's estimates of expenditure required to settle expected liabilities at the date of the Statement of Financial Position. More specifically, the Company evaluates the likelihood that litigation will lead to an outflow and if this is deemed to be substantial (greater than or equal to 50%), then the provision made would be equal to the estimated amount payable. Otherwise, the Company discloses the fact in the notes as a contingent liability.

3.1.8. Determination of lease term and differential borrowing rates

In order to calculate right of use fixed assets, the Management defines the term of the lease as equivalent to the contractual term of the lease, including the period covered by (a) the right to extend the lease, if it is relatively certain that the right will be exercised or by (b) right to terminate the contract, if it is relatively certain that the right will not be exercised. In determining the duration of the lease, Management considers all facts and circumstances that create a financial incentive to pursue the option to extend the lease, or not to exercise an option to terminate.

The lease period is reviewed when the option is exercised (or not exercised) or the Company becomes obliged to exercise it (or not to exercise it). An assessment with reasonable assurance is only revised if a significant event or significant change in circumstances occurs that will affect that assessment and it is under the lessee's control.

In addition, in order to calculate the financial obligation associated with right to use assets, Management determines the cost of incremental borrowing as of the date of commencement of the respective leases, since the real interest rate is not determined directly by the lease agreements. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset. As the Company had no borrowing during the period of lease liabilities creation, the interest rate of secured funding from the parent company PPC SA (4.45%) was treated as the cost of additional borrowing.

3.1.9. Determination of revenues from consumed and non-invoiced energy

Revenue is recognised to the extent that it is probable that its financial benefits will flow to the Company, given that they can be estimated reliably, on an accrual basis.

The Company estimates the accrued revenue from Network Usage Fees in order to ensure that this is properly reflected. This relates to electricity consumed in the Low Voltage (LV) network from non-monthly metered benefits in the respective year, which have not been invoiced until the end of the current fiscal year, in accordance with the following assumptions and calculations.

Since the cycle of actual metered consumption of XT is a four month period and the Company, as of the date of preparation of the financial statements, does not have the actual metering data of the first 4 months of the next fiscal year (X + 1) at its disposal, in order to be able to accurately determine revenue accrued for the current fiscal year (X0) and incorporate it into them, it proceeds to estimate these revenues from Network Usage Fees which relate to the quantities of electricity consumed in total and losses in the Network, according to official HEDNO SA data, as well as the average fee for electricity consumption. Based on data obtained through monitoring this estimate in relation to actual meter readings and tariffs in past times, the range of deviation between estimation and actual consumption measurement ranges from -1% to +3%, which is acceptable taking into consideration all internal constraints.

3.1.10. Recognition of revenue from consumer participations

The Company believes that the consumer's participation refers to the consumer's initial and ongoing connection to the distribution network, which is a separate service from the sale of electricity. The promised service is treated separately from the contractual obligation. Therefore, the income from consumer participations is recognised during the period of service transfer to the customer. As the contract with the customer is not of specific duration, the revenue is recognised based on the useful life of the assets of the distribution network (35 years).

3.2. BASIC ACCOUNTING PRINCIPLES

The key accounting policies followed in the preparation of the financial statements are set out below. Accounting policies have been applied consistently in the years unless otherwise stated.

3.2.1. Combinations of enterprises using the method of 'pooling of interests'

Business combinations involving businesses under common control are not covered by IFRS 3 Business Combinations, and no other IFRSs provide explicit guidance in this issue. As a result, the Company's management, taking into account the references in IAS 8 'Accounting policies, changes in accounting estimates and errors' (para. 10 -12), according to which it should develop an accounting policy that is relevant and reliable, as well as the most recent versions of other accounting standard-setting bodies which use a similar conceptual framework and comply with the general principles governing IFRS, as well as accepted industry practices, account for the joint control business combinations by the pooling of interest method as discussed below:

Legal mergers involving combining undertakings/branches under joint control shall be accounted for using the pooling of interests method. The Company recognises the assets and liabilities of the acquired enterprise/industry in the pre-combination carrying amounts derived from the highest level of joint control as part of the technique of combining interests. At the time of the combination, no adjustments are made for the representation of fair values or the recognition of new assets or liabilities, as would otherwise be the case if IFRS 3 Business Combinations were used to make the acquisition. The only adjustments that have been made are to conform the applicable accounting policies.

Differences between the book value of the company's net assets and the value of the company's share capital increases as a result of lawful mergers that are accounted for using the pooling of interests method are recorded in the Company's own funds as a reserve.

3.2.2. Consumer Participations

Consumers and producers who are connected to the distribution network must contribute to the initial costs of connecting to the network (meters, lines, substations etc.) or other types of infrastructure by paying institutionally defined sums or donating fixed assets (very limited cases). It should be noted that all facilities constructed are subject to the Parent Company's exclusive ownership, occupancy, and possession under the law, and that if a customer leaves his installation and it is transferred to a new customer, the new customer is not required to pay a new contribution.

Consumer participation refers to the initial and ongoing connection to the distribution network, which is a separate service, and the promised service is treated separately as a contractual obligation. Therefore, the income from consumer participations is recognised during the period of service transfer to the customer. As the contract with the customer is not of specific duration, the revenue is recognised based on the useful life of the assets of the distribution network (35 years). Consumer participations are classified as long-term liabilities under the heading "Consumer Participations and Grants"

3.2.3. Intangible assets

Intangible assets include software programmes. Software programmes are valued at acquisition cost less accumulated depreciation and impairment. In case of withdrawal from service or sale, the acquisition value and depreciation are written off. Any profits or losses arising from the write-off are included in the Statement of Comprehensive Income. The depreciation of software is calculated based on the straight-line method and within a period of 5 years.

3.2.4. Tangible assets

Tangible fixed assets primarily include land, buildings, mechanical equipment, vehicles and furniture. Property, plant and equipment are reported at acquisition cost less accumulated depreciation. Acquisition costs include all expenses directly attributable to the acquisition of assets.

Assets under construction include fixed assets that are under construction which are shown at cost. Costs include construction costs, third party fees and other direct costs. The assets under construction are not depreciated, since the fixed asset in question is not available for use.

(amounts in thousand EUR unless stated otherwise)

Subsequent to initial recognition, property, plant and equipment are recorded at fair value less accumulated depreciation and impairment. Estimates of fair value are made on a periodic basis by independent appraisers (every 3 to 5 years) to ensure that fair value does not differ materially from unamortised balance brought forward. Any increase in value is credited to a reserve in equity, net of deferred income taxes. At the date of the revaluation the accumulated depreciation is offset against its pre-depreciation book value and the net amounts are restated according to the revalued amounts. Any reductions are first offset against any goodwill arising from previous revaluations and the remaining amount burdens the results of the fiscal year. Upon disposal of a revalued tangible fixed asset, the corresponding portion of recognised goodwill shall be transferred from the reserve account to the income statement. Repairs and maintenance burden expenses for the year in which they are performed. Subsequent expenses are capitalised if the criteria for their recognition as assets are met. For all assets that are withdrawn, their acquisition value and related depreciation are written off at the time of sale or withdrawal from service. Any profits or losses arising from the write-off of an asset are included in the Statement of Comprehensive Income.

The last revaluation of operating assets took place on 31 December 2019, as a result of which the amortised asset value was increased by EUR 3.1 million. This amount was recorded directly as equity credit less the corresponding deferred tax. The following readjustment will take place on 31 December 2024.

Depreciation of fixed assets is accounted for using the straight-line method based on their estimated remaining useful life. The total useful life (in years) applicable to the calculation of depreciation is as follows:

Buildings - Industrial plants - City S/S	50
Machinery	15-35
Transmission Lines	35
Pilot Cables	35
Software	5
Furniture and equipment	5-25
LV-MV Distribution Networks	35
Telecommunication-Remote Control Systems	15

The spin-off of the Electricity Distribution Network Sector from the parent business on 30/11/2021 was completed for a total value of € 4,794,862,539.33. With the exception of the High Voltage Network of Crete, this Sector covers all activities of independent exploitation of the Distribution Network, ownership of HEDN, including real estate and other assets of the Sector, and the Network of the non-Interconnected Islands. More specifically, Medium and Low Voltage Distribution Networks, MV/LV distribution substations, substation machines, Distribution Centers and High Voltage Centers (HVC), plots, buildings, industrial plants, digital meters, monitoring and remote control systems, transmission lines, pilot cables, cable lines, and fixed assets under construction are among the assets absorbed.

3.2.5. Leases (IFRS 16)

As of 01/01/2019 the Company monitors all active lease agreements in accordance with IFRS 16. IFRS 16 introduced a single model for accounting treatment from the side of lessee, with the exception of short-term and low-value leases, which require the lessee to recognise lease liabilities for future lease payments and right of use assets representing rights of use over leased assets owned by third parties. Determining whether a transaction involves a lease or not is based on the substance of the transaction at the date of the relevant contract, i.e. whether the performance of the transaction depends on the use of one or more assets or whether the transaction grants rights to use the asset in question.

<u>Rights to use assets</u>

The Company recognises right of use assets at the commencement of the lease (the date on which the asset becomes available for use). Right of use assets are measured at cost, less accumulated depreciation and impairment of their value adjusted under recalculation of the corresponding lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial directly related costs, and lease payments made on or before the commencement date, less the amount of discounts or other incentives offered. Except where it is relatively certain that the leased asset come into the possession of the Company at the end of the lease, recognised right of use assets are amortised on a straight-line basis over the shorter period between the useful life of the underlying asset, and the term of the lease. Right of use assets are subject to impairment, either individually or as a cash-generating unit.

For rights of use arising from IFRS 16, see Note 20.

Lease liabilities

At the commencement of the lease, the Company recognises lease liabilities equivalent to the present value of the leases over the full term of the lease. Payments include conventional fixed rents, reduced by the amount of subsidies offered, variable rents that are dependent on an index, and amounts for residual value payments that are expected to be payable. Leases also include the exercise price of rights to purchase which are relatively certain to be exercised by the Company, and the payment of lease termination penalties if the terms of the contract indicate with relative certainty that the Company is likely to exercise the right to terminate. Variable rents not dependent on an index are recognised as an expense in the period in which the event or condition arises and payment is made.

To calculate the present value of payments, the Company uses the cost of additional borrowing at the effective date of the lease, unless the effective interest rate is determined directly by the lease. Subsequent to the commencement of the lease, the lease liability amount is increased by interest expenses and decreases with the rent payments made. Furthermore, the book value of the lease liability is recalculated if there is any amendment to the contract, or any change in the duration of the contract, the fixed lease payments or the decision to purchase the asset. These recalculations are shown on a line noting changes in right of use assets.

For liabilities under IFRS 16, see Note 20.

Short-term and low value asset leases

The Company applies the exemption with regard to short-term leases (i.e. leases less than or equal to a period of 12 months from the date of commencement of the lease agreement, where there is no right to purchase the asset). It also applies the exemption to low value assets (i.e. those with a value of less than € 5,000). Lease payments for short-term and low-value leases are recognised as expenses using the straight-line method over the term of the lease.

Determination of the lease term

The IFR Interpretation Committee has ruled that, in assessing the concept of a non-significant penalty, when drawing up the terms of the lease, the breakdown should not only cover the pecuniary fine provided for in the contract, but it should use a broader economic estimate of the penalty such that all potential financial outflows associated with the termination of the contract are taken into account. The Company applies this decision and uses its judgment to estimate the lease, especially in cases where the agreement does not provide for a predetermined duration. The Company takes into account all relevant factors creating financial incentives to pursue either the renewal or the termination of the lease.

3.2.6. Impairment of Non-Financial Assets

On each balance sheet date, HEDNO SA evaluates the existence or otherwise of impairment of its assets. If there are indications, HEDNO SA will proceed to calculate the recoverable amount of the asset. The recoverable amount is calculated as the higher of fair value less costs of sale plus value in use. The recoverable value is determined on an individual asset level, unless the asset does not generate cash flows which are independent of those of other assets or groups of assets. When the book value of an asset exceeds its recoverable amount, then its value is deemed to have been impaired and is adjusted to the level of its recoverable amount.

The value in use is calculated as the present value of future cash flows using a pre-tax discount rate which reflects the current estimates of the time value of money and the risks related to the specific asset. Fair value (after deduction of the costs of sale) is determined on the basis of the application of a valuation model, as appropriate. Impairment losses on an ongoing basis are recognised in the income statement unless the asset is measured at fair value, in which case the impairment loss is treated as a reduction in already recognised goodwill.

At each date of preparation of the financial statements previously recognised impairment losses are reexamined to see whether or not they still exist or have been reduced. If such indications exist, the recoverable amount of the asset is recalculated. Impairment losses that have been recognised in the past are reversed only when there are changes in estimates used to determine the recoverable amount since recognition of the most recent impairment loss. The increased residual amount of the balance resulting from reversal of the impairment loss may not exceed the balance that would have been determined (less depreciation), if the impairment loss had not been recognised in the past. Reversal of the impairment is recognised in the income statement unless the asset is measured at fair value, in which case the reversal is treated as an increase in already recognised goodwill and after the reversal, depreciation of the asset is adjusted to the revised balance (less the residual value) to be divided equally in the future on the basis of the remaining useful life of the asset.

3.2.7. Financial instruments

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), or at fair value through profit and loss.

The classification of financial assets at initial recognition depends on the contractual characteristics of the financial asset's cash flows and the business model of the Company adopted for their management. With the exception of trade receivables, that do not contain a significant financial component or where the practical expedient is applied, the Company initially assesses a financial asset at its fair value, plus transaction costs in the case of financial assets that are not measured at fair value through profit or loss. Trade receivables that do not contain a significant financial component and those for which the Company has applied the practical expedient are valued at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and valued at amortised cost or fair value through comprehensive income, it must generate cash flows which are 'solely payments of principal and interest' (SPPI) on the initial capital. This assessment is referred to as the SPPI test and it is reviewed at the level of the financial item.

The Company's business model for managing financial assets refers to the way in which it manages its financial capacities in order to create cash flows. The business model determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulations or by rules of the market, are recognised on the transaction date, e.g. the date that the Company commits to buy or sell the asset.

Subsequent measurement

For subsequent measurement purposes, financial assets have been classified into the following categories:

- Financial assets that are measured at fair value through profit or loss;
- Financial assets at amortised cost;

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

Financial assets that are measured at fair value through profit or loss include financial assets held for trading, financial assets that are determined at fair value through profit or loss or financial assets that must necessarily be traded at fair value. Financial assets are classified as held for trading if acquired for the purpose of selling or repurchasing them in the near future. Derivatives are classified as held for trading, except when they are effectively designated as hedging instruments. Financial assets are classified as current assets when they are classified as held for trading or when their maturity date is less than 12 months, otherwise they are classified as non-current assets. Cash flow financial assets that are not just capital and interest payments are classified and measured at fair value through profit or loss, regardless of business model. These financial assets are classified as current assets when they are held for trading or are expected to be liquidated within 12 months of the reporting date.

(b) Financial assets at amortised cost

If both of the following conditions are met, the Company values financial assets at amortised cost: a) the financial asset is maintained in a business model with the aim of retaining financial assets for the collection of contractual cash flows; and b) the contractual terms of the financial asset generate cash flows on specified dates that are only capital and interest payments on the balance of initial capital.

Financial assets at amortised cost are then measured using the effective interest rate method (EIR) and are subject to impairment. Profits and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Derecognition and impairment

A financial asset is derecognised primarily when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset, or has undertaken to pay the received cash flows in full without significant delay to a third party under a pass-through agreement and either (a) the Company has substantially transferred all the risks and rewards derived from the asset; or (b) the Company has not transferred or essentially retained all estimated risks (rewards) of the asset, but has transferred control of the asset.

If the Company has transferred the rights to receive cash flows from an asset or has entered into a transfer agreement, it then evaluates whether and to what extent it continues to hold the risks and rewards of ownership. If the Company has not transferred or does not substantially hold all risks and rewards of the asset or has transferred control of the asset, it continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises any respective liabilities. The transferred asset and the respective liability are measured on a basis that reflects the rights and obligations kept by the Company.

With regard to trade receivables, the Company applies the simplified approach to the calculation of expected credit losses (ECL). It therefore does not monitor changes in credit risk, but recognises a percentage loss based on ECL over its useful life in each reporting period. The Company has prepared a forecast table based on the historical experience of credit losses, adjusted for future factors appropriate to the debtors and the financial environment.

3.2.8. Measurement of fair value

The Company measures financial instruments at each reporting date and non-financial assets such as real estate periodically (every 3-5 years) at fair value. The fair value of an item is the price that would be charged on the sale of an asset or paid to settle a liability in a transaction under normal circumstances between market participants as of the date of valuation. The measurement of fair value is based on the assumption that the sales transaction of an asset or the transfer of a liability takes place either:

- In the primary market for the asset or liability, or
- In the absence of a primary market, in the most advantageous market for the asset or liability.

The primary or most advantageous market must be accessible to the company. The fair value of an asset or liability is measured on the basis of all the assumptions that market participants make when valuing an asset or liability, given that market participants are acting in accordance with their own economic interests. The ability of market players to produce financial advantages by utilizing the asset in its highest and best use or by selling it to another market participant who will use the asset in its highest and best use is taken into account when determining the fair value of a non-financial asset. The Company uses measurement processes that are acceptable for the circumstances and for which there are accessible and adequate data to estimate fair value by maximising the use of relevant observable inputs and minimising the use of non-observable inputs. All assets and liabilities for which fair value was measured or disclosed in the financial statements are categorised within a hierarchy of fair values, based on the lowest entry level that is significant to measure fair value in its entirety, as described below:

- Level 1 - Listed (non-adjusted) prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level of input data which is material for fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level of input data which is material for fair value measurement is directly or indirectly observable.

For the assets and liabilities recognised in the financial statements, the Company determines on a regular basis whether transfers have occurred between the levels of the hierarchy due to revaluation and categorisation(based on the lower level items important to the measurement. of its fair value as a whole) at the end of each reporting period.

The Company determines the policies and procedures both for recurring measurements and for assets held for distribution or sale. External appraisers participate in the valuation of the Company's significant assets, including tangible assets, as well as significant liabilities. The participation of external appraisers is decided annually by the Group. Selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

3.2.9. Financial liabilities

Financial liabilities are derecognised when the liability is cancelled or expires or no longer exists. In the event that an existing liability is replaced by another from the same lender but on substantially different terms, or in the event that there are substantial changes in the terms of an existing liability, then the original liability is derecognised and a new liability is recognised, with the resulting difference in the balance being recognised in the fiscal year’s income statement.

3.2.10. Inventories

Inventory includes consumables and spare parts for fixed assets, which are valued at the lower amount between cost and net realisable value, the acquisition price is determined using the monthly weighted average method. The materials are entered in inventory at the time of purchase and are extracted therefrom at the time of use. Provision is made for impairment based on the amount recoverable from use of these materials.

3.2.11. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less provisions for impairment.

With regard to non-performing trade receivables, the Company applies the simplified approach of IFRS 9 and calculates expected credit losses over the life of the receivables. For this purpose, a table was used to calculate the respective provisions in a manner that reflects the experience of past events, as well as forecasts of the future financial situation of customers and the economic environment. Doubtful receivables are assessed one by one in order to arrive at the respective provision. The amount of the provision is recognised in the statement of comprehensive income, under ‘sales and distribution operating costs’.

(amounts in thousand EUR unless stated otherwise)

At each date of preparation of the financial statements the Company evaluates the data with regard to the extent to which the value of a financial asset or a group of financial assets has been impaired in accordance with the provisions of IFRS 9. The Company has adopted the model of expected credit losses for each of the aforementioned categories of assets.

For the application of the calculation model, the following assumptions regarding payments in default were used:

- Appearance of amount with delayed payment of more than 90 days;
- The delay is considered significant if it amounts to at least 10% of the respective monthly balance.
- Weighting was attributed according to days of delayed payment , as follows:

Late Payments - Days					
1-31	31-60	61-90	91-120	121-365	>365
0.20%	0.75%	1.50%	96%	100%	100%

3.2.12. Cash and cash equivalents

Cash and cash equivalents include cash, demand and time deposits, and other short-term investments that can be liquidated within a period not exceeding three months.

3.2.13. Share capital

Share capital is comprised of the Company's common shares. Direct costs of share issue are shown after deduction of the relevant income tax, less the cost of issue.

Repurchases of company shares (own shares) are recognised at cost and deducted from equity. Profit or loss is not recognised in the income statement when own shares are bought, sold, issued or cancelled. Any differences that arise between the book value and the price in the event of a reissue are recognised in equity.

3.2.14. Current and deferred taxation

Income tax for the period is comprised of current and deferred taxation.

Tax expenses or income for the period are calculated taxable result of the fiscal period based on the applicable tax rate in each country or jurisdiction within which the Company has a presence, adjusted for changes in deferred tax assets or liabilities related to temporary discrepancies or unused tax losses, as well as additional taxes from previous fiscal years. Tax is recognised in the income statement, unless it relates to amounts recognised directly in equity. In this case, the tax is also recognised in equity.

Current tax assets and liabilities are measured as equivalent to the sums expected to be recoverable from, or payable to, the tax authorities.

Income tax on profits is calculated on the basis of tax legislation enacted at the date of preparation of the financial statements and is recognised as an expense occurring in the period during which the profits are earned. The management periodically reviews cases where applicable tax legislation is open to interpretation. Estimates are made of the amounts expected to become payable to the tax authorities wherever deemed necessary. Interest and fines arising from uncertain tax positions are treated as part of income tax.

The deferred income tax is determined using the liability method based on temporary differences between the book value and the tax base of assets and liabilities as shown in the financial statements. 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, which at the time of the transaction does not affect accounting or taxable gains or losses. The deferred tax is determined by the tax rates and laws that are in force at the date of preparation of the financial statements, and which are expected to be in force when the deferred tax assets are realised or deferred tax liabilities are settled.

Deferred tax assets are recognised only when it is probable that future taxable profit will be available such that the temporary difference which creates the deferred tax asset can be used.

Deferred tax assets are assessed at each financial statement preparation date and are reduced if it is no longer likely that there will be the expected tax profits so that they can be used either in whole or in part in future fiscal years.

Deferred tax receivables and liabilities are offset only if the offsetting of tax receivables and liabilities is permitted by law, and given that deferred tax receivables and liabilities are imposed by the same tax authority on the tax paying entity or other different entities, and there is intent to proceed with settlement by way of offset.

3.2.15. Trade and other liabilities

Trade and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as short-term if payment is due in one year or less. Otherwise they are shown in long-term liabilities.

3.2.16. Provisions

Provisions for restructuring costs and legal claims are made when the company has existing legal or other contractual obligations arising from past actions, is likely to require future outflows for the settlement of such obligations, and when the obligations in question can be estimated with reasonable accuracy. Provisions may not be made with respect to potential future operating losses.

Provisions are calculated on the basis of the current value of estimates made by the management concerning the cost likely to be incurred for settlement of expected liabilities as of the financial statement preparation date. The discount rate used reflects market conditions and the time value of money as well as any increases specific to the liability.

Provisions are not recognised for potential future liabilities related to events occurring or not occurring as a result of uncertain future events which are not dependent on the Company, since it is unlikely that the obligation will be settled by future cash flows, or the obligation cannot be measured reliably in any case. In these cases, the Company recognises any respective liabilities.

3.2.17. Offsetting of financial receivables and liabilities

Financial receivables and liabilities are offset and the net amount is reflected in the Statement of Financial Position only when the Company has the legal right to do so, and intends to offset them on a net basis, or intends to claim the asset and settle the liability at the same time.

3.2.18. Loans and credits – Borrowing costs

Loans and credits are initially recognised at cost, which reflects the fair value of the consideration less costs incurred in concluding the relevant loan agreements. They are subsequently valued at amortised cost using the effective interest rate method. All forms of loan issue and credit extension expenses are taken into account in the calculation of amortised costs.

Borrowing costs that are directly related to the purchase, building, or manufacturing of an asset that takes a long time to become available for use or sale are capitalised as part of the relevant assets' acquiring cost. All other borrowing costs are recognised as an expense in the fiscal year in which they are incurred.

3.2.19. Defined contribution plan

The Company recognises contributions corresponding to services received from its employees and paid to the respective social insurance bodies - the Single Social Insurance Fund (EFKA) and the Unified Fund for Auxiliary Insurance and Lump Sum Benefits (ETEAEP), under the defined contribution plan in the income statement as an expense, and the part not yet paid as a liability.

3.2.20. Revenue recognition (IFRS 15)

According to IFRS 15 'Revenue from contracts with customers', which is mandatory for accounting periods beginning on 1 January 2018, the recognition and measurement of revenue from customer contracts is based on the following model which involves a 5-step process:
`

1. Identification of contract with the customer;
2. Identification of performance obligations;
3. Determination of transaction price;
4. Allocation of price to performance obligations;
5. Recognition of revenue when performance obligations are met.

The transaction price is the sum in consideration to which the Company expects to be entitled to in return for the transfer of promised services to a customer, excluding amounts collected on behalf of third parties (other taxes on sales). If the amount of the consideration fluctuates, then the Company calculates the amount that it will be entitled to in return for the transfer of the promised goods or services by the method of expected value or the method of the most probable amount.

Specifically, the transaction price is allocated to individual performance obligations based on the respective individual sales prices promised in the contract, the discrete good or service.

Revenue is recognised when the relevant performance obligations are fulfilled, either at a specific point in time (usually for promises relating to the transfer of goods to a customer) or over time (usually for promises relating to the transfer of services to a client).

The Company recognises a contractual obligation for amounts it receives from customers (prepayments) which relate to performance obligations as yet unfulfilled, as well as when it retains the right to an amount unduly collected (prior to the execution of the contract) pertaining to performance obligations and the transfer of the goods or services. A contractual liability is derecognised when the obligations under the contract are fulfilled and the revenue is recorded in the income statement.

The Company recognises a trade receivable when there is an unconditional right to receive a sum in recompense for the performance of obligations executed under the contract to the customer. Similarly, the Company recognises an asset arising from a contract when it has fulfilled performance obligations prior to payment or before it becomes due, e.g. when goods or services are transferred to the customer before the invoice is issued by the Company.

Revenue from contracts with customers

- Revenues from Network Usage Fees
  These revenues are recognised monthly and are based on charges approved by RAE and the use of its network (measurements/quantities in MWH) by its customers. The revenues are recognised in the period during which use of the network was made by the Company's customers, through metering of supply (either by digital meters, or meter-reading crews) as well as estimates of the consumption in the respective period not yet read - Note 3.1.9.

It is should also be noted that, pursuant to Law4001/2011, Article 129 (2) subpar. (h), HEDNO SA was established as the market operator for the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between electricity producers and final providers in the NIIs. These transactions pertain to the purchase and sale of electricity, as well as the settlement of other charges. The above operation has no impact on the results of the Company, since HEDNO SA is charged by an equivalent amount with regard to related cost. The aforementioned transaction is offset in the income statement without producing profit or loss.

The items for which the Company operates as an intermediary primarily pertain the purchase and sale of electricity, the Special Emissions Reduction Charge (ETMEAR) and public utilities (SGI).

- Revenue from sales of materials
  Revenue is as a rule recognised on the delivery of materials sold.

- Revenue from reconnection fees and other consumer revenues
  These revenues are recognised on provision of the service to consumers.

- Revenue from Consumer Contributions and utilities
  These revenues are recognised on provision of the service to consumers. The Company had been collecting the amount from users and attributing it to PPC S.A. until 30/11/2021. The Company has been the Owner of the Network since 01/12/2021, and the accounting indicated in note 3.2.2 is used.

- Revenue arising from RAE decisions regarding sub-recovery
  The Company recognises the difference arising from comparison of actual energy consumption against projected demand for energy determined in relation to the fixed voltage supply price list in each fiscal year, in the income statement immediately after their approval by RAE.

Other income

- Revenue from network project sales
  Revenue is recognised according to the project completion percentage.

- Income from interest
  Interest revenue is recognised according to the accrual principle, using the effective interest method.

3.2.21. Grants

The Company receives grants from the Greek government and the European Union to fund certain projects that must be completed within specific periods. Fair value is credited to Other Long-Term Liabilities as deferred income and transferred to the income statement in equal annual instalments based on the expected duration of the subsidised asset when government grants pertain to an asset. When the grant pertains to expenditure, it must be recorded as revenue during the financial year in order to match the subsidy on a systematic basis with the expenditures that will be reimbursed. Grants that are related to assets are amortised in Depreciation on the Income Statement, while grants that are related to expenses are amortised in the Income Statement under Other Income.

3.2.22. Subsequent events

Subsequent events that provide additional information about the assets and position of the Company at the date of preparation of the financial statements, and which meet the criteria for their recognition, are recognised in the financial statements. They are otherwise disclosed in the notes to the financial statements.

3.3. CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year apart from the following amended standards which the Company has adopted as of 01/01/2021.

It is noted that the following amendments did not have a significant impact on the Company 's financial statements unless otherwise stated.

- **Interest rate benchmark reform - Phase 2 IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 (Amendments)**
  In 08/2020, the International Accounting Standards Board (IASB) adopted amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work with reference to the impact of interbank interest rate adjustments on financial information. The amendments provide for temporary facilities that deal with the effects on financial reporting when an interbank lending rate is replaced by an almost zero-risk alternative interest rate. In particular, the amendments provide a practical facility by which the accounting treatment of changes in the basis for determination of the contractual cash flows of financial assets and liabilities, requiring the adjustment of the actual interest rate, as in the case of a change in the market rate. In addition, the amendments introduce facilities for extended continuation of the hedging relationship, including temporary relief from the requirement of discrete recognition of an almost zero-risk alternative interest rate, designated for hedging of a risk component. In addition, the amendments also introduce into IFRS 7 "Financial Instruments: Disclosures" additional disclosures that allow users of financial statements to comprehend the implications of interbank lending adjustments on financial instruments and the entity's risk management strategy. The amendments do not require the entity to reformulate prior reference periods. The amendments had no effect on the Company's financial statements.

- **IFRS 16 Leases - IFRS 16 COVID-19 related rent concessions (Amendments)**
  The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020. The IASB amended the standard exempting lessees from applying the requirements of IFRS 16 with respect to lease amendment accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment provides practical enablement for lessees to account for any changes or reductions in leases arising as a consequence of COVID-19, based on the same method as that indicated under the requirements of IFRS 16, provided that the change or deduction is not considered to be an amendment to the lease, provided that all of the following conditions are met:

- The change in lease payments gives rise to a revised consideration which is substantially the same as or less than the lease consideration payable immediately prior to the change,
- Any reduction in rent payments affects payments due on or before 30/06/2021,
- There is no substantial change in other terms and conditions of the lease

The amendments had no effect on the Company's financial statements.

- **Decision of the IFRS Interpretations Committee on "Distribution of benefits during service periods (IAS19)"**
  The IFRS Interpretations Committee issued the final decision of the agenda on 05/2021, titled "Allocation of benefits during service periods (IAS 19)," which includes explanatory material on how benefits are distributed during service periods based on a specific defined benefits program, similar to that set out in Article 8 of Law 3198/1955 regarding the indemnity due to retirement (the "Defined Benefits Program of Labor Law"), which includes explanatory material on how benefits are distributed during service periods. This explanatory information distinguishes how the basic principles and rules of IAS 19 have been applied in the past in Greece with regard to this matter, and as a result, financial entities that prepare their financial statements in accordance with IFRSs are required to amend their Accounting Policy in accordance with what is set forth in the "IASB Due Process Handbook (par.8.6)". Based on the foregoing, the aforesaid decision will be implemented in accordance with paras. 19-22 of IAS 8 as a change in accounting policy. See note 40 for the impact of this decision on the Company's financial statements.

3.4. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

The following new standards, and the amendments and revisions to standards or interpretations, have been issued but are not applicable in the accounting period beginning on 1 January 2021.

Unless otherwise stated, the following amendments are not expected to have a significant effect on the Company's financial statements.

- **IFRS 10 Consolidated Financial Statements, and IAS 28 Investments in Associates & Joint Ventures - Amendment: Sale or contribution of assets between an investor and its associate or joint venture**
  The amendments face a recognised inconsistency between the requirements of IFRS 10 and those of IAS 28 in treating the sale or contribution of assets between the investor and its associate or joint venture. The main consequence of the amendments is that a complete profit or loss is recognised when the transaction includes an undertaking (whether it is housed in a subsidiary or not). A partial profit or loss is recognised when the transaction includes assets that do not form an undertaking, even if such assets are housed in a subsidiary. In December 2015 the IASB suspended indefinitely the date of implementation of such amendment, anticipating the result of its work for the equity method. The amendments have not yet been endorsed by the EU.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  These amendments are effective for annual periods beginning on or after 1 January 2022, while earlier implementation thereof is permitted. However, due to the COVID-19 pandemic, the IASB has postponed the implementation date by one year, i.e. as of 1 January 2023, giving companies more time to determine any changes in the classification of liabilities. The amendments aim to achieve consistency in the implementation of the requirements of the standard, by helping companies to determine whether lending and other liabilities with an uncertain settlement date are to be classified as short or long-term liabilities in the Statement of Financial Position. The amendments affect the presentation of liabilities in the Statement of Financial Position, while they do not change existing requirements regarding measurement or time of recognition of an asset, liability, income or expense or disclosures of these items. The amendments also clarify the classification requirements for borrowing, which can be settled by a company through issue of equity securities.

  The IASB issued a draft report on 11/2021 clarifying the classification of obligations subject to compliance terms that begin after the reporting period. In particular, the IASB proposed limited scope adjustments to IAS 1, which reverse the 2020 amendments that require entities to classify liabilities subject to compliance terms as short-term liabilities only if the conditions of compliance are not met at the end of the reporting period. The proposals are concerned with entities presenting long-term liabilities subject to compliance conditions separately, within twelve months of the reporting period. In addition, where businesses do not comply with the conditions with at the conclusion of the reporting period, additional disclosures will be necessary. The proposals will become effective for annual reporting periods beginning on or after 01/01/2024, and should be applied retroactively in accordance with IAS 8, although earlier implementation is permitted. The IASB also proposed deferring the implementation of the 2020 amendments with regard to the classification of liabilities as short-term or long-term until the draft report's recommendations are implemented. The European Union has yet to accept the revisions, which include those proposed in the draft report.

- **IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements to IFRS 2018-2020 (Amendments)**
  These amendments are effective for annual periods beginning on or after 1 January 2022, while earlier implementation thereof is permitted. The IASB has issued limited amendments to certain standards, as follows:

- *IFRS 3 'Business combinations'*

The amendments update a reference to IFRS 3 in the conceptual framework for financial reporting without changing the accounting requirements of the standard pertaining to business combinations.

- *IAS 16 Property, Plant and Equipment*

  The amendments prohibit the reduction of the cost of property, plant and equipment by amounts received from the sale of items produced while the company prepares the asset for its intended use. Sales revenue and the related costs are recognised in the income statement.

- *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

  The amendments concern determination of expenses to fulfill a contract which is particularly burdensome.

Minor amendments were made under the *Annual Improvements 2018-2020* to standards IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 9 'Financial Instruments', IAS 41 'Agriculture' and to the illustrative examples accompanying IFRS 16 'Leases'.

- **IFRS 16 Leases - IFRS 16 COVID-19 related rent concessions after 30/06/2021 (Amendments)**
  The Amendment is effective for annual accounting reporting periods beginning on or after 01/04/2021, but an earlier application is permitted, including financial statements that have not yet been approved for issue as of 31/03/2021. On 03/2021, the IASB amended the terms of practical enablement provided for lessees to account for any changes or reductions in leases arising as a consequence of COVID-19 based on the same method as that indicated under the requirements of IFRS 16, provided that the change or deduction is not considered to be an amendment to the lease. According to the amendment, the practical facilitation applies to lease payment reductions for payments due on or before 30/06/2022, as long as the other elements of the practical facilitation are met.

- **IAS 1 Presentation of Financial Statements and IFRS 2 Practice Statement: Disclosure of accounting policies (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier implementation thereof being permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Instructions and illustrative examples are also added to the Practice Statement to assist in applying the concept of materiality when conducting judgments to accounting policy disclosures. The amendments have not yet been endorsed by the EU.

- **IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates (Amendments)**
  Amendments take effect for annual reference periods beginning on or after 1 January 2023, with earlier application being permitted and applicable to changes in accounting policies and changes in accounting estimates carried out on or after the beginning of this period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify what changes in accounting estimates are and how they differ from changes in accounting policies and error corrections. The amendments have not yet been endorsed by the EU.

- **IAS 12 Deferred taxes on assets and liabilities arising from a single transaction (amendments)**
  These amendments are effective for annual periods beginning on or after 01/01/2023, while earlier implementation thereof is permitted. The IASB issued amendments in May 2021 that limit the scope of the IAS 12 initial recognition exemption and specify how corporations must account for deferred taxation on leases and decommissioning liabilities. The initial recognition exception no longer applies to transactions that establish equal taxable and deductible temporary differences at the time of initial recognition, according to the amendments. It only applies if the recognition of a lease asset and a lease liability (or the recognition of a decommissioning obligation and a decommissioning

(amounts in thousand EUR unless stated otherwise)

asset) results in non-equal transitory differences. The amendments have not yet been endorsed by the EU.

4. SPIN-OFF OF THE ELECTRICITY DISTRIBUTION NETWORK FROM PPC SA ON 30/11/2021

The General Secretariat of Commerce & Consumer Protection's decision (2538559AP 30/11/2021) was registered IN THE GENERAL REGISTER OF COMMERCE (GRC) on 30/11/2021, approving the spin-off of PPC's electricity distribution network sector ("Sector") by absorption by the Company (hereinafter referred to as "Absorption"). The absorption was carried out in line with the terms of Law 4601/2019, Law 4548/2018, the decisions of the general meetings of the businesses' shareholders, the independent expert's value report dated 29 June 2021, and the necessary notarial deed dated 29/11/2021. The above decision also approved the increase of the Company's share capital due to Absorption by the amount of €953,662,960.00, with the issuance of 95,366,296 new common registered shares with a nominal value of ten euros €10.00 each.

In the context of the aforementioned Absorption, and in compliance with the applicable requirements of Laws 1297/1972 and 4548/2018, an independent expert was tasked with valuing the Sector on 30/03/2021 (reporting date), resulting in a valuation value of € 953,662,960.00. According to the valuation report dated 29/06/2021, the Company's applicable accounting policies (adjusted value) were considered in determining the value of the assets and liabilities under valuation.

On the date of publication of the appropriate approval decision (30/11/2021) in the General Commercial Register (GEMI), the aforesaid Absorption is considered complete (demerger date). All activities and transactions carried out from the reference date (30/03/2021) to the spin-off date (30/11/2021) benefit and are borne completely by PPC S.A., as stated in the draft contract of the aforesaid Absorption. As a result, the "acquisition" date of the Sector for the Company is the spin-off date (30/11/2021). This acquisition is accounted for as a business combination in accordance with the Company's policy (Note 3.2.1), and it will be accounted for using the pooling of interest method.

The Company recognised the assets and liabilities of the Sector in the pre-combination carrying amounts after making the necessary adjustments in accordance with its accounting principles, as part of its accounting policy for business combinations. It is underlined that these adjustments concern, in essence, the adjustment of the Sector's tangible fixed assets which were measured at fair value according to the Company's policy.

The carrying amount of the pre-combination Sector, the applicable modifications in light of the Company's accounting rules, and the carrying amount of the Sector on the reference date (30/03/2021) and the spin-off date (30/11/2021) are summarised in the following table:

Valuation 1297/2972

Amounts in €	IFRS value 31/03/2021	Evaluated value 31/03/2021	IFRS value 30/11/2021	Estimation value 30/11/2021
Tangible assets	4,601,322,731.62	4,863,652,063.24	4,726,965,625.69	4,792,150,676.50
Other intangible assets	167.88	140	59.25	65.33
Trade receivables	50,929,749.09	50,929,749.09	52,853,562.12	52,853,562.12
Other receivables	63,982,529.33	63,982,529.33	31,416,639.57	31,416,639.57
Total assets	**4,716,235,177.92**	**4,978,564,481.66**	**4,811,235,886.63**	**4,876,420,943.52**
Deferred tax liability	612,372,403.00	573,757,463.72	418,700,253.53	439,709,708.27
Reduction of capital gains tax due to recognition of depreciation of fixed assets	-	-	-	-62,581,581.11
Borrowings	1,471,915,206.35	1,472,363,636.43	1,416,303,030.39	1,416,303,030.38
Grants	37,044,816.13	37,044,816.13	36,741,357.05	34,873,733.42
Consumer participations	1,822,630,172.58	1,822,630,172.58	1,894,424,887.13	1,894,424,887.13
Trade payables	104,091,836.51	104,091,836.51	69,573,982.63	69,573,982.63
Other liabilities	15,013,596.29	15,013,596.29	5,316,702.61	5,316,702.61
Total liabilities	**4,063,068,030.86**	**4,024,901,521.66**	**3,841,060,213.34**	**3,797,620,463.32**
Total net equity	**653,167,147.06**	**953,662,960.00**	**970,175,673.29**	**1,078,800,480.20**

(amounts in thousand EUR unless stated otherwise)

The company's share capital was increased by € 953,663 thousand upon completion of the Absorption. This increase, which was made in compliance with the law, represents the Sector's book value as of the reference date (30/03/2021), as determined by an impartial expert. Given that the Sector was included for accounting purposes in the Company at the spin-off date (30/11/2021), the difference of € 125,138 thousand (between the carrying value of the reporting date and the book value at the spin-off date) was recorded as a special reserve, as required by the Company's accounting policy (Note 3.2.1).

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following is a breakdown of revenue from client contracts.

Revenue from contracts with customers	**2021**	**2020**
Network Usage Fees - PPC SA	459,290	495,213
Network Usage Fees - Other Providers	266,824	214,625
Network Usage Fees - Electricity Theft	1,019	952
	727,133	**710,790**
Operator Settlement Charges	1,805,607	1,740,535
Operator Settlement Earnings	-1,805,584	-1,740,593
Total Network Usage Fees	**727,156**	**710,732**

	2021	2020
Sales of materials	15,085	8,004
Amortisation of Consumer Contributions	7,962	0
Revenue from reconnection fees	2,430	2,534
Other revenues from consumers	2,958	3,132
Revenue from managerial costs of electricity theft	2,764	2,370
Revenues from concession agreement	1,348	2,811
Total other income	**32,547**	**18,851**
Total revenue from contracts with customers	**759,703**	**729,583**

The analysis of Network Usage Fees is as follows.

	2021	**2020**
Network Usage Charge Invoices (XXD) - PPC SA	462,552	497,856
Network Usage Charge Provision (XXD) - PPC SA	-3,262	-6,427
Settlement of previous years Network Usage Charges (XXD) - PPC SA	0	3,784
Network Usage Charge Invoices (XXD) - Other providers	263,635	210,250
Network Usage Charge Provision (XXD) - Other providers	2,956	3,679
Settlement of previous years Network Usage Charge (XXD) - Other providers	0	470
Network Usage Fees - Hybrid Generating Plants	14	9
Network Usage Duties - Electricity Theft	1019	953
Network Usage Duties - Athens International Airport Network Operator (AIA)	219	216
Total	**727,133**	**710,790**

	2021	**2020**
Operator Settlement Charges		
Income from Participations - Grants	154,777	60,323
Revenue ETMEAR - PV Energy Market Settlement	82,372	69,799
Revenue from Public Services	613,294	699,973
Income from System Use Charges (XXS) - Electricity Theft	258	241

(amounts in thousand EUR unless stated otherwise)

Non-categorised income attributed to domestic energy theft	1,053	1,219
RES Plant Power Supply Sales	152,413	138,857
Thermoelectric Plant Power Supply Sales	801,440	770,123
Total	**1,805,607**	**1,740,535**

	2021	**2020**
Operator Settlement Earnings		
Income from Participations - Subsidies	-154,754	-60,381
ETMEAR Liabilities - PV Energy Market Settlement	-84,845	-62,448
SGI charges	-613,294	-699,973
System Use Charges (XXS) - Electricity Theft	-258	-241
Non-categorised charges attributed to domestic energy theft	-1,053	-1,219
Electricity cost (RES)	-149,940	-146,208
Thermoelectric Power Plant Purchases	-804,440	-770,123
Total	**-1,808,584**	**-1,740,593**

Under-recovery for 2021

Based on the required revenues determined by RAE Decision 1515/2020, the sum under recovery in 2021 amounted to EUR 48.65 million, the burden of which was divided between the Network Owner, PPC SA in the amount of EUR 40.74 million and the Network Operator, HEDNO SA, in the amount of EUR 7.91 million. The Company is now the Owner of the Network as of 01/12/2021, following the spin-off from PPC S.A. and the absorption of the Electricity Distribution Network Branch by HEDNO S.A. - therefore, the required revenue has been adjusted for the 11 months of 2021 during which PPC S.A. was the Owner of the Network. Based on such adjustment, the sum under recovery in 2021 amounted to EUR 45.29 million, the burden of which was divided between the Network Owner, PPC SA with the amount of EUR 41.21 million and the Network Operator, HEDNO SA with the amount of EUR 4.08 million.

Operator Settlement Charges/Earnings

Pursuant to Law 4001/2011, Article 129 (2) subpar. (h), HEDNO SA was established as the market operator for the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between electricity producers and final providers in the NIIs. These transactions pertain to the purchase and sale of electricity, as well as the settlement of other charges. The above operation has no impact on the results of the Company, since HEDNO SA is charged by an equivalent amount with regard to related cost. The aforementioned transaction is offset in the income statement without producing profit or loss.

The items for which the Company operates as an intermediary primarily pertain the purchase and sale of electricity, the Special Emissions Reduction Charge (ETMEAR) and public utilities (SGI).

Special Pollutant Emissions Reduction Duty (ETMEAR)

ETMEAR is paid by electricity consumers in order to contribute to the reduction of gaseous pollutant emissions through the production of electricity from renewable Energy sources (RES). The specific duty is based on regulated charges determined by the RAE (RAE Decision No 621/2016). For the fiscal years 2019 and 2020, subsequent to a Ministerial Decision (Government Gazette, No 3373/31.8.2019), reduced charges came into force for specific categories of LV customers (billing for households, agricultural and other uses).

RES - Thermal Generation

Operator's settlement charges include pricing to suppliers and the Renewable Energy Source and Guarantees of Origin Operator (DAPEEP), in the context of recovering the cost of the RES energy market and thermal power plants in the NIIs. Respectively, the amounts related to RES invoiced energy supply and thermal power plants in the NIIs are shown in the Operator's settlement revenues.

(amounts in thousand EUR unless stated otherwise)

The Company, being liable for the conduct of all transactions with participants in the NIIs Market, from 1 January 2015 charges the Representatives, on the basis of consumption by their NIIs customers and credits the Special Account held by DAPEEP for an equivalent amount.

Services of General Interest (SGI)

SGI charges are paid by consumers through the electricity bill, based on RAE-regulated charges. These are collected from the electricity suppliers in order to provide services to the residents of the NIIs at the same prices as households in the Interconnected Network, as well as to large families and vulnerable consumers included in the Social Domestic Tariff (SDT), such as persons with long-term disabilities, etc., at prices significantly lower than regular current charges. To the extent that the relevant charges from suppliers are lower than the actual cost of energy, based on Law 4501/2017, the difference is covered by the State Budget.

Electricity Theft

In accordance with RAE Decisions No 236/2017 and 237/2017 (Government Gazette, Series II No 4496/2017) and from 2018 onwards the Company is the responsible for management of theft. Technical personnel carry out technical checks to detect theft (e.g. significant and abrupt changes in consumption) or receives information about them after complaints. Subsequent to the respective checks, the Company issues fines for cases of proven theft, which are shown in accounting records on collection of the amount from the consumer. The amounts that appear in the charges and returns of the Operator's settlements refer to that part of the theft invoice, which, in accordance with RAE Decisions No 236/2017 and 237/2017, is paid on a monthly basis to the IPTO (Charges for System Use) and the PPC SA (as Primary Supplier).

Concession Agreement

During fiscal year 2020, the Company entered into a contract with the Network Owner by which it assumes liability for part of the financial risks associated with the HEDN, which are potentially not covered by the annual consideration. The sum of EUR 1,348 thousand pertains to the relevant invoiced amounts for the years 2021 (until 30/11), and is included under the heading "Revenues from Concession Agreement".

Amortisation of Consumer Contributions
Consumer participations refer to the initial and ongoing connection to the distribution network, which is a separate service, and the promised service is treated separately as a contractual obligation. Therefore, the income from consumer participations is recognised during the period of service transfer to the customer. As the contract with the customer is not of specific duration, the revenue is recognised based on the useful life of the assets of the distribution network (35 years).

6. OTHER INCOME

	2021	2020
Network project sales	170,247	162,028
Allocation of revenue from electricity theft reserve	9,910	0
Other income	6,391	8,452
Total	**186,548**	**170,480**

The item "Network project sales" includes an amount of € 170,195 thousand (2020: 161,199 thousand), corresponding to costs of network projects invoiced during the year.

The above amount has been increased by € 52 thousand. (2020: 829 thousand), in respect of expenses of PPC mining projects that have been carried out but have not been invoiced during the year (change in project reserves). It should be noted that the amount relating to change in project reserves in the published financial statements for fiscal year 2020 included both Network and Mine projects.

(amounts in thousand EUR unless stated otherwise)

As of 01/12/21, HEDNO is the network's Owner, and no additional reimbursement pricing for Network developments is envisaged. As a result, the € 9.59 million balance of the inventory change affecting non-invoiced PPC projects on 30/11/2021 was transferred and subtracted from related costs as follows:

Change in Project Reserves	30/11/21
Consumption of materials	-2,296
Personnel remuneration	-1,372
Third party fees	-469
Maintenance and third party services	-5,078
Miscellaneous expenses	-379
	-9,594

It should be noted that € 45.1 thousand remained in the account change in project reserves due to Mining Projects that are still being invoiced to PPC S.A., as described below.

The related cost of the projects borne by the Company's expenses is broken down as follows.

	2021	2020
Contractors	78,576	61,653
Payroll	21,784	40,485
Materials	58,545	56,819
Other expenses	4,622	3,041
Total	**163,527**	**161,998**

The Company until 30/11/21, was re-invoicing its expenses in the framework of the network projects in the cost to PPC SA. However, in rare occasions, it also applies a minimum profit margin to these costs (mining projects).

Because HEDNO currently owns the network, these transactions connected to network projects will come to an end on 1/12/2021. As a result, the Company's expenses from 01/12/21 onwards only include the costs of Mining projects. It should be noted that no such expenses were incurred for the 12th month of 2021, hence the amount of € 163,527 corresponds solely to network project expenses for the period January to November 2021.

The revenues from the Electricity Theft Reserve of € 9,910 are used to cover a portion of HEDNO's permitted revenue for 2021 by reducing the required revenue and charges for network uses, as well as compensating in part the cost of losses incurred by network final consumers, which remains high and is covered by RAE Decision 632/2021.

Other income is broken down as follows:

It should be noted that the fiscal year's other revenues include € 1,171 thousand in profit from the termination/deletion of lease agreements, which mostly stems from the transfer of the aforementioned leased properties from PPC S.A. to HEDNO S.A. during the spin-off on 30/11/2021.

	2021	2020
Penalty clauses on suppliers/contractors	689	1,096
Other Income for the year	1,673	2,916

(amounts in thousand EUR unless stated otherwise)

Revenues from termination of financing agreements	1,651	0
Recoverable cost of IPTO construction supervision	0	1,048
Financing -Subsidies	762	2,025
Income from provision of services to related parties	1,154	930
Revenue from Canteens	305	258
Income from provision of services	157	179
	6,391	**8,452**

It should be noted that Income from the termination of financing agreements includes an amount related to Profit from the deletion of leasing contracts, which is the result of the transfer of certain leased assets from PPC to HEDNO during the spin-off that occurred on 30.11.2021.

7. PERSONNEL FEES

		2021		2020
Payroll		**300,785**		**278,432**
Network projects payroll	36,679		40,485	
Operating payroll	255,388		237,338	
HEDNO projects payroll	7,347	**-7,347**	610	**-610**
Overtime/Day off		2,191		245
Provision for staff departure allowance		-9,683		958
Consequential employee benefits		6,679		6,494
Consequential HEDNO project benefits		-51		-55
Provision for leave not taken		3,535		-1,238
Income from staff seconded to IKA		-1,140		-1,228
Total		**293,597**		**282,998**

€ 1,372 has been offset against staff remuneration (Note 6) and this is related to the balance of the payroll expenses included in the inventory change which related to the non-invoiced PPC projects as of 30/11/2021.

The payroll of regular employees stood at € 282,452 thousand (2020: € 263,049 thousand), and that of temporary staff stood at € 8,938 thousand (2020: € 6,517 thousand) Also, the payroll includes staff compensation amounting to € 9,395 thousand (2020: € 8,866 thousand) regarding employees who left the Company until 31/12/2021.

It is noted that the regular staff as at 31/12/2021 comprised 5,456 members (31/12/2020: 5,820) and the mean number of the temporary staff stood at 624 members (31/12/2020: 454).

Consequential employee benefits can be broken down as follows.

	2021	2020
Reduced electricity tariff for the fiscal year	3,149	3,041
Reduced electricity tariff - Provision	-1,134	-969
Camps for children	96	81
Personnel insurance premiums	2,801	2,958
Nurseries	401	444
Other ancillary benefits	1,366	939
Total	**6,679**	**6,494**

(amounts in thousand EUR unless stated otherwise)

8. NETWORK USAGE COSTS

	2021	2020
EP Distribution Network Usage Rent - Interconnected	210,808	239,312
EP Distribution Network Usage Rent - NII	29,167	34,045
EP Distribution Network Usage Rent - Electricity Theft	333	392
EP Distribution Network Usage Rent - Provision for Interconnected	-1,675	-2,427
EP Distribution Network Usage Rent AIA BoD	72	90
Total	**238,705**	**271,412**

The above amount refers to the consideration given to the Network Owner - PPC SA - by HEDNO SA, and is determined based on RAE Decisions each year.

It should be noted that, for the current fiscal year, such expenses are reduced as they concern the period 01/01/2021 – 30/11/2021, as HEDNO is also the network's owner as of 01/12/2021..

9. MAINTENANCE AND THIRD PARTY BENEFITS

	2021	2020
Third-party allowances	95,354	82,162
Repairs- Maintenance	47,854	43,923
Total	**143,208**	**126,085**

Third party benefits are broken down as follows.

	2021	2020
Maintenance - High Voltage (IPTO)	7,433	8,880
Operating Leases	2,726	1,272
Expenses of telecommunications services	5,071	4,262
Electric Power	2,508	2,123
Network Project Contractors	73,498	61,653
Other third-party benefits	4,118	3,972
Total	**95,354**	**82,162**

In Other Third-party Benefits, an amount of € 5,078 has been offset (Note 6) which is related to the balance of corresponding expenses included in the change in reserves which was related to the not-invoiced PPC projects as of 30/11/2021.

The increase observed in the "Network Project Contractors" line is due to the increase in investments in 2021 compared to 2020.

It should be noted that, from 01/12/2021 onwards, the networks contracting works do not contain the applicable expenses of Recurring Projects and Branded Networks Projects, which have already been combined and total € 9,110 thousand.

10. CONSUMPTION OF MATERIAL

	2021	2020
Material conversion cost	6,647	7,161
Consumption - Network Projects	56,934	56,819

(amounts in thousand EUR unless stated otherwise)

Consumptions - Exploitation Area	37,747	35,601
Total	**101,328**	**99,581**

In material consumption, an amount of € 2,296 has been offset (Note 6) and this is related to the balance of the consumption expenses included in the inventory change which related to the non-invoiced PPC projects as of 30/11/2021.

It should be noted that, from 01/12/2021 onwards, the network projects consumptions do not contain the consumption of Recurring Projects and Branded Networks Projects, which are now consolidated and total € 6,457 thousand.

11. THIRD PARTY FEES

	2021	2020
Cleaning - Building security	4,095	3,818
Measurement Fees	5,784	5,840
Cuts & reconnection fees	4,227	3,250
Support costs - PPC SA	8,473	6,355
Third-party studies	4,821	2,970
Other Third-party fees	33,939	19,678
Total	**61,339**	**41,911**

For third parties fees an amount of € 469 (Note 6) has been offset and is related to the balance of the third party fees expenses included in the change in reserves which was related to the non-invoiced PPC projects as of 30/11/2021.

HEDNO's support expenditures have increased by € 2.1 million, owing to support services for the operation of the local infrastructure for the management of the NIIs' Electric System, excluding Crete and Rhodes, as well as the operation of the local fixed infrastructure of the NIIs' Electric System.

The increase in Third-Party Studies is € 1.85 million, and it is mostly attributable to an increase in consulting services as a result of the decision to sell 49 % of HEDNO.

The increase in "Other Third Party Fees" amounts to € 14.2 million and is due to € 1.2 million in legal services for dealing with electricity theft, € 0.6 million in Microsoft licensing rental, € 3.4 million in support of the operation of the units due to the reduction of permanent personnel, € 3 million in disinfection costs due to COVID-19 and € 6 million in the creation and support of a call center and other expenses.

12. PROVISIONS

The amount of € 2,694 thousand concerns an additional provision for doubtful receivables – Note 22.

In addition, the amount of € 3,918 (2020: € 2,037 thousand) is broken down as follows.

- Provision for slow-moving inventory € 483 thousand (2020: € 818 thousand)
- Provision for an impairment of the value of Materials X € 389 thousand (2020: € 523 thousand),
- Provision for Litigations and claims € 3,046 thousand (2020: € 4,323 thousand)

13. MISCELLANEOUS COSTS

	2021	2020
Travel costs	6,483	5,258

(amounts in thousand EUR unless stated otherwise)

Travel Expenses	3,451	3,157
Materials of Instant Consumption	4,029	7,569
Research program expenses	852	630
Other Operating Expenses	2,690	1,615
Personnel food allowance	6,404	4,477
Other expenses	4,439	1,793
Total	**28,348**	**24,499**

In miscellaneous expenses an amount of € 379 (Note 6) has been offset and is related to the balance of the third party fees expenses included in the change in reserves which was related to the non-invoiced PPC projects as of 30/11/2021.

In Other Expenses there is an increase of € 2,646 thousand which is broken down as follows: € 1,012 thousand previous year taxes-fees, € 480 thousand early termination of a lease agreement, € 445 thousand loss from sale of fixed assets, € 383 thousand HRT compensations, € 150 thousand default interest and € 176 thousand other expenses.

14. DEPRECIATION AND AMORTIZATION

	2021	2020
Depreciation - Tangible Assets	30,406	6,486
Depreciation - Software Programs	1,090	1,032
Depreciation - Right-of-use asset value	14,231	14,847
Depreciation of Subsidies	-170	0
Total	**45,557**	**22,365**

15. TAXES – DUTIES

	2021	2020
Taxes - Transportation Fees	365	373
Cleaning - Lighting fees	1,565	1,765
Stamp duty on Rents	266	276
Other taxes - duties	130	99
Total	**2,326**	**2,513**

16. FINANCIAL INCOME

	2021	2020
Interest income from deposits	105	153
Discount rate income	14	64
Other financial income	154	200
Total	**273**	**417**

17. FINANCIAL COSTS

	2021	2020
Banking expenses	34	32
Interest on Bank Loans	2,433	0
Lease Payment Interest - IFRS 16	2,328	2,547
Commissions paid for Letters of Guarantee	1,588	55
Total	**6,383**	**2,634**

(amounts in thousand EUR unless stated otherwise)

18. INCOME TAX (CURRENT AND DEFERRED)

	2021	2020
Current income tax	9,030	7,811
Tax for previous years	(447)	(120)
Deferred Income Tax	1,840	(2,007)
Total	**10,423**	**5,682**

	2021	2020
Profit/(Loss) before tax	**19,120**	**26,031**
Nominal Tax Rate	22%	24%
Tax with nominal rate	4,206	6,247
Effect of change to tax rate	3,844	0
Non-tax deductible expenses	2,373	(565)
Income tax	**10,423**	**5,682**
	54.51%	**21.83%**

The current tax in the Statement of Financial Position is as follows:

	31/12/2021	31/12/2020
Current income tax	(9,030)	(7,811)
Tax prepayment	3,210	5,462
Total	**(5,820)**	**(2,349)**

For the purposes of better presentation and comparability, the "Tax Prepayment" item is not classified within the "Receivables" line, and more specifically in "Other Receivables", but is offset against the current income tax and the result is recorded in the "Income tax receivable" and "Income tax liability" lines respectively of the Statement of Financial Position.

The deferred tax in the Statement of Financial Position is as follows:

	31/12/2021	31/12/2020
Starting balance	**53,458**	**55,041**
Reform from a change in accounting policy (01/01/2020) (note 40)	0	-532
	53,458	**54,509**
Contribution of Network Distribution Sector on 30/11/2021 (Note. 4)	-377,128	0
Equity Credit/(Debit)	-3,109	-3,058
Credit/ (Debit) in the income statement for the year	-1,840	2,007
Closing balance	**-328,619**	**53,458**

The deferred tax claims and liabilities are broken down as follows:

Deferred tax receivables	31/12/2021	31/12/2020
Materials - Spare parts	4,127	4,292
Trade Receivables	23,215	24,679
Provisions for liabilities & expenses	32,196	39,610
Consumer Contributions & Subsidies	331,086	0

(amounts in thousand EUR unless stated otherwise)

Network usage rent provision	0	7,229
Total	**390,624**	**75,810**

Deferred tax liabilities	31/12/2021	31/12/2020
Depreciation & adjustment of fixed assets	701,109	2,985
Provision for Network Usage Fees	18,134	18,835
Total	**719,243**	**21,820**
Net deferred tax liabilities	**-328,619**	**53,990**

PPC S.A. contributed € 377,128 thousand in Net Deferred Tax Liabilities during the Sector transfer on 30/11/2021, which are specified as follows.

Sector Contribution 30/11/2021 - Net deferred tax receivables	
Consumer Contributions & Subsidies	331,115
Total	**331,115**

Sector Contribution 30/11/2021 - Deferred tax liabilities	
Depreciation & adjustment of fixed assets	701,986
Network usage rent provision	6,257
Total	**708,243**
Sector Contribution 30/11/2021 - Net deferred tax liabilities	**-377,128**

It is noted that the contributed Deferred Tax Liability of € 6,257 thousand due to the provision of Network usage lease was offset during the transition with an equivalent Deferred Tax Claim of the Company on 30/11/21.

The debit for deferred taxes in the statement of profit and loss is broken down as follows:

	2021	2020
Materials - Spare parts	160	-390
Trade Receivables	1,470	381
Provisions for liabilities & expenses	4,893	-293
Consumer Contributions & Subsidies	30	0
Depreciation & adjustment of fixed assets	-4,012	-1,045
Network Usage Income Provision	-701	-660
Debit/ (Credit) in the income statement for the ear	**1,840**	**-2,007**

It should be noted that the aforesaid deferred tax expense included in the results includes an amount of € 3,844 thousand for deferred tax expense due to a reduction in the tax rate from 24% to 22%. It should be noted that the total impact of the tax rate change is € 4,499 thousand, with € 655 thousand being charged directly to Equity.

The IAPR issued a partial income tax audit order for the tax year 2019 on 08/11/2021. This audit has yet to be finished and it is expected to be completed in the first half of 2022. Because the relevant audit work by the competent authorities is ongoing, the outcome of the tax audit cannot be predicted at this time, and thus no provision has been made in the financial statements on this matter – however, it is estimated that there will be no significant impact on the Company's financial position.

The Company has not undergone tax audits for the fiscal years 2016 to 2020 inclusive, which are not yet time-barred. The tax certificates of HEDNO SA obtained by the respective audit company for the years 2016 – 2020 were issued without reservation.

The task of carrying out the work necessary for the issuance of the tax certificate for the year 2021 has been entrusted to the certified auditors of the company Ernst & Young (Hellas) Certified Auditors – Accountants SA, and it is already underway. The Company's Management does not expect to incur significant tax liabilities on completion of the work in question, other than those already recorded and reflected in the financial statements.

In the course of preparation of the financial statements for the year ended 31/12/2021, the corresponding accounting differences have been calculated, and the Company estimates that no special provision needs to be made for this fiscal year.

(amounts in thousand EUR unless stated otherwise)

19. TANGIBLE AND INTANGIBLE ASSETS

	Land	Buildings & Technical Facilities	Machinery and other mechanical equipment	Means of transport	Furniture & Fixtures	PPE under construction	Total tangible assets	Software Programs	Total
Acquisition value as at 01/01/2021	0	818	633	16,015	24,123	11,712	53,301	10,317	63,618
Sector contribution 30/11/2021	197,633	135,354	4,653,836	0	29	2,184	**4,989,036**	0	**4,989,036**
Additions	0	158	18,995	1,059	5,106	33,435	**58,753**	2,206	**60,959**
Write-offs	0	0	-406	-261	-1,011	0	**-1,678**	-35	**-1,713**
Travel	0	0	0	0	-5	0	-5	5	**0**
	197,633	136,330	4,673,058	16,813	28,242	47,331	5,099,407	12,493	5,111,900
Advances for the Acquisition of Real Estate	0	0	0	0	0	0	**0**	0	**0**
Acquisition value as at 31/12/2021	197,633	136,330	4,673,058	16,813	28,242	47,331	5,099,407	12,493	5,111,900
Accumulated depreciation 01/01/2021	0	-107	-19	-4,616	-15,537	0	-20,279	-8,276	-28,555
Accumulated depreciation - Sector contribution 30/11/2021	0	-10,056	-186,827	0	-2	0	**-196,885**	0	**-196,885**
Accumulated depreciation - write-offs	0	0	0	221	954	0	**1,175**	35	**1,210**
Fiscal Year Depreciation	0	-1,379	-23,596	-3,515	-1,916	0	**-30,406**	-1,090	**-31,496**
	0	-11,435	-210,423	-3,294	-964	0	-226,116	-1,055	-227,171
Accumulated depreciation 31/12/2021	0	-11,542	-210,442	-7,910	-16,501	0	-246,395	-9,331	-255,726
Net Book Value as of 31/12/2021	197,633	124,788	4,462,616	8,903	11,741	47,331	4,853,012	3,162	4,856,174

(amounts in thousand EUR unless stated otherwise)

	Buildings & Technical installations	Machinery and other mechanical equipment	Means of transport	Furniture & Fixtures	PPE under construction	Total tangible assets	Software Programs	Total
Acquisition value as at 01/01/2020	735	633	16,019	22,433	2,881	**42,701**	12,668	**55,369**
Additions	8	0	0	2,237	2,012	**4,257**	936	**5,193**
Write-offs	0	0	(4)	(547)	0	**(551)**	(3,315)	**(3.866)**
Travel	75	0	0	0	(103)	**(28)**	28	**0**
	83	**0**	**(4)**	**1,690**	**1,909**	3,678	**(2,351)**	1,327
Advances for the Acquisition of Real Estate	0	0	0	0	6,922	**6,922**	0	**6,922**
Acquisition value as at 31/12/2020	**818**	**633**	**16,015**	**24,123**	**11,712**	53,301	**10,317**	63,618
Accumulated depreciation 01/01/2020	(1)	0	(125)	(14,205)	0	**(14,331)**	(10,559)	**(24,890)**
Accumulated depreciation - write-offs	0	0	3	535	0	**538**	3,315	**3,853**
Fiscal Year Depreciation	(106)	(19)	(4,494)	(1,867)	0	**(6,486)**	(1,032)	**(7,518)**
	(106)	**(19)**	**(4,491)**	**(1,332)**	**0**	(5,948)	**2,283**	(3,665)
Accumulated depreciation 31/12/2020	**(107)**	**(19)**	**(4,616)**	**(15,537)**	**0**	(20,279)	**(8,276)**	(28,555)
Net Book Value as of 31/12/2020	**711**	**614**	**11,399**	**8,586**	**11,712**	33,022	**2,041**	35,063

(amounts in thousand EUR unless stated otherwise)

The advance payment of € 6,922 thousand given in the previous year regards the company association of Intrasoft International SA and OTE SA for the implementation of the project for the supply and installation of the new customer service information system.

The last adjustment of the operating tangible assets took place on 31/12/2019 and was carried out by an independent assessment company. The result of the adjustment was a profit of approximately € 3 million, which was recorded directly in Equity, less the corresponding deferred tax. The following readjustment will take place on 31 December 2024.

In 2021, an amount of € 3,25 thousand (2020: € 495 thousand) corresponding to the reserve for retired asset adjustment was transferred from the Goodwill reserve for asset adjustment to results carried forward.

20. LEASES

	Real estate	Other Equipment	Transportation Equipment	Software	Total
RIGHT OF USE					
01/01/2021	**46,320**	**3,965**	**4,302**	**0**	**54,587**
Additions	4,809	53	7,664	1,442	13,968
Disposals	-21,942	-1,761	-165	0	-23,868
Depreciation and amortisation	-11,437	-1,085	-1,504	-206	-14,232
31/12/2021	**17,750**	**1,172**	**10,297**	**1,236**	**30,455**
LIABILITIES					
01/01/2021	**47,921**	**3,993**	**4,481**	**0**	**56,395**
Additions	5,527	53	7,448	1,460	14,488
Disposals	-23,644	-1734	-182	0	-25,560
Financial expenses	2,031	146	135	16	2,328
Payments	-13,040	-1,830	-1,423	-217	-16,510
31/12/2021	**18,795**	**628**	**10,459**	**1,259**	**31,141**
LIABILITIES					
Current	3,722	413	2,546	830	**7,511**
Non-current	15,076	214	7,911	429	**23,630**
LIABILITIES					
Up to 12 months	4,465	432	2,949	869	**8,715**
1 to 5 years	11,736	217	8,496	435	**20,884**
Over 5 years	8,532	0	0	0	**8,532**

	Real estate	Other Equipment	Transportation Equipment	Total
RIGHT OF USE				
01/01/2020	**55,940**	**821**	**5,533**	**62,294**
Additions	5,061	4,757	34	9,852

(amounts in thousand EUR unless stated otherwise)

Disposals	-2,350	-229	-133	-2,712
Depreciation and amortisation	-12,331	-1,384	-1,132	-14,847
31/12/2020	**46,320**	**3,965**	**4,302**	**54,587**

LIABILITIES				
01/01/2020	**56,895**	**836**	**5,555**	**63,286**
Additions	5,061	4,757	34	9,852
Disposals	-2,350	-229	-133	-2,712
Financial expenses	2,250	84	213	2,547
Payments	-13,935	-1,455	-1,188	-16,578
31/12/2020	**47,921**	**3,993**	**4,481**	**56,395**

LIABILITIES				
Current	11,656	1,545	1,138	**14,339**
Non-current	36,267	2,447	3,342	**42,056**

LIABILITIES				
Up to 12 months	11,656	1,545	1,137	**14,339**
1 to 5 years	31,716	2,447	3,341	**37,504**
Over 5 years	4,552	0	0	**4,552**

The decrease in the Usage Right and Lease Liability from the previous fiscal year to the current fiscal year is due to the termination of leasing contracts for property owned by PPC as a result of the transition that occurred on 30/11/2021, and the transfer of ownership of these properties to HEDNO.

21. INVENTORIES

	31/12/2021	31/12/2020
Materials & Spare parts in Contractors' Warehouses	32,700	28,271
Materials, Spare parts & Consumables in HEDNO SA Warehouses	158,741	148,319
Provision for impairment of value of inventories	-18,757	-17,885
Purchases to be accepted	737	3,730
Total materials & spare parts	**173,421**	**162,434**
Projects under development	585	10,429
Total inventories	**174,006**	**172,863**

The provision's movement is as follows:

	2021	2020
Starting balance	**17,885**	**16,261**
Provision – Slow-moving inventories	483	818
Provision – Impairment of the value of Materials X	389	523
Provision – Immovable materials to be accepted	0	283
Closing balance	**18,757**	**17,885**

(amounts in thousand EUR unless stated otherwise)

The provision of € 483 thousand concerns slow-moving inventories, while the provision "Impairment of the value of Materials X" amounts to € 389 thousand on 31/12/2021, due to the fact that a percentage of these materials will be converted into materials B of equal value to X, and another percentage will be converted to waste materials C with a significantly lower value based on sale prices.

22. RECEIVABLES

	31/12/2021	31/12/2020
Receivables from PPC SA	63,989	132,669
Receivables from other providers	328,267	222,111
Provisions for doubtful receivables	-123,537	-120,843
Receivables from HEDNO SA	0	170
PPC Renewables SA Receivables	0	0
Lignite Megalopolis SA Receivables	19	544
Lignite Melitis SA Receivables	93	14
Other receivables	17,134	56,216
Total	**285,965**	**290,881**

Receivables from PPC concern network usage fees, network works and energy transactions in NII (RES Weighted Average Variable Cost - Roof P/V - ETMEAR) Network works are recovered in the second month following their invoicing, while RES recovery costs are recovered on the 5th day of the invoicing month (COESNI Article 183).

During the transfer of the Sector by PPC S.A. on 30/11/2021, € 52,854 thousand were provided in trade receivables for HEDNO S.A., which were entiely offset against the comparable Liabilities presented by the Company in its books on the spin-off date.

It should be noted that in the Interconnected System network usage fees from suppliers are recovered on the 15th day of the month following the billing month, and in the NII on the 5th day following the day of receipt of the invoice (RAE decision no. 314/2016).

The item Other Receivables includes an amount of € 1,894 thousand (2020: 2,491 thousand) regarding the due contributions of the employees of category T4 / Electricians of the Network who have been retroactively subject to the Heavy & Unhealthy Occupations category. Moreover, this item includes an amount of € 4,564 thousand (2020: € 8,735 thousand), which regards purchases to be accepted for which the seller bears the risk of transport at the date of the Statement of Financial Position.

Provisions for doubtful receivables

The balance of the doubtful receivables provision € 123,537 thousand (2020: 120,843 thousand) includes an amount of € 117,414 thousand that regards customers HELLAS POWER, ENERGA, KENTOR, REVMA ENA, GENERAL ALTERNATIVE ENERGY whose operation has been interrupted - € 18,012 thousand of this amount regards SGI transactions. The Company has brought legal remedies against them. In addition, an amount of € 6,123 thousand (2020: € 2,588 thousand) relates to a provision for various debtors and customers.

The provision's movement is as follows:

	2021	2020
Starting balance	**120,843**	**122,429**
Additional provision	2,694	110
Reversal of provision	0	-1,696
Closing balance	**123,537**	**120,843**

(amounts in thousand EUR unless stated otherwise)

23. ACCRUED RECEIVABLES

	31/12/2021	31/12/2020
Accrued receivables - Thermal Power Plants	35,535	60,002
Accrued receivables - RES	4,376	9,041
Accrued receivables - NUF	65,582	60,176
Accrued receivables - ETMEAR	3,335	5,029
Accrued receivables - SGI	38,958	42,973
Prepaid expenses	7	334
Provision for NUC - IS income	78,172	78,477
Income from Subsidies	22	0
Other income received	1,541	1,229
Total Receivables	**227,528**	**257,261**

Accrued Claims of € 31,417 thousand were contributed during the transfer of the Sector by PPC S.A. on 30/11/2021, of which an amount of € 30,078 thousand concerned an Accrued Receivable from PPC S.A.'s rent XXD and was offset against the corresponding Accrued Liability that was shown in the Company accounts at the spin-off date.

The accrued receivables regard invoices issued within 2022 - the part of the accrued and other receivables regarding related parties is listed.

	31/12/2021	31/12/2020
Accrued receivables from Thermal Power Plants	22,867	43,192
Accrued receivables from RES	2,785	6,396
Accrued receivables from NUF	42,196	42,077
Accrued receivables from ETMEAR	2,184	3,658
Accrued receivables from SGI	22,169	27,030
Provision for NUC - IS income	50,851	54,110
Other income received	687	433
Total	**143,739**	**176,897**

The table below shows the above amount per related party - the amounts are contained offset in the relevant lines of note 38.

	31/12/2021	31/12/2020
PPC SA	143,642	176,807
PPC Renewables SA	1	1
Lignite Melitis SA	38	23
Lignite Megalopolis SA	58	66
	143,739	**176,897**

24. CASH ON HAND AND IN BANKS

	31/12/2021	31/12/2020
Cash	17	17
Sight deposits	149,654	63,766
Time deposits	23,000	15,000

(amounts in thousand EUR unless stated otherwise)

Total	172,671	78,783

The interest income from sight and time deposits stand at € 105 thousand (2020: € 152 thousand) and are included in the "Financial Income" line in the Statement of Comprehensive Income - Note 16. All cash is expressed in Euros.

The surplus of the SGI Account administered by the Company has resulted in a large increase in current deposits. This account, in particular, showed a surplus of € 122 million in 2021, compared to a deficit of € 104 million in 2020. On 31/12/2021, the account showed a total surplus of € 156 million, compared to a deficit of € 36 million on 31/12/2020.

25. SHARE CAPITAL

The share capital of the Company was set by its Articles of Association (Government Gazette, No. 7702 / 29-9-1998, Issue of Sociétés Anonymes and Limited Liability Companies) at 50,000,000 drachmas, divided into 5,000 shares, with a nominal value of 10,000 drachmas each, and was paid in full.

By decision dated 10/11/1999 of the Extraordinary General Meeting of the Company's shareholders, the share capital was increased by 130,000,000 drachmas via the issue of 13,000 new shares with a nominal value of 10,000 drachmas each, which was fully paid in cash, and the final share capital amounted to 180,000,000 drachmas (Hellenic Government Gazette, No. 2390/3-3-00, Issue of Sociétés Anonymes and Limited Liability Companies).

By decision dated 05/06/2001 of the Extraordinary General Meeting of the Company's shareholders, the share capital was increased by 80,000,000 drachmas via the issue of 8,000 new shares with a nominal value of 10,000 drachmas each, which was fully paid in cash by PPC SA.

By decision dated 27/12/2001 of the Extraordinary General Meeting of the Company's shareholders, its share capital was increased by 50,000,000 drachmas in cash via the issue of 5,000 new shares with a nominal value of 10,000 drachmas each, and following an amendment of the Articles of Association. Thus, the share capital of the Company amounted to 310,000,000 drachmas, divided into 31,000 registered shares, with a nominal value of 10,000 drachmas each which was fully paid in cash.

By decision of the Extraordinary General Meeting of the Company's shareholders dated 31/01/2003, it was decided a) to convert the share capital and the nominal value of the share in €; b) to set the nominal value of the share in € 10 by removing the old shares and issuing 90,975 new registered shares with a reduction of the share capital by € 7.88, which was credited to a special account by converting the share capital into €; and c) to increase the share capital by € 200,000 with the issue of 20,000 new registered shares, with a nominal value of € 10 each. Thus, the share capital of the Company amounted to 1,109,775 registered shares, with a nominal value of € 10 each which was fully paid in cash.

By decision dated 20/06/2003 of the Extraordinary General Meeting of the Shareholders of the Company, the share capital increased by € 1,100,000 through the issue of 110,000 new registered shares with a nominal value of € 10 each. Hence, the total share capital of the Company stood at € 2,209,750 divided into 220,975 registered shares with a nominal value of € 10 each.

By decision of the General Meeting of 29/03/2012 of the Company's shareholders, the share capital of the Company was increased by the amount of € 35,342,260, according to Article 35 of the Articles of Association, deriving from the capitalization of the book value of the contributed Division of the General Directorate of Distribution along with the Island Management Division of PPC SA, which includes all its assets and related receivables and liabilities, which are operationally subject to the activities of the above Units of PPC SA, with the exception of the real estate and fixed assets of the Distribution Network and the Network of the Non-Interconnected Islands (hereinafter, in total "PPC SA Distribution Branch" according to article 123 par. 2, section B of L. 4001/2011, as in force), on 31/12/2011, in accordance with Article 123 of L.4001 / 2011, as well as in accordance with the provisions of Codified Law 2190/1920, as amended and in force and Articles 1 - 5 of L.2166 / 1993 (Government Gazette, Series I, No.137), in combination with the report dated 28/02/2012 for the determination of the above book value by a certified auditor (Deloitte), through the issue of 3,534,226 new registered shares with a nominal value of € 10 each.

(amounts in thousand EUR unless stated otherwise)

The Company's share capital was increased by € 953,662,960 by a decision of the General Meeting dated 05/11/2021, an amount derived from the contribution of the Distribution Network Sector to the Company, following the spin-off from the société anonyme PPC S.A. as defined in article 123^{A} of Law 4001/2011, which includes all activities of autonomous exploitation of the Hellenic Electricity Distribution Network (HEDNO), including the HEDN's ownership, as well as the real estate and other assets of the Distribution Network Sector and of the Network of the Non-Interconnected Islands, related liabilities and other liabilities, with the exception of High Voltage Network of Crete, including the relevant fixed assets and assets, the existing fiber optics network and the relative Assets, the right to install optical fibres or other electronic communications network elements on the HEDN, as well as the obligations and rights arising from Law 4463/2017 (Government Gazette Series I No. 42), in accordance with the provisions of Law 4601/2019 and of Legislative Decree 1297/1972, with the issuance of 95,366,296 new common registered shares, with a nominal value of € 10 each, in conjunction with the accounting statement of transformation dated 31/03/2021 and the report for the valuation of the Assets and Liabilities of the spin-off Distribution Network Sector dated 29/06/2021, which were drawn up on behalf of the independent expert Grant Thornton Société Anonyme of Certified Auditors and Business Advisors.

Hence, the total share capital of the Company on 31/12/2021 stood at € 991,214,970 divided into 99,121,497 registered shares with a nominal value of € 10 each.

26. STATUTORY RESERVES

According to Greek commercial law, companies are obliged to set up a legal reserve for 5% of their annual net profits until this reserve reaches one third of their paid-in capital. Distribution of ordinary reserves is prohibited throughout the company's term.

The legal reserve of € 1,018 thousand, which was established in the current fiscal year, is composed of profits from the fiscal year 2020. For the year 2021, the Statutory Reserves corresponding to 5% of net profits stand at the amount of € 435 thousand.

27. EMPLOYEE BENEFITS

Reduced tariff liability

As a PPC SA subsidiary, HEDNO SA provides its employees and retirees with electricity at a reduced tariff. The reduced tariff for retirees is recognised as a liability and is calculated as the current value of future retirement benefits deemed to have accrued at year-end, based on the employees benefits after their retirement as cumulated during their service. Calculation of the relevant liabilities is based on financial and actuarial assumptions. The net expense for the year is incorporated under personnel fees in the income statement and concerns the current value, the calculation interest rate, the cost of previous employment and the actuarial profits or losses. The retirement benefits liability is not funded.

The results of the actuarial study for the year ended on 31/12/2021 are as follows.

Change in the liability of the Statement of Financial Position

	2021
Net liability at beginning of fiscal year	**35,256**
Benefits paid by the Company	-1,726
Total charge in the income statement	592
Total amount to be recognised in other comprehensive income	-7,908

(amounts in thousand EUR unless stated otherwise)

Net liability at year end	**26,214**

	2020
Net liability at beginning of fiscal year	**55,257**
Benefits paid by the Company	-2,023
Total charge in the income statement	1,054
Total amount to be recognised in other comprehensive income	-19,032
Net liability at year end	**35,256**

Items of the Income Statement

Income Statement Items for the Year	2021	2020
Benefits paid by the employer	1,726	-2,023
Expense to be recorded in the income statement	-592	1,054
Total	**1,134**	**-969**

Items of Comprehensive Income	2021	2020
Income to be recorded in Other Comprehensive Income	-7,908	-19,032
Total	**-7,908**	**-19,032**

Sensitivity Scenarios for Financial and Demographic Cases	2021	2020
Discount rate plus 0.5% - Difference in PV of Liabilities	-5.40%	-5.30%
Discount rate minus 0.5% - Difference in PV of Liabilities	6.00%	5.90%

Prices of Actuarial Study Assumptions

Date of valuation	Interest rate Prepayment	Increase of Invoice	Duration Liabilities	Margin PPC Group Profit
31/12/2020	0.51%	0.00%	11.44	2021:8.40% 2022:10.1% 2023:14.0% 2024+:15.8%
31/12/2021	1.05%	0.00%	12,87	2022:2.57% 2023:10.1% 2024:13.7% 2025+:16.5%

Date of valuation	Interest rate Prepayment	Increase of Invoice	Dura-tion Liabili-ties	Margin PPC Group Profit
31/12/2020	0.51%	0.00%	11.44	2021:8.40%

(amounts in thousand EUR unless stated otherwise)

				2022:10.1% 2023:14.0% 2024+:15.8%
31/12/2021	1.05%	0.00%	12,87	2022:2.57% 2023:10.1% 2024:13.7% 2025+:16.5%

Liability for staff compensation

By virtue of L. 4533/2018 (Government Gazette, Series I, No. 75/27-04-2018), Article 25 par. 3 of L. 4491/1966 (Government Gazette, Series I, No 1/04.01.1966) was revoked, as well as any other relevant, general or special provision of the law or clause or term of the Labour Regulation or Collective Bargaining Agreement and, consequently, the compensation to which personnel are entitled due to departure from service, which is governed by the PPC Personnel Regulation, and corresponds to the amount of EUR 15,000 is not offset by the lump sum payable by the respective insurance organisation. Calculation of the relevant liabilities is based on financial and actuarial assumptions.

The results of the actuarial study for the year ended on 31/12/2021 are as follows.

Date of valuation	Number of persons	Average Pensionable Salary	Average Value of Service Years	Actuarial Liability
31/12/2021	5,339	3,012	24.6	51,351

Change in the liability of the Statement of Financial Position

	2021	2020
Net liability at beginning of fiscal year	66,886	57,300
Reform from a change in accounting policy (01/01/2020) (note 40)		-2,217
Net liability at beginning of fiscal year	**66,886**	**55,083**
Current employment cost	590	546
Interest cost	103	377
Benefits paid by the employer	-11,800	-4,311
Cost of cut-backs/settlements/service termination	-980	8,901
Actuarial Loss/ (Profit) - financial matters	-2,091	2,165
Actuarial Loss/ (Profit) - period experience	-1,355	4,125
Net liability at year end	**51,351**	**66,886**

Short-term part of the liability	2,150	14,670
Long-term part of the liability	49,201	52,216

Income Statement Items for the Year	2021	2020
Current employment cost	590	546
Interest cost	103	377

(amounts in thousand EUR unless stated otherwise)

Cost of cut-backs/settlements/service termination	-980	8,901
Benefits paid by the employer	-11,800	-4,311
	-12,087	**5,513**
Amount transferred to personnel fees	2,405	-4,555
Total	**-9,682**	**958**

Items of Comprehensive Income	2021	2020
Actuarial Loss/ (Profit) - financial matters	-2,091	2,165
Actuarial Loss/ (Profit) - period experience	-1,355	4,125
Total	**-3,446**	**6,290**

It is noted that in 2021 an amount of € 2,150 thousand (2020: € 4,555 thousand) was transferred from the "Provision for departure compensation" of the Income Statement to "Personnel fees", as it regards the cost of compensation for employees who had departed until 31/12/2021 and will be compensated within 2022.

Sensitivity Scenarios for Financial and Demographic Cases	2021	2020
Discount rate plus 0.5% - Difference in PV of Liabilities	-4.00%	-4.60%
Discount rate minus 0.5% - Difference in PV of Liabilities	4.30%	5.00%
Salary Increase Case plus 0.5% - Difference in PV of Liabilities	0.20%	0.30%
Salary Increase Case minus 0.5% - Difference in PV of Liabilities	-0.30%	-0.50%

Prices of Actuarial Study Assumptions	2021	2020
Discount rate	0.72%	0.21%
Inflation	2.00%	1.10%
Wage increase	2.00%	2.00%
Future pension raises	0.00%	0.00%
Service table (mortality-inability)	EVK 2000	EVK 2000
Turnover rate	0.00%	0.00%

Please see note 40 for the impact of change in accounting policy in IAS 19.

28. LOANS

	31/12/21	31/12/20
Bank loans	1,375,848,849	-
Total borrowings	**1,375,848,849**	-
Minus - Short-term part		
Bank loans	146,591	-
Total current part	**146,591**	-
Total long-term part	**1,229,257,258**	-

(amounts in thousand EUR unless stated otherwise)

In the year 2021, PPC S.A. made repayments of € 40.45 million and € 31.82 million, as well as payments of interest and commissions of € 2.95 million and € 8.34 million, on behalf of its subsidiary HEDNO S.A., respectively, between 01/01/22, and 28/02/22, until the approval of the new terms of the existing loan agreements that were contributed to the subsidiary due to the spin-off of the distribution sector – note 4).

PPC S.A. has recognised a claim in its records for the same amount from HEDNO S.A. for these payments, which was offset on 28/02/2022. The Statement of Financial Position as of 31/12/2021 shows a total of € 43.4 million in short-term borrowings for the fiscal year 2021.

A brief summary of the Company's existing long-term loan agreements follows:

Black Sea Trade Loan & Development Bank

PPC S.A. received € 160 million in financing from the Black Sea Trade & Development Bank on 06/2019, with a fixed interest rate of 2.6 percent, a five-year term, and a single repayment upon loan maturity, guaranteed by the Greek government. The loan was utilised to fund the Distribution Network's investment strategy.

European Investment Bank Loans

PPC S.A. was a contracting party to several loan arrangements with the European Investment Bank ("EIB") for the financing of the Distribution Network's investment plan until the sector's spin-off. The Greek government guarantees EIB loans, which have a 15-year total maturity from the date of disbursement. On 30/11/2021, loans totaling € 1,256.3 million were contributed to HEDNO S.A. as part of the spin-off of the Distribution Network sector (note 4). On 31/12/2021, the total amount of these loans was € 1,215.8 million. On 31/12/2021, the annual weighted average cost of maturing EIB loans was 3.29%.

PPC S.A. withdrew € 100 million on 22/12/2020 under a loan agreement with the EIB for a total sum of € 330 million for the upgrading of Greece's distribution network, which was guaranteed by the Greek government. On 22/06/2021, the parent company and the EIB agreed that PPC S.A., and eventually HEDNO S.A. as the universal successor, can proceed with a further withdrawal of € 100 million within the context of the aforementioned € 330 million line, which has not been withdrawn yet.

After 31 December 2021, the annual payment schedule for long-term borrowings will be as follows:

	2021	2020
Within one year	146,591	-
Between two and five years	703,576	-
After five years	525,682	-
Total	**1,375,849**	-

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

All HEDNO loans are fixed-rate loans. Future installment repayments of loan financial liabilities, excluding current accounts, are as follows:

	With immediate maturity	3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Short-term loans	0	53,182	93,409	0	0	**146,591**
Long-term loans	0	0	0	703,576	525,682	**1,229,258**
Interest	0	5,708	21,461	63,328	33,633	**124,130**
	0	**58,890**	**114,870**	**766,903**	**559,315**	**1,498,979**

(amounts in thousand EUR unless stated otherwise)

29. CONSUMERS PARTICIPATION AND SUBSIDIES

Consumer participations are classified as Long-term liabilities by the Company, as indicated in note 3, based on the principles of IFRS 15. This item includes the following elements:

	31/12/21	31/12/20
Distribution Network Subsidies	34,704	0
Consumer Participations	1,910,802	0
Total	**1,945,506**	**0**

	2021	2020
Sector Contribution 30/11/21	34,874	0
Receipts from Distribution Network Subsidies	0	0
Depreciation of Subsidies	-171	0
Total	**34,703**	**0**

	2021	2020
Sector Contribution 30/11/21	1,894,425	0
Receipts from consumer participations	24,340	0
Transfer to Revenue from Contracts with Customers	-7,962	0
Total	**1,910,803**	**0**

30. OTHER NON-CURRENT LIABILITIES

	31/12/21	31/12/20
Guarantees	12,480	475
Grants	4,879	1,152
Electricity Theft Reserve	16,767	18,767
Reserves for sanctions/NII A-C	348	324
Total	**34,474**	**20,718**

The company acquires guarantees from the providers operating on the NIIs and in the Board of Directors, either in the form of letters of guarantee or cash as guarantee, in order to ensure its activities. As of 2021, the company's commercial policy has altered, requiring a higher amount of cash than letters of guarantee from electricity providers. As a result, the fund has grown significantly in comparison to the previous fiscal year.

The subsidy amount is € 3,919 thousand collected by the European Union for asset subsidy and € 960 thousand for the cost of research programs for which no relevant expenditure has been incurred. The total revenue for these subsidies is estimated to be € 762 thousand by 2021 – note 6.

Electricity Theft Reserve

Article 95(17) of the HEDNO Management Code provides for the establishment of a reserve for the financing, first and foremost, of actions and acts, as well as the provision of incentives to the Network Operator or/and Suppliers, with the goal of detecting electricity thefts and, generally, limiting and preventing the phenomenon. In accordance with par. 18, a decision of RAE may also regulate the allocation of the sums collected in the previous paragraph's reserve in order to compensate consumers for financial losses caused by electricity thefts in the Network, by crediting the accounts referred to in case (a) of the previous paragraph, provided that there is no immediate need or specific proposals for their utilisation in order to more effectively identify and limit the electricity thefts.

(amounts in thousand EUR unless stated otherwise)

Based on the foregoing provisions, the company transferred € 9,910 thousand to other revenues in the year 2021. (Note 6). The detection of electricity theft in 2021 resulted in a € 7,909 thousand increase.

31. PROVISIONS

The movement in the Provision for Litigations pending is as follows.

	2021	2020
Starting balance	**44,783**	40,460
Additional provision	3,046	4,323
Closing balance	**47,829**	**44,783**

32. TRADE AND OTHER LIABILITIES

	31/12/2021	31/12/2020
PPC Renewables SA	5,568	8,917
IPTO SA	10,571	5,139
Suppliers - Main Contracts	137,961	153,583
DAPEEP SA	36,293	62,981
Other Liabilities	286	709
Total	**191,219**	**231,329**

During the transfer of the Sector on 30/11/2021 by PPC S.A., Trade Receivables of € 69,574 thousand were contributed of which € 61,793 thousand related to Liabilities of PPC S.A. and they were offset against the corresponding Receivables presented by the Company in its books at the date of the spin-off.

The payment terms of the main suppliers - contractors are set in the terms of the contracts signed therewith. The usual payment terms refer to the twenty-fourth day of the third month following the month of receipt of the invoice, apart from some exceptions to which the twentieth day of the second month following the month of receipt of the invoice applies (PPC Support Services & PPC SA Network dismantled materials). With regard to RES Producers, they are set to be paid on the 20th day following the day of receipt of the invoice (Min. Dec. 17149 / 30.08.2010-Government Gazette, Series II, No. 1497/ 06.09.2010, Article 12).

33. SUNDRY CREDITORS

	31/12/2021	31/12/2020
Sundry creditors	1,624	1,438
Changing Credits - SGI	155,588	0
Changing Credits - Vulnerable Consumers	14,326	3,446
Advances from customers	56,399	69,391
Short-term lease liabilities - IFRS 16	7,511	14,339
Advances from debtors	496	451
Bank credits	2,603	608
Extraordinary wages and salaries payable	546	421
Total	**239,093**	**90,094**

(amounts in thousand EUR unless stated otherwise)

34. OTHER TAXES AND INSURANCE CONTRIBUTIONS

	31/12/2021	31/12/2020
VAT	10,760	6,039
Payroll tax and other taxes withheld	9,454	5,783
Insurance contributions	14,244	9,298
RES/NEPPS taxes withheld	3,542	5,052
Other taxes - duties	732	627
Total	**38,732**	**26,799**

35. ACCRUED LIABILITIES

	31/12/2021	31/12/2020
Accrued staff costs	28,103	34,897
Network usage rent provision	0	30,120
Uninvoiced liabilities - Energy /RES Settlement	39,229	63,070
Uninvoiced liabilities - SGI	10,731	44,273
Accrued interest and borrowing commission	4,998	0
Accrued period expenses	17,294	17,055
Total	**100,355**	**189,415**

Accrued liabilities mainly relate to invoices issued within 2022. The "Accrued personnel costs" include the provision of leave, rest, overtime staff and compensation.

In terms of the non-invoiced SGI liability, the amount for fiscal year 2021 has been lowered due to a large fall in the sums related to the SGI consideration of the NIIs from October 2021 onwards.

It should be noted that on 31/12/2021, the item "Provision for a lease fee for network use" was decreased to zero since it was set off against the corresponding PPC Accrued Claim, which was transferred to HEDNO with the Transformation Balance Sheet of 30/11/21.

The following table presents part of the accrued liabilities regarding related parties.

	2021	2020
Uninvoiced liabilities - Energy /RES Settlement	35,095	59,957
Uninvoiced liabilities - SGI	8,509	31,695
Accrued period expenses	5,147	8,895
Network usage rent provision	0	30,120
Total	**48,751**	**130,667**

The table below shows the above amount per related party - the amounts are contained in the relevant lines of note 38.

	31/12/2021	31/12/2020
PPC SA	47,983	130,667
PPC Renewables SA	768	0
Lignite Melitis SA	0	0
Lignite Megalopolis SA	0	0

(amounts in thousand EUR unless stated otherwise)

	48,751	**130,667**

36. DIVIDEND

By virtue of Minutes No. 60/16-06-2021 of the Ordinary General Meeting of the Company's shareholders, a dividend of € 6,765 thousand regarding 2020 profits was paid in 2021. The relevant amount was deducted from the Results Carried Forward of the year 2021. For the fiscal year 2021, a dividend of € 2,892 thousand is proposed.

37. COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATED DISPUTES

The Company is involved in various legal cases and has various outstanding matters pending in relation to the Company's ordinary course of business. Based on information available to date, the Management believes that the outcome of these cases will have no material effect on the Company's results or financial position, and therefore no further provisions are needed, beyond those included in the consolidated financial statements.

HEDNO lawsuits against Energa Power Trading & Hellas Power for XXD – criminal involvement

HEDNO SA has filed six (6) lawsuits against these companies before the Athens Multi-Member Court of First Instance. HEDNO has also filed two (2) lawsuits against the legal representatives of these companies for the exact same reason. The total amount requested stands at € 98,455,412.54 and concerns the failure of the above companies to pay the due Network Use Charges and the tort to the detriment of HEDNO committed by their legal representatives. Decisions no. 3613/2018 and 3818/2018 were issued by the Athens Multi-member Court of First Instance by means of which the lawsuits filed against these companies were accepted. In addition, decisions no. 3599/2018 and 3826/18 were issued by the same Courts on the natural persons. Appeals were filed against decisions no. 3613/2018 and 3818/2018 of the Athens Multi-Member Court of First Instance and had initially been set for hearing on 02.04.2020.

Following several postponements relating to the framework of operation of the Courts during the pandemic, the discussion of the aforesaid Appeals has now been set for 17.03.2022.

Regarding the referral of the defendants before the Three-Member Court of Appeals for Felonies by virtue of ruling no. 358/2019 of the Athens Council of Appeal Court Judges, the first hearing was set for 24.02.2020. At the 24.02.2020 meeting, the discussion was suspended for 23.03.2020, and, then, the case was withdrawn from the docket due to the suspension of the operation of the Courts. Consequently, and as long as the suspension of the operation of the Courts will be lifted, the Court will set a new hearing date and will notify us accordingly. The case has been rescheduled for hearing on 28.11.2022.

HEDNO lawsuits against Energa/Kentor and Hellas Power for SGI – criminal conflicts

IPTO and HEDNO submitted joint proposals on 10.01.2018 before the Multi-Member Court of First Instance of Athens, with HEDNO SA claiming the amount of € 16,284,532.08 for fees for the provision of SGI, in its capacity as IPTO's universal successor of in SGI management as of 1.1.2018. In respect of this lawsuit, decision no. 2239/2019 decision of the Multi-Member Court of First Instance was issued, accepting the lawsuit filed against Energa, Kentor and Hellas Power, and, for the rest, suspending the issue of a final decision with regard to the natural persons, their tort liability against IPTO and HEDNO until the issue of an irrevocable decision by the criminal court.

By virtue of decision 1115/2017 of 7.3.2017, the FirstThree-Member Criminal Court of Appeal for Felonies of Athens ordered the deposit in an interest-free account of the Deposits and Loans Fund and in the form of restricted money receivables against those convicted of the cash balance of bank accounts or of the cash contained in safety boxes: a) regarding Energa / Kentor accounts in Piraeus Bank, NBG, Alpha Bank, Eurobank and Credit Suisse Bank, the amount of € 47,544,495.12; (b) regarding Hellas Power accounts in NBG, Alpha Bank, Eurobank, Proton Bank , Clariden Leu Bank and Piraeus Bank, the amount of € 49,360,852.71; (c) regarding cash and accounts of Chrysalis, Energa, Ensiform and Onomana in the Cyprus

Bank and USB Bank, the amount of € 23,525,553.43; (d) regarding Aloe Vera accounts in EFG Bank, with a restricted account of Aristides Floros and a restricted account of Achilleas Floros in the Piraeus Bank, Eurobank, Citibank, the amount of € 479,778.65. Based on the above decision, the deposit of the above total amount of € 120,910,679.91, as well as of "the balances of the other restricted accounts and of those for which restriction has not been lifted" was ordered, without any further reference in the excerpt of that decision, neither with regard to any cash nor with regard to the banks at which these amounts have been restricted. In addition, the return of € 58,198,303.63 to the Greek State as well as of € 29,813,721.36 to Local Government Organizations for Energa / Hellas Power debts was ordered according to the provisions of L. 4312/2014. Therefore, from the total of the remaining restricted accounts and the cash indicated in the above decision, an amount of € 88,012,024.99 will be returned to the Greek State and the Local Authorities once deposited, and the remaining € 32,898,654.92 will be attributed to IPTO and HEDNO SA for the SGI department and LAGIE, when the judicial decision on their receivables becomes res judicata. This is because by means of this decision the court rejected the request made by IPTO and LAGIE for the payment of the requested amounts, as it ruled that there is no res judicata for their claims according to Article 1 par. 3, sub. b. of L. 4312/2014. LAGIE has brought appeal no. 310/2017 against the above decision, requesting to receive the sums corresponding to its claims against Energa / Hellas Power - which amount to € 151,331,057.95 - as well as to receive the sums that are already restricted for its benefit by bank institutions. The First Five-Member Court of Appeals for Felonies of Athens has already issued a decision on the appeal. This decision is currently being engrossed and is expected to be available in the near future. Based on this decision, defendant no. 26, Vasileios Milionis, and defendant no. 4, Achilleas Floros, were acquitted, and it was judged that there has been no embezzlement against LAGIE - IPTO - HEDNO. If ratified by the Supreme Court, this decision has a substantial effect on the civil litigation, regarding the liability of natural persons and of the Energa/Hellas Power shareholders. It also has an effect on the return of the restricted amounts. The First Five-Member Court of Appeals for Felonies of Athens has already issued a decision on the appeal in the Energa/Hellas Power case. It also has an effect on the return of restricted and deposited amounts by virtue of the provisions of L. 4312/2014, given that it was judged that LAGIE - IPTO - HEDNO were not damaged by the criminal activity of those convicted in the Energa / Hellas Power case, of amounts under the provisions of L. 4312/2014, given that it was judged that LAGIE - IPTO - HEDNO were not damaged by the criminal activity of those convicted in the Energa / Hellas Power case.

Cases of autoproducers' SGI

In its capacity as SGI manager, HEDNO, in respect of their debts from SGI for the years 2017-2018 filed a lawsuit against MOTOR OIL (amount claimed €1,600,627.51), which was heard before the Athens Multimember Court of First Instance during the hearing of 13.11.2019, resulting in the issue of decision no. 274/2020, which rejects the lawsuit due to lack of jurisdiction of the civil courts, and against the company ELFE (amount claimed €771,187.44), which was heard before the same Court during the hearing of 16.10.2019. In this case, the action was dismissed owing to lack of jurisdiction of the civil courts, according to the decision number 219/2021 of the Multimember Court of First Instance of Athens. At the same time, the Multimember Court of First Instance of Athens issued decision no. 414/2019 rejecting the ELFE appeal as legally unfounded requesting that the fact that autoproducers are SGI exempt is recognised. ELFE brought an appeal against this decision. The Athens Three-Member Court of Appeals issued decision 6492/2020, rejecting the appeal. The Athens Multi-Member Court of First Instance issued decision no. 3651/2018 rejecting a respective declaratory action by ELFE. Similarly, by virtue of decisions no. 2534/2018 and 1068/2018 of the Athens Multi-Member Court of First Instance respective MOTOR OIL declaratory actions were rejected for formality reasons. MOTOROIL filed the appeal under deposit no. PR 1282/2019 with the Administrative Court of Appeal of Athens for the annulment of the relevant IPTO and HEDNO information notes in the same cases. This appeal will be heard by the 6th Chamber on the 09.06.2022. Similarly, ELFE filed the appeal under deposit no. PR 1283/2019 with the Administrative Court of Appeal of Athens for the annulment of the relevant IPTO and HEDNO information notes in the same cases. This appeal will be heard by the 7th Chamber on the 08.06.2022.

Reduced tariff and TAYTEKO cases:

HEDNO filed an application for annulment against RAE decision No. 196/2014 before the Council of State, to the extent that this decision did not include a) the corresponding expenditure to cover the burden of the Operator with part of the salary cost and the employer contributions of the seconded HEDNO SA staff to TAYTEKO; b) the cost for the provision of a reduced electricity tariff to the staff and retirees of the Company, amounting to EUR 11,33 million in the annual cost and in the required income of the HEDNO Operator for the year 2014. The Council of State referred the legal remedies for trial at the Athens Administrative Court of Appeals, where they were heard as appeals. With regard to the TAYTEKO case, the Athens Administrative Court of Appeal issued decision no. 354/2017, rejecting HEDNO SA's appeal on grounds of substance. An appeal was lodged under no. E1750/2017, which was rescheduled for 19 October 2021 after several postponements. It was postponed again, first to 21.12.2021, and then to 15.02.2022, when it was heard.

With regard to the reduced tariff case, the Athens Administrative Court of Appeals issued decision no. 2886/2017 accepting HEDNO's appeal. The decision is final and RAE, who must comply with it and take it into account when determining the Annual Required Income for the year 2018. With regard to this, RAE lodged appeal no. E2097/2017. After repeated postponements, the hearing for this case was set at 19.10.2021. It was postponed again, first to 21.12.2021, and then to 15.02.2022, when it was heard. By means of its decision 545/2018 on the determination of the Annual Network Income for 2018, and after recognizing the Expenditures of the Network Operator for the provision of reduced electricity tariff for its staff for the years 2014, 2015 and 2016, RAE included the expenditure amounting to € 10,424 thousand for the year 2014 and to € 8,500 thousand for the year 2018, as part of the allowed Income for the year 2018, in compliance with the decision 2866/2017 of the Administrative Court of Appeal of Athens and without prejudice to the decision of the Council of State on the lodged appeal. The remaining amounts for the years 2015 and 2016 amounting to € 17,100, plus the corresponding amount of € 8,386 thousand for the year 2017 will be gradually repaid in the future. However, in the above decision, RAE mentions in this regard that, in case that the appeal lodged against the above decision of the Administrative Court of Appeal is accepted, all the above amounts of expenses will be deducted from HEDNO's required income of the following years.

RAE fine for violations of the Non-Interconnected Islands Code:

By its decision no. 366A/2018, RAE identified regulatory violations (violation of the provisions of L. 4001/2011, of the HEDN Management License, of the Metering Management Manual and mainly of the NII Code with a particular emphasis on the provisions concerning the management of the Accounts thereof and its provisions on monthly and annual settlement) based on which a fine of EUR 1,800,000 was imposed by means of other RAE decisions mentioned below. The hearing date for this appeal had been set for 28.04.2020 and, due to COVID-19, it was rescheduled for 13.04.2021 HEDNO has also filed a Revision Application dated 31.12.2018 before RAE against RAE Decisions no. 366B/2018 and 268/2018 by means of which the above fine of EUR 1,800,000 was imposed. Following the expiration of the three months from the date of the filing of the above Revision Application with no action taken, HEDNO filed an appeal before the Administrative Court of Appeal of Athens against decisions No. 366B/2018 and 268/2018 and the presumed tacit rejection of the above HEDNO revision application. The new hearing date for this case was set for 11.11.2021 before the 18th Chamber, following an ex officio postponement due to coronavirus at the hearing on 30.09.2021 and at HEDNO's request due to RAE's failure to submit a file. This case was heard during the trial on 11.11.2021, and the Athens Administrative Court of Appeal has yet to issue a Decision on the case.

RAE fine for the management of the NII SGI

HEDNO has filed a Revision Application dated 31.12.2018 before RAE against RAE Decision no. 212/2018 imposing HEDNO a fine of EUR 700,000 for violations of NII Code provisions and namely violations with regard to the Accounts of the Code. Following the expiration of the three months from the date of filing of the above Revision Application with no action taken, HEDNO has filed an appeal before the Administrative Court of Appeal of Athens against decision No. 212/2018 and the presumed tacit rejection of the above HEDNO revision application. The hearing date for the above appeal has been initially set for 30.04.2020. This case was heard during the trial on 30.09.2021 after successive postponements, and the Athens Administrative Court of Appeal has yet to issue a Decision on the case.

RAE decision for the determination of the 2018 Annual Income

HEDNO has filed a revision application on 12.10.2018 against RAE decision 545/2018 approving the HEDN Annual Income. By means of this Revision Application, among others, HEDNO challenges RAE's refusal to recognise the funds related to the coverage of the salary and employer contributions of the seconded staff at TAYTEKO and the expenses related to the reduced electricity tariff for HEDNO staff in favor of HEDNO. HEDNO has filed an appeal before the Athens Administrative Court of Appeals against RAE decision no. 545/2018 and the presumed tacit rejection of the relevant revision application. The initial hearing date for this case had been set for 18.03.2020. This case was heard during the trial on 15.09.2021 after successive postponements, and the Athens Administrative Court of Appeal has yet to issue a Decision on the case.

RAE decision for the determination of the 2019 Annual Income

On 06.07.2020, HEDNO filed appeal with filing no. PR 484/07.07.2020 against RAE decision 572/2019 on the determination of HEDNO's Annual Income for the year 2019. The hearing date for this Appeal has been set for 10.11.2021, which was adjourned to 16.03.2022.

Municipal Fees Cases

Many municipalities throughout Greece impose contributory or non-contributory municipal fees on HEDNO both during the construction of network projects and for other facilities of the Distribution Network (HEDN). HEDNO has consistently challenged the lawfulness of the imposition of such fees on an administrative and judicial level the general, and there is already a case law tendency for our positions to be accepted. Indicatively, we could mention our most important cases a) decision 3404/2018 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 423,146.88 for the financial year 2017; b) final decision no. 1197/2018 of the Athens Administrative Court of Appeal, which annulled the registration in the confirmatory list of the Municipality of Athens for cleaning and lighting fees for the financial year 2016, amounting to EUR 423,128.16; c) decision no. 684/2016 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 431,249.00 for the financial year 2015; d) decision no. 248/2015 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 438,255.96 for the financial year 2013; e) decision no. 4220/2015 of the Athens Administrative Court of Appeal, which accepted an appeal against the Municipality of Chaidari and annulled our registration in the confirmatory list for fees for the use of common areas in the year 2014, amounting to EUR 399,999.00 and a penalty of EUR 500.00; g) decision no. 3886/2015 of the Athens Administrative Court of Appeal, which accepted an appeal against the Municipality of Chaidari and annulled our registration in the confirmatory list for fees for the use of common areas in the year 2013, amounting to EUR 399,999.00 and a penalty of EUR 500.00.

By means of decision no. A1124/27-5-2020 of the Council of State (5-member Section B), it has been judged that HEDNO SA is exempted from paying any fees for the usage of common areas of municipalities and communities, as well as of the subsoil thereof used by PPC for the installation of overhead or underground facilities that supply wires and networks, such as poles and overground substations (PCP). In particular, with the above decision of the Council of State, decision number 157.706 / 03.10.2012 of the Deputy Mayor of Heraklion imposing fees for the use of common areas amounting to € 489,720 (i.e., amounting to € 351,720.00 for Network Poles and to € 138,000.00 for Overground Substations) to HEDNO SA, as well as a fine of € 979,440 (i.e., amounting to € 703,440.00 for the Network Poles and to € 276,000.00 for the Overground Substations) amounting to a total of € 1,469.160 for arbitrary use of common areas, for installing poles and overground substations in common areas within the administrative boundaries of the above Municipality, was annulled. Similarly, decision no. 2341/2020 the Council of State (Section B) rejected the application for annulment filed by the Ierapetra-Lasithi Municipality and annulled our registration in the confirmatory list of the Municipality for common area usage fees for the year 2015. In particular, the Council of State considered that the exemption from the disputed fee covers (the use of such common areas and of their subsoil in relation to) all the facilities required for the construction, maintenance, development and conservation of the operational and technical integrity of the electricity transmission and distribution network, including the installation of poles, substations and underground cables (cf. Council of State 1124/2020, 1860/2019, 483/2019, 2795/2018, 3570-71/2011 seven mem.., 2958/2011 seven mem., 3581/1971 seven mem., 1451/1957) [...] the fee imposed by virtue of decision 34/2015 of the Municipal Council of the Municipality of Ierapetra for the use of common areas and of the subsoil thereof for the installation of PPC substations, PPC-HEDNO poles and underground cables of these companies was opposed to the combination of the provisions of paragraph 8 of Article 123 of L. 4001/2011, Article 12(2)of emergency law 1672/1951 and paragraph 9 of Article 13 of the P.D dated 24.9/20.10.1958 (cf. Council of State 1124/2020, 1860/2019). Decisions no. 1860/2019, 1861/2019 and 2994/2019 of the Council of the State (5-member Section B) were similar.

Decision no. 640/2021 of the Council of State rejected the Municipality of Lefkada's appeal against decision no A610 / 2017 of the Patras Administrative Court of Appeal, which had accepted the HEDNO appeal against the Municipality of Lefkada and annulled our registration in the confirmatory list for fees for the use of common areas in the financial year 2014, amounting to EUR 181,000.00). It should be noted that HEDNO S.A. recovered the overpayment fees for the use of common areas after the ruling of the Administrative Court of Appeal of Patras no.A610/2017 was published.

Furthermore, there are pending appeals on the issue of municipal fees before the competent Second Department (5-member) of the Council of State, adjudicated on 06.06.2018 (2 appeals of the MUNICIPALITY OF ATHENS against HEDNO SA and 1 appeal of HEDNO SA against the Municipality of Athens), 1 appeal of the Municipality of Athens against our company was heard on 18.09.2019 (for the issue of municipal fees) and finally during the hearing of 27.11.2019, 1 appeal filed by HEDNO against the Municipality of Athens was heard, for the issue of municipal fees. We are expecting the issue of the relevant decisions which will judge on the issue of the lawfulness of cleaning and lighting fees against our company and will determine the outcome of the case at the highest administrative court.

In addition, during the hearing of 18.09.2019, an application for appeal lodged by the Haidari Municipality against our company was heard before the competent Section B (5-member) of the Council of State [(for the issue of the common area usage fees, which has, however, already been examined and judged by means of the above decisions no. 2341/2020, A1124/27-5-2020, 1860/2019, 1861/2019 and 2994/2019 of the Council of State (5-member Section B)]

Court decisions on the substance for civil liability for materialisation of risk

A number of decisions have been issued accepting that HEDNO's civil liability, in its capacity as HEDN operator, is subject to the liability for materialisation of risk regime. In this case, the responsibility for proving that HEDNO is not liable for the occurrence of the damage causally linked to the network operation lies with HEDNO itself and not with the party claiming compensation. Liability for materialisation of risk is a special form of tortious liability deviating from the general rule of fault-based liability. The generalization of this position in the Greek case law may lead to an increase in the amounts paid in form of compensation in case of damage by the network. There have been court decisions accepting that in case of damages due to power outage, there is no liability for materialisation of risk, on the grounds that the liability for materialisation of risk covers damages due to the materialisation of the risk inherent in electricity and not damages due to the non-supply of electricity (power outage), as in this case consumers do not come in contact with electricity, and thus they do not come in contact with the special risk inherent therein. More specifically:

1) Decision **4838/2019** of the Athens Single-Member Court of Appeal Section 15 Chamber of contract law disputes (APPEAL FROM THE COURT OF FIRST INSTANCE),

"The Court of First Instance was right to consider that there is no case of liability for materialisation of risk, as according to what is stated in the immediately preceding assumption, this is not a legally regulated case of liability for materialisation of risk and the proportional application of the special provisions of the latter liability is prohibited. As a result, in the absence of a special regulation, this case falls under the case of tortious or contractual liability, and, thus, the lawsuit basis related to the liability for materialisation of risk is rejected as unlawful". *(page 4 of unengrossed decision)*

2) Decision **4830/2019** of the Athens Single-Member Court of Appeal Section 15 Chamber of contract law disputes (APPEAL FROM THE COURT OF FIRST INSTANCE), "The reference of the Court of First Instance to the liability for materialisation of risk, as well as to the provision of Article 925 of the Greek Civil Code for the judgment of the legal basis of the appeal was not correct, as, according to what is stated in the immediately preceding assumption, this is not a legally regulated case of liability for materialisation of risk and the proportional application of the special provisions of the latter liability is prohibited. As a result, in the absence of a special regulation, this case falls under the case of tort". *(3rd sheet, end of page)*

3) Decision **10654/2017** of the Athens Single-Member Court of First Instance (Ordinary Proceedings),

"But even if it were accepted that the defendants' liability for materialisation of risk is justified by the particular risk level of electricity, this could possibly be established only if the risks caused by the electricity itself were materialised. Such risks are only those inherent in electricity which are therefore caused by power supply when people or items come in contact with electricity, such as the risk of being killed or injured by electric shock or the risk of damage or destruction of items (appliances, animals, crops et.) caused by power, and which are not caused by power outage given that these damages are not due to the materialisation of the risk inherent in electricity, but on the contrary they are due to the fact that no electricity is supplied and therefore consumers do not come in contact with it, and therefore they do not come in contact with the particular risk level it entails".

4) Decision **1110/2009** of the Athens Magistrate Court (Ordinary Proceedings),

Similarly to decision 10654/2017 by the Athens Single Member Court of First Instance, the prior decision 1110/2009 reads as follows

"Furthermore, it has not been proved that the defendant bearing a liability for materialisation of risk is also liable for the disputed damage, because it owns a modern source of risk (electricity), because as it turned out the insured party was damaged by the power outage and not from the materialisation of a risk inherent in electricity."

5) Decision **279/2019** of the Athens Magistrate Court (Small Claims Procedure)

Likewise:

"Moreover, the plaintiff's claim on the existence of the defendant's liability for materialisation of risk (with regard to the disputed damage) has not been proven, as the defendant owns a modern of source of special risk (electricity) and fully benefits from the operation of this source. Therefore, it must be rejected in substance. This is because the disputed damage in the plaintiff's shop was the result of a fault in the power supply, a power outage and a 400V power supply in the shop's electrical network and not the materialisation of the risk inherent in electricity, while the liability for materialisation of risk covers only the damages caused by the particular risk level of a source of risk and not every damage that can be causally related to the operation of the source "

6) Decision **1911/2019** of the Athens Magistrate Court (Small Claims Procedure)

This decision recognises the introduction of HEDNO SA fault- based liability (and not liability for materialisation risk), based on article 127 of the L. 4001/2011,

"This happened either directly, by introducing a liability for materialisation of risk only in the cases mentioned below and therefore not in other cases of causing damage, or indirectly, by introducing a special tortious liability and, thus, not a liability for materialisation of risk, as was the case, for example, of the imperfect strict liability (and, thus, not of the therefore not the genuine strict liability, or the liability for materialisation of risk) of the service provider of Article 8 of Law 2251/1994 or the case of fault-based liability of HEDNO for which Article 127 par. 1-2 provides for HEDNO's liability for ...."

7) Decision **5733/2011** of the Athens Multi-Member Court of First Instance (Appeals Department)

"This reason is rejected as unfounded as in Greek law does not include any general provision in the form of a general clause providing for a general single system of liability for materialisation of risk. In the Greek Civil Code and in other special civil laws, individual cases are regulated on a case-by-case basis, while many sources of risks remain unregulated. Liability for damage from electric power installations is a liability for materialisation of risk, and the injured party is not entitled to seek redress under the favorable terms of the liability for materialisation of risk, i.e. regardless of fault, illegality and human behaviour, and as a result is subject to the case of tortious liability due to lack of a special regulation."

(amounts in thousand EUR unless stated otherwise)

8) Decision **55/2020** of the Acharnes Magistrate Court, rejecting the lawsuit filed by OTA Acharnes against HEDNO SA for damages to the Social Grocery Store of the Municipality of Acharnes caused by a power outage. Among others, this lawsuit is rejected as unlawful in terms of the cumulated legal basis on the objective liability for materialisation of risk of our company and

9) Decision **769/2019** of the Athens Magistrate Court, rejecting the lawsuit as unlawful in terms of the cumulated legal basis on the objective liability for materialisation of risk of our company.

10) Decision 7934/2021 of the Athens Single-Member Court of First Instance, rejecting the lawsuit as unlawful in terms of the legal basis on the objective liability for materialisation of risk of our company.

Accidents

A) EGNATIA

There is no pending lawsuit against HEDNO or any prosecution against its executives - employees. Civil liability for compensation may arise in the context of the prospective principal-agent relationship between HEDNO and the Contractor that performed the project under a contract. Findings report no. 247/Θ/2017 of the Body of Public Administration Inspectors General was notified on 12.3.2018. HEDNO reported to the competent Minister, the Inspector General of Public Administration and the Special Secretary of the Body of Inspectors - Auditors of Public Administration, the actions taken to comply with the report. A Committee was set up to monitor the progress of the implementation of the proposals of the Report and to inform the Secretary General for the Fight against Corruption, of the Public Administration Inspector General and the Special Secretary of the Body of Public Administration Inspectors-Auditors.

Poros Accident: On 20-8-2019 there was a helicopter crash at the Poros - Galata crossing where there are medium voltage cables. The families of one of the deceased-occupants filed a lawsuit against the company "I fly S.A.", which ran and operated this helicopter, demanding approximately 2,800,000 euros in damages. Following that, the company "I fly S.A." filed a Notice of Trial, Invitation to an Additional Intervention with a coherent incidental action for damages at the Multimember Court of First Instance of Athens, requesting that HEDNO be ordered to pay whatever may be awarded to it for payment by the hearing of the main action.

38. RELATED PARTIES TRANSACTIONS/BALANCES

Receivables/liabilities pertaining to related parties as of 31/12/2021 are the following.

	31/12/21	
	Receivables	Liabilities
PPC SA	63,989	0
PPC Renewables SA	0	-5,568
Lignite Melitis SA	93	0
Lignite Megalopolis SA	19	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-12
HELLENIC POST OFFICE (ELTA)	711	0
ELTA COURIER	0	-26
ETVA	0	-5
EYATH	1	0

(amounts in thousand EUR unless stated otherwise)

AIA	23	0
	64,836	**5,611**

	31/12/20	
	Receivables	Liabilities
PPC SA	132,669	0
PPC Renewables SA	0	-8,917
Lignite Melitis SA	14	0
Lignite Megalopolis SA	544	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-40
HELLENIC POST OFFICE (ELTA)	4,708	0
ELTA COURIER	0	-39
ETVA	0	-4
OSY	0	-2
AIA	22	0
	137,957	**-9,002**

It should be noted that the published 2020 amounts differ from the above amounts since they include accrued revenue and expenses, which are stated separately below.

Transactions with related parties for the year ended 31/12/2021 are as follows.

	31/12/21	
	Invoicing to	Invoicing from
PPC SA	1,660,883	-1,567,808
PPC Renewables SA	303	-15,939
Lignite Melitis SA	130	0
Lignite Megalopolis SA	197	0
Athens Water Supply and Sewerage Company (EYDAP)	113	-35
HELLENIC POST OFFICE (ELTA)	17,252	-4,619
ELTA COURIER	0	-55
ETVA	1	-5
EYATH	6	-6
OSY	0	-7
AIA	236	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
ETAD	79	-26
Attica Greenesco Energy	0	-1
	1,679,200	**-1,588,502**

	31/12/20	
	Invoicing to	Invoicing from
PPC SA	1,784,734	-1,673,252
PPC Renewables SA	492	-14,521
Lignite Melitis SA	93	0

(amounts in thousand EUR unless stated otherwise)

Lignite Megalopolis SA	364	0
Athens Water Supply and Sewerage Company (EYDAP)	116	-40
HELLENIC POST OFFICE (ELTA)	19,518	-5,405
ELTA COURIER	1	-91
ETVA	1	-4
EYATH	15	-4
OSY	0	-12
AIA	216	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-2
	1,805,550	**-1,693,331**

Accrued receivables and liabilities with related parties for the year ended 31/12/2021 are as follows.

	31/12/21	
	Accrued receivables	Other accrued liabilities
PPC SA	143,642	-47,983
PPC Renewables SA	1	-768
Lignite Melitis SA	38	0
Lignite Megalopolis SA	58	0
HELLENIC POST OFFICE (ELTA)	696	0
AIA	18	0
	144,453	**48,751**

	31/12/20	
	Accrued receivables	Other accrued liabilities
PPC SA	176,807	-130,667
PPC Renewables SA	1	0
Lignite Melitis SA	23	0
Lignite Megalopolis SA	66	0
HELLENIC POST OFFICE (ELTA)	1,473	-321
	178,370	**130,988**

The majority of the invoices to PPC SA concern invoices for Network Usage Fees, network works projects, Services of General Interest (SGI) and energy sales in the Non-Interconnected Islands. Invoices from the PPC pertain primarily to invoicing for the required Primary Revenue of Hellenic Electricity Distribution Network, purchases of energy from PPC SA thermal power plants in the Non-Interconnected Islands, and Services of General Interest (SGI), as well as additional services of PPC SA to HEDNO SA, and participation related to the connection works for producers and consumers. The invoicing from PPC Renewables pertains to energy markets in the Non-Interconnected Islands.

HEDNO SA, in the context of its business activity, carries out transactions with a large number of companies under state control, for profit and otherwise, (provision of services, sales of energy, receipt of services, etc.). All transactions with state-controlled companies are carried out on commercial terms.

Management Remuneration

(amounts in thousand EUR unless stated otherwise)

The remuneration of persons participating in management bodies (members of the Board of Directors and General Managers) is as follows.

	31/12/21	31/12/20
Directors' fees		
- Non-executive Directors' fees	202,000	134,300
- Non-Executive Directors' fees	215,871	154,020
- Compensation/extraordinary fees	78,410	54,590
- Employer contributions	60,187	64,279
Total	**556,468**	**407,189**

	31/12/21	31/12/20
Remuneration of General Managers		
- Regular earnings	694,433	325,715
- Compensation/extraordinary fees	426,649	140,157
- Employer contributions	89,721	99,165
- Other benefits	775	556
Total	**1,211,578**	**565,593**

39. MEASUREMENT AT FAIR VALUE

Below, the book and fair values of assets and liabilities of the Company, as reflected in the Statement of Financial Position of 31/12/2021, are compared by category.

	Book value	Fair value 2021	Book value	Fair value 2020
Tangible and intangible assets	4,856,174	4,856,174	35,063	35,063
Total	4,856,174	4,856,174	**35,063**	**35,063**

The Management deems that the cash, short-term deposits, trade and other receivables, inventories, suppliers and other short-term liabilities reach their book value, mainly due to their short-term maturities.

The fair value of Level 3 tangible and intangible assets is measured by independent appraisers every 3-5 years to ensure that fair value does not differ significantly from net book balance.

The latest valuation of assets was carried out on the basis of data as of 31/12/2019. The result of the comparison of the values from the work of the independent appraisers with the depreciable value of the fixed assets was a net goodwill amounting to approximately € 3 million, an amount that was recorded directly in the Equity credit less the corresponding deferred tax. During the year that ended on 31/12/2020, no financial assets were re-positioned between hierarchical levels.

40. REFORMATIONS - RECLASSIFICATIONS

Impact of the change in accounting policy - IAS 19

On May 2021, the IFRS Interpretations Committee (IFRIC) issued the final agenda decision "Distribution of benefits in periods of service in accordance with International Accounting Standard (IAS) 19," which includes guidance on how benefits should be allocated in periods of service under a specific defined benefit plan. As a result of the above decision, the way in which the basic principles of IAS 19 were generally applied in Greece in the past has changed, and entities that prepare financial statements in accordance with IFRSs are required to modify their accounting policies accordingly, according to the IASB Manual of Due Procedure (para. 8.6) (retroactive application under paras. 18-21 of IAS 8). Until the Interpretations Committee (IFRIC) issued its Decisions, the Company followed IAS 19 by allocating the benefits stipulated by each statute (Law 2112/1920 and its amendment by Law 4093/2012), primarily in the period from recruiting to the sixteenth year of service. The distribution of pension benefits in the last years up to the date of retirement of the employees in accordance with the present legal framework is the consequence of the implementation of the final Decisions on the financial accounts. As a result, the above decision was implemented as a change in accounting policy, with the initial balances of the affected accounts (results carried forward, Deferred tax assets, and Benefits to staff) adjusted for the older, previous period presented (31/12/2019), as if the new accounting policy had always been applied. The following table shows the impact of implementing the IFRIC Interpretations Committee Decision:

(amounts in thousand EUR unless stated otherwise)

HEDNO-Effect on the funds in the Statement of Financial Position 01/01/2020

	31/12/2019 PUBLISHED	Effect of Adjustment	01/01/2020 ADJUSTED
Employee benefits	112,558	-2,217	110,341
Results brought forward	117,399	1,685	119,084
Deferred tax receivables	55,041	-532	54,509

HEDNO-Effect on the funds in the Statement of Financial Position 31/12/2020

	31/12/2020 PUBLISHED	Effect of Adjustment	31/12/2020 ADJUSTED
Employee benefits	89,688	-2,217	87,471
Results brought forward	121,150	1,685	122,835
Deferred tax receivables	53,990	-532	53,458

41. SUBSEQUENT EVENTS

The sale of shares in HEDNO has been completed.

The sale of 49% of PPC S.A.'s participation in HEDNO S.A. was finalised on 28/02/2022, with Mcquarie Asset Management depositing 1.32 million for the purchase of the aforementioned percentage.

The price has been adjusted to reflect the change in the Company's Net Asset Value until 28/02/2022, in accordance with the terms of the Share Purchase Agreement.

"Elpida" storm

In January 2022, extreme weather events in Greece caused several problems in the power supply network. The Company took all the necessary actions to immediately repair the damage to the best of its abilities and does not expect any significant impact on the 2022 results.

Agreement on Bond Loan and IRS

The completion of a bond loan with NBG of the amount of € 22.52 million was approved on 10/02/2022 by decision No 42/10.02.2022 for the purpose of funding the purchase of real estate to meet the needs of HEDNO's central services, with a loan term of 15 years, a Euribor rate of 6 months plus a margin of 1.75%, and capital repayment in semi-annual equal installments.

In addition, it was decided to enter into an IRS hedging arrangement on the aforesaid loan beginning 12 months after the contract was signed and lasting until the expiration of the loan, in accordance with the offer of the National Bank of Greece dated 28.12.2021.

Purchase of a building

On 09/03/2022, the Company completed the purchase of a property at the 'Rossignol' location in Sepolia, Municipality of Peristeri, with the intention of co-locating all central services in the future.

Approval of HEDN's Required Revenue for 2022

On 18/03/2022, RAE issued Decision No. 868/2021, which set the HEDN Required Revenue for 2022 at € 797.9 million.

Going concern

The global energy crisis reached its peak in 2022, and concerns about substantial social and economic consequences are developing in parallel with the start of the conflict in Ukraine in February 2022.

Despite the increase in arrears as of 07/2021 and the increase in the wholesale price per Mwh, the Company is in constant communication with RAE and the competent bodies, proceeding to receive letters of guarantee from electricity providers and the conclusion of debt settlements, while maintaining high levels of liquidity, in order to be able to meet the increasing obligations, as well as achieving the long-term investment plan that has been defined.

In addition, as previously stated, the 49% participation of Mcquarie Asset Management in the company's share capital as of February 2022 marks the start of a new era for the Company, as it gains the support and know-how of an internationally strong partner and embarks on a path of dynamic growth in accordance with sustainability standards.

ANNEX - SEPARATE FINANCIAL STATEMENTS

In accordance with the provisions of Law 4001/2011

and the separation methodology approved by

the Regulatory Authority for Energy.

(amounts in thousand EUR unless stated otherwise)

TABLE A HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
SEPARATE INCOME STATEMENT PER FUNCTION

	2021				2020			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
INCOME:								
Income from contracts with customers	756,603	3,100	0	759,703	726,583	3,000	0	729,583
Other income	186,362	107	79	186,548	170,082	3	395	170,480
TOTAL INCOME	**942,965**	**3,207**	**79**	**946,251**	**896,665**	3,003	**395**	**900,063**
EXPENSES:								
Personnel remuneration	301,088	2,168	24	303,280	280,367	**1,645**	28	282,040
Provision for staff departure compensation	-9,633	-50	0	-9,683	956	2	0	958
Network usage costs	238,705	0	0	238,705	271,412	0	0	271,412
Maintenance and third party services	143,113	74	21	143,208	125,902	9	174	126,085
Consumption of Materials	101,204	120	4	101,328	99,324	112	145	99,581
Third party fees	60,861	471	7	61,339	41,465	438	8	41,911
Provisions for doubtful receivables	2,682	12	0	2,694	-1,600	2	12	-1,586
Provisions for risks	3,904	14	0	3,918	2,016	19	2	2,037
Miscellaneous expenses	28,231	97	20	28,348	24,310	170	19	24,499
Depreciation and amortisation	45,377	181	0	45,558	22,193	170	2	22,365
Taxes - Duties	2,315	11	0	2,326	2,501	12	0	2,513
OPERATING RESULT	**25,118**	**109**	**3**	**25,230**	**27,819**	**424**	**5**	**28,248**
Financial income	272	1	0	273	416	1	0	417
Financial expenses	-6,333	-50	0	-6,383	-2,591	-43	0	-2,634
PROFIT BEFORE TAX	**19,057**	**60**	**3**	**19,120**	**25,644**	**382**	**5**	**26,031**

(amounts in thousand EUR unless stated otherwise)

TABLE B
HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
SEPARATE STATEMENT OF FINANCIAL POSITION PER FUNCTION

	2021				2020 (Reformed)			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
ASSETS								
Non-current assets								
Tangible assets	4,849,283	3,326	403	**4,853,012**	30,947	2,060	15	**33,022**
Intangible assets	3,159	3	0	**3,162**	1,957	83	1	**2,041**
Right-of-use asset value	30,452	0	3	**30,455**	53,065	1,498	24	**54,587**
Deferred asset tax	0	0	0	**0**	53,548	-114	24	**53,458**
Other long-term receivables	30	0	0	**30**	21	0	0	**21**
Total non-current assets	4,882,924	3,329	406	**4,886,659**	139,538	3,527	64	**143,129**
Current assets								
Inventories	173,992	0	14	**174,006**	172,787	0	76	**172,863**
Receivables	106,832	179,109	24	**285,965**	206,965	83,786	130	**290,881**
Accrued and Other Receivables	135,382	92,127	19	**227,528**	134,665	122,483	113	**257,261**
Cash and cash equivalents	103,244	69,413	14	**172,671**	55,503	23,245	35	**78,783**
Total current assets	519,450	340,649	71	**860,170**	569,920	229,514	354	**799,788**
Total assets	**5,402,374**	**343,978**	**477**	**5,746,829**	**709,458**	**233,041**	**418**	**942,917**
LIABILITIES AND EQUITY								
Equity:								
Share capital	990,457	676	82	**991,215**	36,010	1,525	17	**37,552**
Statutory reserves	6,087	19	1	**6,107**	5,012	75	2	**5,089**
Special reserves	164,254	47	14	**164,315**	42,229	179	19	**42,427**
Results brought forward	101,440	33,794	11	**135,245**	182,255	-59,473	53	**122,835**
Total equity	**1,262,238**	**34,536**	**108**	**1,296,882**	**265,506**	**-57,694**	**91**	**207,903**

(amounts in thousand EUR unless stated otherwise)

Long-term liabilities:								
Deferred liability tax	327,769	823	27	**328,619**	0	0	0	**0**
Employee benefits	74,930	479	6	**75,415**	87,163	269	39	**87,471**
Right-of-use asset financial liabilities	23,623	5	2	**23,630**	40,792	1,246	18	**42,056**
Long-term borrowings	1,228,218	938	102	**1,229,258**	0	0	0	**0**
Consumer contributions and subsidies	1,945,344	0	162	**1,945,506**	0	0	0	**0**
Other long-term liabilities	7,365	27,106	3	**34,474**	19,911	798	9	**20,718**
Provisions	47,790	35	4	**47,829**	44,763	0	20	**44,783**
Total Long-term Liabilities	3,655,039	29,386	306	**3,684,731**	192,629	2,313	86	**195,028**
Current liabilities								
Trade and other liabilities	66,112	125,091	16	**191,219**	90,086	141,141	102	**231,329**
Sundry creditors	176,107	62,966	20	**239,093**	71,256	18,798	40	**90,094**
Short-term part of long-term loans	170,606	19,375	16	**189,997**	0	0	0	**0**
Income tax payable	5,802	18	0	**5,820**	2,230	116	3	**2,349**
Other tax and insurance liabilities	23,259	15,470	3	**38,732**	14,420	12,366	13	**26,799**
Accrued and other liabilities	43,211	57,136	8	**100,355**	73,331	116,001	83	**189,415**
Total Short-term Liabilities	**485,097**	**280,056**	**63**	**765,216**	251,323	288,422	241	**539,986**
Total Liabilities and Equity	**5,402,374**	**343,978**	**477**	**5,746,829**	709,458	233,041	418	**942,917**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

In accordance with the provisions of the European Directive 2009/72 EC, as well as the provisions of Law 4001/2011 which incorporated the relevant European Directive in the Greek Law, accounting separation is the breakdown of the single financial statements (Statement of Financial Position & Statement of Comprehensive Income) of an integrated electrical undertaking in separate financial statements for each of its functions.

According to Article 130 paragraph 4 of Law 4001/2011, "...HEDNO SA keeps separate accounts for the function of management of the distribution network of Isolated Microgrids and NIIs".

Article 141 paragraph 2 of the same law reads as follows: "Integrated Undertakings shall keep separate accounts for each of the functions of generation, transmission, distribution and supply to Eligible Customers and of supply to Non Eligible Customers, as well as to provide SGI services exactly as they would be obliged to do so if these functions were carried out by other undertakings, in order to avoid discriminations, cross-subsidisation and competition distortions. These accounts must clearly present the income from the ownership status of the Transmission System and the Distribution Network. These undertakings shall keep consolidated accounts for other functions not falling within the field of electricity. Accounts include a Statement of Financial Position and a Statement of Comprehensive Income and an Income Account for each separate action".

Moreover, the letter of the Regulatory Authority for Energy (RAE) 0-61945/31.07.2015 stipulates specifically that "In accordance with the provisions of L. 4001/2011 and more specifically of Article 130, par. 4 and article 141, par.2 on keeping separate accounts, HEDNO SA, in its capacity as Operator of the Distribution Network and of the Electricity Systems of the Non-Interconnected Islands, must in principle keep separate accounts of the Statement of Financial Position and the Statement of Comprehensive Income for each of these two functions, as well as separate accounts for its regulated and non-regulated functions as a Distribution Network Operator".

The accounting principles followed for preparing the separate financial statements are presented in the corporate financial statements. The methodology applied by the Company when preparing the separate financial statements has been approved by means of RAE Decision no. 121/2017.

2. ACCOUNTING SEPARATION METHODOLOGY

The methodology for the preparation of the separate financial statements is divided into the following distinct stages.

- Determining the functions for which separate financial statements are prepared
- Processing of financial system (ERP) data for the preparation of reports by function
- Quantification of income - expenses to be carried forward between functions
- Preparation of a separate Income Statement
- Preparation of a separate Statement of Financial Position

2.1 Determining the functions for which separate financial statements are prepared

Accounting separation is performed for the following functions.

- Network Operator

  It concerns the operation, maintenance and development of the HEDN.

- Non-Interconnected Islands (NIIs) Electricity Systems (ES) Operator

  It concerns the NII Production Management and Market Operation functions.

- Other functions

  They concern the construction and sale of works outside the HEDN and other third party services.

2.2 Processing of financial system (ERP) data for the preparation of reports by function

In the Company's accounting system, cost centers and profit centers are the operating entities in which the items of the Statement of Financial Position and Statement of Comprehensive Income statements are recorded. For the preparation of separate financial statements, the following steps are taken.

- Cost and profit centers are explored and grouped, so as to determine the boundaries and relationships between activities, and correlate cost and profit centers with functions.
- The sums of the accounts per profit center are agreed with the consolidated balance sheet of the Company.
- This is followed by the grouping of the balance sheet accounts into sections of the Statement of Financial Position and the Statement of Comprehensive Income, according to the financial statements of the Company.

2.3 Quantification of income - expenses to be carried forward between functions

The operating expenses of the NII ES Operator and the return on its asset base are recovered by transferring income from the NUC income, initially credited to the accounts of the profit centers of the Network Operator. This income transfer is internal billing of the NII Operator to the Network Operator.

2.4 Preparation of a separate Income Statement

At the end of each financial year, a separate Income Statement is prepared for each of the three functions, that of the Network Operator, that of the Operator of the NIIs ES and that of Other Functions.

The Income Statement items are divided into:

- Direct income and expenses, including direct charges - credits of the income statements of the relevant cost-profit centers of the respective function
- Indirect income and expenses, including charges - credits of the accounts of the relevant cost-profit centers of the Management (Central Directorates)

From the Main Directorates, the Directorate for Materials, Supplies and Transport (DYPM), the Directorate for Network (DD), the Directorate for Network Users (DHD), and the Directorate for Special Network Facilities (DEED), DED and the function of the Network operator of the Directorate for Island Management regard only the Network Operator function and, thus, are only borne by it.

The activities are then allocated to the balance of the profit and loss accounts, which have remained in the other shared Central Directorates, based on the operating costs of each activity - which consists of the groups of accounts of staff fees, material consumption, third party fees, third party benefits and maintenances, taxes, provisions, depreciation and miscellaneous operating expenses). The Directorate of Human Resources (DANP) and the Housing Unit (KSM) (former Directorate of Occupational Safety and Housing Organization - DOAESM) are excluded, as they are divided based on payroll expenses.

2.5 Preparation of a separate Statement of Financial Position

At the end of each financial year, a separate Statement of Financial Position is prepared for each of the three activities, that of the Network Operator, that of the Operator of the NIIs ES and that of Other Activities.

The Statement of Financial Position for each activity is prepared based on the distinct cost-profit centers and the grouping of the accounts mentioned above. The use of the SAP/ERP business and accounting system ensures the integrity and consistency of the desired data separation.

The Statement of Financial Position items for each activity are divided into:

- Direct, including direct charges - credits of the accounts of the relevant cost-profit centers of the respective activity
- Indirect, including the accounts of the profit centers of the Management Departments.

From the main Directorates, the Directorate for Materials, Supplies and Transport (DYPM), the Directorate for Network (DD), the Directorate for Network Users (DHD), and the Directorate for Special Network Facilities (DEED) and the function of the Network operator of the Directorate for Island Management regard only the Network Operator function and, thus, are only borne by it.

The operations of the Network Operator and the Operator of the Non-Interconnected Islands are separated into the balances of the other accounts of the Statement of Financial Position of the other allocated Central Directorates - Administration Department, Legal Department, Information Technology & Telecommunications Department, General Manager Network Development and Management, General Manager of the Strategy and Transformation Department, General Manager of Finance, Directorate-General for Human Resources, General Manager of Supply Chain and Digitalisation, Health and Safety Department, Budget and Control Department, Accounting & Tax Department, Cash Flow (Treasury) Department, Monitoring of Subsidised Network Projects Department, Strategy, Operational Planning & Transformation Department, Research & Innovation Department, Regulatory Affairs Department, Operational Improvement & Digitalisation Department, Central Regional Department of System Information Security, Special Facilities Department, Business Analytics & Data Manangement Department -, with a key that matches the nature of the account that is separated. The keys used are tangible and intangible assets, short-term assets, inventories, provision accounts, payroll fees and short-term liabilities.
The Statement of Financial Position of the rest activities derives in the form of percentage from the Statement of Financial Position of the two basic activities - Network Operation and NII ES Operation - based on the annual turnover of the activities.

2.6 Accounting Separation Base

It is noted that the separate financial statements arise from the accounting cycle of the Company and in accordance with its books and financial statements, in combination with the relevant allocation sheets for individual activities and the necessary adjustments.