HELLENIC ELECTRICITY DISTRIBUTION
NETWORK OPERATOR S.A.

Financial Statements
01/01/2023 – 31/12/2023
based on International Financial Reporting Standards,
as adopted by the European Union

ANNUAL FINANCIAL REPORT

CONTENTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS
HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA
FOR THE FINANCIAL YEAR 01/01/2023 - 31/12/2023

Dear Shareholders,

Following the end of the twelfth financial year (01/01/2023 - 31/12/2023) of the company Hellenic Electricity Distribution Network Operator SA ("HEDNO SA" or the "Company"), we are honoured to submit for your approval the financial statements for this financial year, as per the Company's Articles of Association, accompanied by our comments thereon.

HEDNO SA has prepared its financial statements for the financial year ended 31/12/2023 in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

1. Analysis of the Company's Development & Activities

1.1 Institutional Framework of Operation

HEDNO SA, Operator of the HEDN, started its operation as an independent legal entity on 01/05/2012 following the approval of the Electricity Distribution sector spin-off from PPC SA, as part of the incorporation and implementation of Directive 2009/72/EC in the national legislation, under which specific independence requirements were set for the business activities of electricity distribution. Specifically, the Board of Directors (BoD) of PPC SA approved the transfer of all activities of Electricity Distribution, as well as the activities of the Operator of Non-Interconnected Islands (NIIs), to its 100% owned subsidiary, PPC RODOS SA, which was renamed into HEDNO SA, based on the provisions of Law 4001/2011.

Law 4001/2011, sets the legal framework for the operation of HEDNO SA and appoints the Company as Operator of HEDN, while pursuant to Article 126 of the same legislation, the foreseen Management License of HEDNO was issued by the then Regulatory Authority for Energy (RAE) - starting from 29/3/2023, it was renamed to RAEWW (Regulatory Authority for Energy, Waste & Water).

By decisions of the Boards of Directors of PPC SA and HEDNO SA, dated 15/06/2021 and 18/06/2021 respectively, the separation was agreed and approved by the BoDs of the split-up of PPC SA and HEDNO SA was agreed and approved, followed by the spin-off by absorption of the Electricity Distribution Network sector of PPC SA by HEDNO SA in accordance with the provisions of Articles 4 and 54-73 of Law 4601/2019 with full application of Legislative Decree 1297/1972. Upon completion of the above mentioned absorption procedure of the Distribution Network Division by HEDNO SA (i.e. on 30/11/2021, when the required publications in the GCR were posted - date of entry in the General Commercial Registry (GCR)), took place the transfer of ownership of HEDN, including its real estate and other assets of the Division and the Network of Non-Interconnected Islands (as defined in Law 4001/2011), of the relevant liabilities and other liabilities, with the exception of the High Voltage Network of Crete, including the relevant fixed and other assets. Note that the above-absorbed Division does not own the existing fibre optic network, the related assets and associated rights and obligations, as well as the right to install fibre optic or other electronic communications network elements on the HEDNO. This is because, according to an explicit legislative provision, PPC SA remains the Network Operator and liable to provide access and transit rights to third parties, within the meaning of the telecommunications legislation and as specifically defined in Law 4463/2017, as in force.

On 28/02/2022, the sale of the 49% stake of PPC SA in HEDNO SA was completed, upon payment of €1,320 million by Macquarie Asset Management for the acquisition of the aforementioned stake. The price has been adjusted to reflect the change in Net Asset Value of HEDNO SA until 28/02/2022, in accordance with the terms of the Share Purchase Agreement.

1.2 Business model

Basic outline of HEDNO SA competences under Law 4001/2011

According to Law 4001/2011, the key competences of HEDNO SA are the following.

- Development, operation and maintenance of the HEDN in such a way as to ensure its reliable, efficient and safe operation. The exercise of the competence in question must be based on the terms of the relevant Management License of HEDN and in compliance with the fundamental principle of equal treatment of HEDN Users.

- With regard to the Non-Interconnected Islands, HEDNO SA has been explicitly designated as the Operator and Market Operator of NIIs under Article 129 of Law 4001/2011.

- The management of the special account of Public Services Obligations (PSO) in the entire Greek Territory from 01/01/2018 onwards, pursuant to Article 57 of Law 4508/2017.

PSO ACCOUNT BALANCE 31/12/2023	
ACCOUNT INFLOWS	
INITIAL PAYMENT (ΔΟΔ 0002445 ΕΞ 2017)	476,000,000
IPTO REMAINING BALANCE	8,574,066
ADDITIONAL PAYMENT (Government Gazette 4264/20.11.2019)	59,000,000
ADDITIONAL PAYMENT (Government Gazette 4768/24.12.2019)	150,000,000
ADDITIONAL PAYMENT (Government Gazette 174/30.01.2020)	44,651,690
ADDITIONAL PAYMENT - CALCULATION OF PSO COST (Government Gazette 3043/22.07.2020)	67,029,000
ADDITIONAL PAYMENT - CALCULATION OF PSO COST (Government Gazette 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	875,254,756
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAEWW DIRECTIVE OF 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 SURPLUS 31/12/2021	-120,098,050
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/81948/2763/05.08.2022)	300,000,000
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/124862/2763/28.11.2022)	100,000,000
ACCOUNT SURPLUS 31/12/2022	-365,760,587
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/39688/789/19.04.2023)	60,000,000
ACCOUNT DEFICIT 31.12.2023	293,832,714
TOTAL OUTFLOWS	1,153,842,170
CALCULATED CALCULATION	-278,587,414
PLACEMENT PLAN 2012 - 2017	1,867,707
MINUS ADDITIONAL SETTLEMENT 2012 - 2016 (RAEWW O-76750 / 12.04.2019)	21,954,985
MINUS Social Residential Tariff (SRT) - Vulnerable Clients (EAP) 2017 (RAEWW 435/2019)	17,875,007
MINUS ADDITIONAL SETTLEMENT 2014 - 2016 (RAEWW 832/2019)	21,664,978
MINUS ADDITIONAL CONSIDERATION 2013 (RAEWW 854A/2019)	994,139
MINUS ADDITIONAL CONSIDERATION 2014 - 2016 (RAEWW 200/2020)	5,767,413
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs - 2017 RAEWW 1254/2019	72,204,790
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs CLIENTS - 2017	3,083,249
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs CLIENTS - 2018	2,870,311
MINUS FINAL SETTLEMENT PSO CONSIDERATION 2018	45,070,690
MINUS FINAL SETTLEMENT SRT CONSIDERATION 2018	4,615,495
CURRENT PSO ACCOUNT BALANCE (SURPLUS/(DEFICIT))	-280,754,050
PSO WITH PAYMENT SUSPENDED	54,991,114

In addition, the Company has an active role, in particular in application of the provisions of Article 95 of the HEDN Operation Code, regarding the treatment of electricity theft, through its detection and management, based on the provisions of the above-mentioned regulatory provision and its relevant implementing manuals.

Furthermore, in accordance with the provisions of article 36 of L.4508 / 2017, the Company was appointed administrator of the special account set up for the reconnection of electricity supplies to low-income consumers, as determined by a joint ministerial decision (Government Gazette B 474 / 14.02.2018), who have been disconnected from the electricity supply network due to overdue debts, in order to meet their energy needs.

Main activities of HEDNO SA

The main activities of HEDNO SA are as follows:

- Development of HEDN - either by own means or through contracts
- Strengthening, improving and modernising HEDN
- Construction of distribution centres and 150kV lines
- Operating activities of HEDN

- Operation of HEDN
- Inspection and maintenance of HEDN
- Repair of faults
- Usage metering
- Services to Users - Customers of HEDN
- New connections of consumers and producers of Renewable Energy Sources (RES) in HEDN
- Displacements of utilities - poles
- Increasing the power of existing connections
- Ensuring the reliable and economical operation of autonomous island electrical systems (Non-interconnected islands) within the competences of HEDNO SA under Article 129 of Law 4001/2011 and the specific regulatory framework (Operation Code for NIIS - Government Gazette, B 304/11.02.2014, as in force)

Note that a major regulatory framework for the general operation of HEDN is the Hellenic Electricity Distribution Network Operation Code (Government Gazette B 78/2017).

Other Activities of HEDNO SA

On the basis of a contract concluded with the parent company, HEDNO SA has undertaken to incur costs related to intervention - improvement works in the HEDN network in order to enable the installation of optical fibres.

2. Usage Performance Analysis

2.1 Financial Overview of the year 2023

The most important financial data of HEDNO SA for the financial year 01/01/2023 - 31/12/2023 are as follows:

	31/12/2023	31/12/2022
Total revenue	1,093,801	832,601
Loan capital	1,676,623	1,479,005
Net debt	1,480,568	1,291,600
Total assets	6,264,923	5,749,745
Operating profit	238,161	60,403
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	561,850	374,223
Profit before taxes	183,662	25,534
Net profit	140,562	17,868
Operating cash flow	539,630	388,896
Total personnel cost	343,932	315,455

The table below shows the main indicators:

	31/12/2023	31/12/2022
EBITDA margin	51%	45%
Profit margin	13%	2%
Current ratio	0.98	1.13
Quick ratio	0.62	0.71
Cash flow ratio	0.16	0.23
Loan capital / Total assets	27%	26%
Interest coverage ratio	14.70	13.39

2.2 Dividend Policy

According to Article 32 of the Articles of Association, the amount of net profit distributed to shareholders as minimum dividends amounts to thirty-five percent (35%) of the Company's net profit, after deduction of the amount for the formation of a legal reserve (5% of net profit) and other credit items in the income statement that do not derive from realised profits. Following a decision of the General Meeting, taken by increased quorum and majority in accordance with the provisions of Articles 130, par. 3 and 4 and 132, par. 2 of Law 4548/2018, the above percentage may be reduced, but not below 10%. Non-distribution of the minimum dividend is allowed only by a decision of the General Meeting, taken with increased quorum and majority of 80% of the capital represented at the meeting. Following a decision of the General Meeting, taken by increased quorum and majority, it is possible that the profits distributable as a minimum dividend may be capitalised and distributed to all shareholders in the form of shares, calculated at their nominal value. For the distribution of further profits, the General Meeting decides by simple quorum and majority.

The Board of Directors of the Company, with Resolution No. 27/28.09.2023, decided to distribute an interim dividend for the financial year 2023, amounting to € 42.5 million, proportionally to each of the shareholders in accordance with the share of each of them in the share capital of HEDNO S.A., paid to them in December 2023.

For the financial year 1/1/2023 - 31/12/2023, the distribution of a divided of € 133 million will be proposed to the General Meeting of shareholders which is scheduled in June 2024.

2.3 Approved RAEWW Income and under-recovery development of Network Usage Charges

Based on the required revenue determined by the RAEWW Directive 868/2021, under-recovery for the year 2023 amounted to € 83.8 million. As of 01/12/2021, following the spin-off of the Electricity Distribution Network sector from PPC SA and its absorption by HEDNO SA, the Company is the owner of the Network since it is no longer shared.

2.4 Capital Expenditure

The Company's total investments for the financial year 2023 amounted to € 538.2 million. (2022: € 312.61). An amount of € 482.01 million (2022: € 254.45) relates to Repeat Projects (RP), an amount of € 56.1 million (2022: € 58.07) relates to Branded Network Projects and purchases of equipment, and an amount of € 0.09 million (2022: € 0.09) relates PPC Mining Projects. The RPs are a number of small medium- and low-voltage network development projects which are billed in aggregate on a monthly basis. Branded Projects are discrete projects with a specific scope, budget and planned duration. Finally, the PPC Mining Projects are projects of small value constructed in internal Medium Voltage and Low Voltage (MV, LV) networks of third parties in PPC Mines.

The RPs in the variations category include capitalised expenses related to improvements to the existing network for the installation of fibre optic by PPC amounting to € 3.68 million. (2022: € 1.06 million)

In 2023, distribution facilities were increased by 1,570 km in Medium Voltage (MV) networks and by 809 km in LV networks while 2,978 variations. Thus, the MV network extends to 116,976 km and the LV network to 130,341 km, while the installed transformers in the network amounted to 167,647 by 2023. The active users of the distribution networks amounted to 7,713,254, of which 17,285 belong to MV.

2.5 Main elements of implementation of strategic & branded projects for 2023

<u>Establishment of the Network Control Centre for Islands</u>

This project has been extended to the year 2023 and is currently underway carrying out the following actions:

- Receipt of SCADA / DMS has been completed by 09/2020 (Central Maintenance Contract for the respective systems of HEDNO SA).
- Work on the installation of RTUs in HV/MV substations and in APPs/LPPs is ongoing. Specifically, 32 HV/MV substations out of a total of 33 substations have been included in the CCS. The Atherinolakos substation is pending due to technical problems and for which alternatives have been launched.
- Installation of RTUs in the APPS, 12 substations and 5 Links involving cable interconnections (12 ναιsubstations of which 7 APPs- 5 LPPs) - and 5 Links
  - ✓ The original scope was 24 substations but was reduced to 12 due to upcoming interconnections and cost-benefit ratio. Materials exist for the entire scope. Of these materials 2 RTUs are planned to be used in Heraklion and the remaining 10 RTUs are available and will be installed increasing the scope of the project.
- Inclusion in the CCS of 12 APP-LPP substations, 7 link substations 1 BKII substation
  - ✓ The integration of 11 APPs-LPPs (6 APPs & 5 LPPs) substations, 4 link substations and 1 pilot BKII substation (and 30 city substations in synergy with Strategic Project 4) has been completed
  - ✓ The integration of 1 APP substation in Karpathos, 1 link substation in Ios (need for replacement of MV fields by NMID) and increase of the scope with the integration of 2 additional link substations (NH-1 in Heraklion and NH22) has been completed
- Integration of MV Networks into the CCS
  - ✓ Receipt of MV operational plans (AutoCAD) has been completed in 4/11 Regions (Lesvos, Samos, Chios and Heraklion) but only 2 Regions (Chios and Heraklion) maintain a constant updating process. For the Region of Heraklion there is a contract for the implementation of the projects. In addition, in the year 2023, the digitisation of the MV networks started in order to include the CCS of Rhodes, Syros, Chania and Ag. Nikolaos.

- Establishment of a Single NCC (Network Control Centre) in the DIR (Department of Islands Region) - Completion of Phase A of the staffing and supervisory operation (June 2018) - the sub-project was completed (with pending issues regarding the 2nd phase concerning the full staffing of the P NCC and its 24-hour operation).

Modernisation of Network Control in the rest of the country

The project is currently underway, carrying out the following actions:

- Receipt of new SCADA-DMS system
    - ✓ Through Strategic Project 1, 3 complete CCSs (one each for the Region of Macedonia-Thrace, the Region of Central Greece and the Region of Peloponnese-Epirus) and one disaster recovery CCS for the Region of Attica were procured, installed and put into operation. The new SCADA-DMS is identical to the one in the Department of Attica Region, has all the DMS applications and is in operation since 01/2020. The CCSs are installed on virtual servers in the data centre of the Information Technology Directorate.
- Installation of 44 RTUs & Replacement of 30 RTUs = 74 RTUs
    - ✓ To date, 56 out of the 74 planned new installations and replacements of RTUs have been carried out at an equal number of RTUs in the Department of Macedonia Thrace Region, Department of Central Greece Region and the Department of Peloponnese-Epirus Region and are expected to be fully completed in the coming years.
- Specifications for the establishment of the Regional NCCs - Completed the identification of the basic guidelines for the establishment of the Regional NCCs
    - ✓ The P-NCC of the Department of Macedonia Thrace has included in its operation the MV networks of 5 areas, extending the scope of the project by one region and supervises the basic alarms in all the HV/MV Remote Controlled Automatic Reset Switches of the Department of Macedonia Thrace. For the areas of Department of Macedonia Thrace, personnel training has been completed as well as the implementation of schematic diagrams in AutoCAD. At the same time, central supervision of key alarms has been completed, while naming of assets under the new rules has not started
    - ✓ The P-NCC of the Department of Peloponnese-Epirus Region has been set up and the training of the personnel has been completed. The schematic diagrams in Auto-CAD have been completed for the areas of the Department of Peloponnese-Epirus Region. Supervision of key alarms has not started and naming of assets under the new rules is 100% complete.
    - ✓ In the Department of Peloponnese-Epirus Region the P-NCC has been set up and the training of personnel has been completed and the supervision of all the basic alarms in the HV/MV Remote Controlled Automatic Reset Switches of the Department of Peloponnese-Epirus Region has been completed at 100%. Schematic diagrams are 100% complete and MV functional diagrams exist for all regions. Naming of assets under the new rules is 100% complete

Upgrading of peripheral remote control equipment in networks

The project is currently underway, carrying out the following actions:

- Pilot Installation of new Overhead Fault Passage Indicators (FPI)
    - ✓ Technical report on the 1st pilot implementation of 247 FPI has been completed
    - ✓ The contract for a new type of FPI was signed, , which were received on 12/2021 and installed in the networks of the Department of Attica Region (Attica and Andros)
    - ✓ The evaluation was completed and the technical report for the new FPI was submitted
- Remote Controlled Load Switches (2.000)
    - ✓ During the year 2023, the acceptance procedures were carried out and the distribution of the material of the 4th batch in the Regions has already been completed. This was followed by the 1st acceptance of the option on 12/2023 in order to install the equipment by mid-year 2025.
    - ✓ The 50% option has been activated.
    - ✓ Approximately 1378 Remote Controlled Load Switches have been installed, of which 98% have been interconnected and monitored.
- Remote Controlled Automatic Reset Switches (R/C ARS) 830 R/C ARS
    - ✓ Delivery of the 2nd batch was carried out during 2023. The 3rd delivery follows

- ✓ Personnel training was carried out and around 260 R/C ARS were installed (out of the 560 received in total)
- ✓ Training facilities of 10 R/C ARS per Region, 50 in total
- ✓ Partial Pilot Completion by 70% (35 Pilots) and completion of personnel training.
- ✓ The 50% option was activated during 2023

- Installation of indoor MV/LV 750 RTUs (remote control ML/LV substations)

  Delivery of the equipment was completed during 2023 and part of the planned equipment installation training has been carried out.

- Fault Passage Indicators for indoor MV/LV substations 830 FPI + 1450 RTUs for MV/LV substations
  - ✓ Trainings completed in 02/2023
  - ✓ By the end of 2023, 86 FPI and 106 NCUs have been installed on the Network.
  - ✓ At the same time, the utilisation of older FPI hardware and their connection to the new communication equipment was launched.
- FPI and LV Underground Network Communication Unit (NCU)
  - ✓ The sub-project was completed

<u>Installation of Geographic Information System</u>

The project is currently underway, carrying out the following actions:

- Supply and installation of software & peripheral equipment licenses
  - ✓ The procurement and installation of software licenses under the Enterprise licensing model was completed in 12/2020.
  - ✓ The tender for the supply of peripheral equipment (PCs, monitors, A3 printers, plotters and scanners) was completed in 03/2021.
  - ✓ The process of delivering peripheral equipment to the Regions has been completed.
- Supply and installation of 60 GNSS
  - ✓ Installation of GNSS equipment in the Regions - distribution of 60 GNSS systems to District employees (54/60 have already been delivered to the units)
- Call for tender for the selection of contractors for the digitisation of MV & LV networks (Regions)
  - ✓ Department of Peloponnese-Epirus Region and Department of Islands Region : The Court of Auditors decided that signing these contracts was prevented and the original tender was annulled. In the context of launching alternatives for the digitisation of the network, using own and external resources, a new tender for the digitisation of the network in GIS for the Department of Peloponnese-Epirus Region is underway.
  - ✓ Department of Macedonia Thrace Region: The contract for the digitisation of the Department of Macedonia Thrace Region was signed. Throughout the year 2023 the execution of the works of the concerned contract is ongoing.
  - ✓ Department of Attica Region AND Department of Central Greece Region: We have a final decision of the CoA to cancel the tenders - Digitisation using own and external resources. In the context of launching alternatives for the digitization of the network, using own and external resources, a new tender for the digitisation of the network in GIS for the Department of Central Greece Region is underway and is currently in the process of announcing a temporary contractor. At the same time, the tender for the contract with a contractor for the digitisation of the network of the Livadia area is in progress.
  - ✓ With regard to the Department of Attica Region: A contract with the contractor for the digitisation of the rest of the network of the Filothei-Kifissia and Elefsina area was signed . A pilot contract with a network contractor for the digitisation of part of the Peristeri Network was signed. In addition, the pilot use of DD-214 resources for the digitisation of part of Kallithea area is being implemented
- Introduction of MV and LV Networks - GIS
  - ✓ Parts of the following Network Areas have been digitised: Kallithea, Filothei-Kifissia, Peristeri, Central Thessaloniki, Karditsa, Lamia, Larissa, Livadia, Xanthi, Tripoli, Komotini, Lesvos, Athens, Piraeus, Elefsina and the entire fibre optic network

- ✓ Procurement of four LIDARs for the automated digital mapping of the network has been completed and procurement of additional ones has been extended.

- GIS user training
  - ✓ In the year 2023, additional trainings were carried out for District employees entering GIS mode - and external partners.

<u>New User Service Information System</u>

The project is in full swing, carrying out the following actions:

- On 30/01/2020, the Board of Directors of the Company approved the appointment of the association of companies "INDRASOFT INTERNATIONAL S.A. - OTE S.A." as the temporary contractor - the project started on 11/2020.
- Project Preparation - Phase A - Materials, Permits and Project Design was completed and the acceptance protocol was signed on 12/10/2021.
- The project started in 11/2020 and the design phase is in full swing
- The contractor delivered the expected deliverables in 04/22 which were not accepted by HEDNO.
- The new pilot blueprint for the New HT Connection process was completed and delivered, accompanied by minor observations
- Due to the complexity of the project, a redesign of the project took place in Q3/2023 and it recommenced in Q4/2023

<u>Installation of Customer Tele-Service Systems</u>

The development and operation of the Tele-service Centre for the notification of power outages by customers was completed. By 12/2018, all 59 administrative areas of HEDNO SA had been included in the Centre. The project was redesigned (budget and physical object) for the needs of the new Network Development Plan 2022-2026. There is no change in the status of the project within the year 2023

<u>Network Development Planning Upgrade</u>

The project was completed in 2023

<u>Development of NIIs Infrastructure in application of the Operation Code for Non-interconnected Islands (NIIs)</u>

The project is currently underway, carrying out the following actions.

- Metering infrastructure for NIIs Production Stations
  - ✓ 405 meters have been installed. The project was implemented entirely for the Crete and Rhodes Thermal Power Plants by HEDNO and for the APPs and LPPs by PPC, with design and specifications prepared by HEDNO and completed in 1/2023
  - ✓ The replacement of cables in the telecommunication loop of meters in all APPs and LPPs has been completed.
  - ✓ Completion of the software restart script download to the meters to address communication errors
- Development of central ECC infrastructure in Athens and local ECC in Rhodes
  - ✓ The contract for the development of infrastructure for the Energy Control Centre (ECC) in Athens and the local ECC in Rhodes was signed on 17.06.2022.
  - ✓ Phase 1 "Detailed Project Design" has been completed.
  - ✓ The sub-project is in full swing throughout the year 2023.
- Development of SCADA infrastructure in 27 electrical systems of NIIs
  - ✓ Phase 1 - Implementation Study and Phase 2 - Installation and commissioning of the CCS have been completed.
  - ✓ Phase 3 - Installation and operation of NIIs electrical systems (ES) is in progress
  - ✓ The development of 26 of the 27 NIIs electrical systems has been completed (completion of works for 27/27 ES-11/2022).
  - ✓ The installation of SCADA (Supervisory Control and Data Acquisition) and Energy Management (EMS) systems has been completed in the Serifos ES, Othones ES, Ereikousa ES and Ikaria ES.
  - ✓ Audits of the entire project have been completed.

- Development of methodological infrastructure for NIIs
  - ✓ Publication of the proposed Daily Energy Planning and operation report for the entire ES, in compliance with now RAEWW's (then RAE) decision No. 1009/2020
  - ✓ Conclusion of an SLA with a thermal producer for the provision of support services in the year 2022
  - ✓ Preparation of pre-manuals on Information and Market Operation NIIs in the year 2022
  - ✓ Completion of the implementation of the Operation Code for NIIs Methodology as regards the remuneration of conventional units and the specific fuel consumption curves
- Development of a NIIs information system
  - ✓ The development of an in-house information system (with HEDNO resources) for the pricing of RES as well as the liquidation of the energy market of NIIs was completed.
  - ✓ The development of the Access Requests and Licensing Status of RES/NIIs Producers subsystem, the development of the LR NII Subsystem, the development of the LR Guarantee Subsystem and the development of the NII Market Clearing Subsystem have been completed
- Development of ECC system infrastructures in the remaining 27 ES of the NIIs
  - ✓ Development of algorithms and functions in order to transform the infrastructure developed under Project 9.3 into a ECC
  - ✓ Creation of infrastructure, algorithms and configurations for RES generation and load provision
  - ✓ Creation of Daily Energy Planning algorithms and automation of Daily Energy Planning development

<u>Telemetry of LV customers</u>

During the years 2021 and 2022, the complete redesign of the replacement project of the LV meters with smart meters was completed, which included a revision of the action plan and operational plan, development of a new procurement strategy, the issuance of new issue specifications for meters, metering infrastructure, new telecommunications infrastructure and technologies, etc. In the year 2022, the first phase of the tender procedure for the new smart meters, based on the revised strategy, was launched and concluded with the final selection of four supplier schemes for the meter replacement project.

- There was an appeal against the tender procedure by Landys and Gyr, which was rejected by the Council of State. Subsequently, HEDNO proceeded to the next phase of the tender with the submission of bids on 7/12/2023 by the final shortlisted suppliers.
- At the same time, HEDNO proceeded to conduct an interim tender for the supply of metering equipment to ensure the availability of materials for the coming years in order to ensure the uninterrupted progress of the telemetry development project.
- In the year 2023 the process of prequalification of a telecommunications provider to meet the needs of the metering project was also advanced. One of the candidate providers submitted an appeal to the HSPPA (Hellenic Single Public Procurement Authority) after the announcement of the first evaluation. The appeal was rejected and the applicant lodged an application for annulment with the competent administrative courts of Athens

<u>Restructuring of the supply chain</u>

The project is currently underway, carrying out the following actions.

- Action 1 - Procurement Excellence
  - ✓ Completion of Category Management application, pre-evaluation tables application (measurement transformers, Synthetic Insulators), TCO application
- Action 2 - CAPEX execution - completed
- Action 3 - Strategic Network of Warehouses
  - ✓ Configuration of the new proposal regarding the future best spatial layout of the network of warehouses, new storage rules, renewed inventory profile and proposal for spatial reconfiguration of selected storage areas pilot design phase and storage of alternatives for storage development.
- Action 4 - Procurement Manual and New Model Tender Documents
  - ✓ The action is in the implementation phase and the Model documents are in the design phase.

- Action 5 - Sourcing Strategy for two categories of Materials
  - ✓ The action is in the process of awarding the contract

Creation of an Information Management System (IMS)

The redesign of the project, which now consists of 2 main sub-projects, has been completed; the first sub-project concerns the development of a new integrated Information Management System, which will facilitate data management and will be a platform for the consolidation of the operational and information systems of HEDNO SA. The second sub-project concerns the completion of the information systems of HEDNO SA between them.

- Subproject 1 (Business Analytics & Data Management Department):
  - ✓ The overall project review study on technical issues has been completed and the operational and infrastructure specifications have been updated
  - ✓ Budget Extension for Inclusion of Governance Platform and Additional Services has been completed to cover Analysis / Extension Needs
  - ✓ The tender procedure was completed in 07/2023 and the evaluation of the tenders is in the process of being completed by the end of 2023.
- Subproject 2 (Information Technology & Digitalisation Department)
  - ✓ The design of the project was revised in the context of the Network Development Plan 2022-2026
  - ✓ The process of drafting the specifications of the tender is in progress

Underwater interconnection projects MT

- Completed the installation of 2 underwater cables of the new MV interconnection of Kalonis Gulf of Lesvos. Electrification missing
- The project of the interconnection of the Paros - Antiparos underwater interconnection was completed and electrified
- Licensing of the interconnection project LV Plaka - Spinalonga has been completed. Work began in 2023.
- The preliminary study and the technical tender documents of the seabed study for the Serifos - Sifnos and Serifos - Kythnos interconnection project have been completed. A seabed study is pending.
- The contract for the Medium Voltage Interconnection Upgrade project for the South Aegean islands (20km) was signed. It is expected to be completed within 2024.

Substations and cable line projects

- The project Relocation of 2 existing HV cable lines within Elliniko was completed in 03/2023
- The contract was signed on 07/2023 and design and equipment approvals have been given for the projects Increase Within the Trikala High Voltage Centre and Increase Within the Domokos High Voltage Centre.
- Signing of the contract and start of works in 2023 for the New substation in Milos, New substation in Folegandros and New substation in Serifos projects
- Increase of the Grevena substation: The MV side has been completed. Delivery of 50 MVA transformers is expected.
- Increase of the Oinofita substation: Increase by a total of 50MVA, by replacing both 150/20kV, 25MVA transformers with new 50MVA transformers and extending the MV side with new gates. The extension of the MV side has been completed. The extension of MV will be done in a similar way to Grevena (same contract). Receipt of the transformer and its installation within 2024.
- New substation in Amfilochia II: Construction work on the substation has begun. Electrification is expected within 2024.
- Reconstruction with increase of the Corfu I substation: Upgrade of the transformer to 150kV, installation of two 150/20kV, 50MVA and extension of the MV side. Receipt and electrification of transformer 2 and commencement of operations for transformer 1 from 10/2023. The Special Environmental Study is at an advanced stage, while the installation of electromechanical equipment on the 150kV side is in progress.
- Substation Distribution Centre of Ilion: 4 offers were received (12/04/2022). In the phase of evaluation of the financial offers (03/2023). The signing of the contract is in the final stage.

- Cable lines of new Distribution Centre of Ilion: Approval by the Managing Authority and the publication of the project notice is pending. Completion of the commercial documents and dispatch to the Managing Authority - The tender was published in 12/2023.
- Substation Distribution Centre of Keratea: Drafting of the technical specification is in progress. Completion of preliminary design and tender documents The tender procedure was completed at the end of 2023.
- Substation Reconstruction and increase of the Arachthos High Voltage Centre: The contract was signed on 03/2023. The project started in 06/2023.
- Increase of the Pylos substation: The replacement of both transformers has been completed. 2 offers were submitted for the extension of MV in 02/2023. Completion of tender evaluation and award on 29.06.2023. Signing of the contract for the extension of MV in 10/2023.
- Increase of the Skydra substation : The award was made, approval was received by the EYSTA (Recovery and Resilience Facility Agency) and the contract was signed. Field work is expected to start in 03/2024.
- Substation within Meliti High Voltage Centre: The award was made, approval was received by the EYSTA (Recovery and Resilience Facility Agency) and the contract was signed. Field work started in 11/2023.
- Increase of the Florina substation: The award was made, approval was received by the EYSTA (Recovery and Resilience Facility Agency) and the contract was signed. Field work started in 10/2023.
- New Thira substation: The contract has been signed and the execution of the project is in progress.

3. Risk Management

3.1 Organisation and risk management

Management of the risk, i.e. management of the impact of uncertainty on the achievement of the Company's objectives, which is a fundamental element of the strategic pillars of HEDNO SA, is the competence of the Corporate Risk Management Committee (CRMC).

The corporate risk management as a function in HEDNO S.A. has the following characteristics:

- It is a continuous process, which takes place within the Company.
- It is decided by the Management and implemented by the employees at every level.
- It applies to the entire HEDNO SA, at every level.
- It is designed to help identify potential opportunities or threats to the Company's performance.
- Can provide reasonable assurance and security to members of management.
- It is oriented towards the achievement of the Company's objectives.

In addition, its importance lies in the fact that:

- contributes to the avoidance of foreseeable risks.
- enhances the adoption of appropriate decisions.
- reduces losses and losses arising from unforeseen events.

The Company follows the international standards 31000: 2018 and 31010: 2019 for risk management. On this basis, risk can be defined as: "a concept used to express uncertainty about events and their outcomes that could have an effect on the goals and objectives of an entity" (ISO 31000:2018). It is found in the activities of all organisations regardless of their purpose and the structure of their functions. Organizations are constantly faced with a variety of risks.

3.2 Major Risks

The Company's activities are affected by various types of risks, which are analysed below.

Regulatory and legislative developments and tax risk

Taking into account in particular the competences and the general framework of operation of HEDNO S.A., the change in its shareholder composition with the entry of a 49% minority shareholder, the cumulation in the company's profil and the status of the owner of HEDN and certain important aspects of the general legal framework governing the company's activities, the main indicative legal, regulatory and tax risks and challenges for the company are:

a) Issues related to the legal nature of the company and especially how aspects of this issue are interpreted by the Greek Courts, which sometimes creates an environment of significant insecurity and especially regarding the applicable framework and the clear demarcation of individual important obligations of the company (e.g. at the level of labour law, legal characterisation of HEDNO contracts, etc.).

b) The need to adapt both the secondary - regulatory framework and the company's own structures - internal operation to the new changing environment of the electricity market and the new multidimensional role of the Network Operator, which also concerns the general issues of staffing - recruitment of the company.

c) Significant specific challenges in the field of RES and in general in generation and network management issues (e.g. ancillary services, flexibility services, network management in green transition regime, etc.) in combination with the need for the company to achieve other "climate goals" such as energy efficiency.

d) Non-compliance risks, such as, but not limited to, personal data protection issues, compliance issues with the increasingly complex operating framework (especially the secondary - regulatory) of the electricity market, which as a risk potentially poses issues of significant fines for the company.

e) Risks from pending litigation. The Company is involved in various legal cases and has various pending obligations related to its normal activities. Based on the information available up to date, management believes that the progress of these cases will not have a significant impact on the Company's comprehensive income or financial position and that no additional provisions are needed, beyond those included in the financial statements.

f) Tax risks, such as the risk of changes in tax and other regulations with a potential impact on the Company's income statement.

Risk of cost absorption that RAEWW is unlikely to approve

Since RAEWW does not approve some of the cost data of HEDNO SA, this may have a negative impact on the income statement and the liquidity of the Company.

Interest rate risk

The Company is exposed to the risk of rising interest rates as it has entered into loan agreements with floating interest rates, which are linked to Euribor, and may affect the Company's cash flows and income statement.

The strong inflationary pressures resulting from the energy crisis and the recent geopolitical turmoil in Ukraine and the Middle East have affected the performance of the global and national economies. Since July 2022, central banks have been gradually raising interest rates in an attempt to curb rising inflation. Given that these measures have worked to some extent, but have also led to a recession in the global economy, no further increase in interest rates is expected, while financial markets are already anticipating a gradual easing of interest rates within 2024.

Given the uncertainty that remains, in order to hedge the interest rate risk arising from floating rate loan contracts, the Company has entered into OTC derivative contracts (Interest Rate Cap) that allow the Company to hedge against a positive 6-month Euribor rate while paying a premium.

Credit Risk

The Company is exposed to credit risk related to its trade receivables, while the general economic climate with the significant increases in electricity prices has a negative impact on liquidity. With regard to the timing of the collection of receivables, the Company closely monitors those receivables that are overdue and takes all necessary measures to address this risk. The timing of repayment of the receivables regarding the operation of the Energy market is determined by RAEWW. In addition, under the current regulatory framework, the Company receives guarantees from electricity suppliers to mitigate credit risk. On 01/10/2022, the Company insured, for the first time, part of its credits for proven insolvency of the debtor with the insurance company Atradius Credito y Caucion SA with an annual contract. On 01/10/2023 the Company extended for an additional year the relevant insurance coverage by signing a new credit insurance contract with the insurance company Atradius Credito y Caucion SA.

Liquidity risk and cash flow risk

Liquidity and cash flow risk is related to the need for sufficient funding for the operation and development of the Company. The Company manages this risk by monitoring and planning its cash flows and acts appropriately by ensuring, as far as possible, adequate credit limits and cash reserves. The Company's cash and liquidity is monitored on a daily basis.

Commodity price risk

The prices of the main raw materials used by the Company for both the operation of the Network and its development are determined by the international commodity markets and result in the Company's exposure to the risk of price fluctuations.

Risk of increased costs of network maintenance and operation - Failure to meet efficiency targets

The risk of higher than expected maintenance and operation costs of HEDN is a permanent contingency, as unforeseen factors affecting its operation (especially those outside the sphere of responsibility of HEDNO SA, such as those due to force majeure and adverse weather conditions) are numerous and potentially prevent the company from achieving its objectives.

Risk from unaudited fiscal years

The Company has not been audited by the tax authorities for the years 2018 - 2023.

The tax certificates of HEDNO SA by the auditing company for the fiscal years 2018 - 2022 were issued with unqualified opinion.

The audit for the issuance of the tax certificate for the year 2023 has been assigned to the certified auditors of the firm Ernst & Young (Hellas) Certified Auditors SA, and it is already in progress.

Upon completion of such work, the Company's management does not expect to incur significant tax liabilities beyond those recorded and reflected in the financial statements.

Cybersecurity and information systems risk

Much of the Company's operations rely on their information systems and are therefore exposed to risks such as system unavailability, data corruption, power outages, malicious cyber-attacks and unauthorised access to these systems. The frequency, complexity, success rate and size of cyber-attacks against large organisations worldwide continued to increase in 2022 and especially since the war between Ukraine and Russia began. To reduce these risks, the Company takes measures to enhance the security of its information systems, such as the definition and continuous updating of relevant policies and standards and the coverage of IT systems with maintenance contracts. As a potential incident in the Company's cyberspace could affect both the business continuity of the organization and the wider energy market of the country, the Company addresses cybersecurity risk as a priority and continuously invests in securing both its information and operational technology environment. In this context, the Company has completed an extensive cybersecurity transformation program that has enabled the organisation to integrate cybersecurity into its strategy, structure and operations, from the development of new digital products and services to the protection of personal data and information and operating systems. The Company believes that they currently have adequate security policies and procedures in place to address risks related to the operation and maintenance of their IT infrastructure and regular audits are performed to ensure the security of their systems and there is continuous monitoring for immediate detection of potential malicious actions as well as gradual integration of key information security and data protection mechanisms such as DLP, PAM, IRM, DCL & IAM.

Health and Safety Risks

Due to the nature of its activities, the Company faces risks that may have a significant impact on the health and safety of its employees.

The Company considers the health and safety of its employees of paramount importance and has updated its policy on this issue, focusing on taking all measures and providing all means and necessary resources to ensure the protection of the life, physical and mental health of its personnel. The policy aims to create a healthy and safe working environment for employees, partners and visitors and is at the heart of HEDNO's business policy.

At the same time, in compliance with the legislative framework, the Company employs a significant number of safety technicians and occupational physicians to provide advice on the application of safe working methods and the necessary protective measures.

Risk of lack of environmental permits in storage areas

The Company faces the risk of sanctions from the competent ministries, as well as from RAEWW, due to the lack of the required environmental permits at the storage areas.

HEDNO SA sets as a priority the full harmonisation and compliance with the environmental legislation, the competent Ministries and RAEWW. In this context, in 2023 it formulated the Guidelines on Environment and Climate Change.

Following the Environmental Due Diligence Report of the Company's Regional Warehouses, which was prepared in 2021 by an external consultant, HEDNO carried out on-site visits to its critical warehouses in order to assess and record the current situation (organisation, operation and storage of waste, hazardous and non-hazardous) and to find optimal solutions for the smooth disposal process of the materials.

In 2022 the Company entered into contracts for the licensing of the Regional Warehouses in cooperation with an external consultant. The relevant actions for the issuance of the operating permits and the creation of the conditions for compliance with the environmental conditions are underway.

In addition, in order to minimise environmental risks, HEDNO has initiated the recording and monitoring of environmental incidents that occur during the execution of works by its crews and Contractors.

Finally, the Company aims to develop and implement an integrated environmental management system in accordance with the international standard ISO 14001, an action-activity that is scheduled to take place in 2025 in order to improve the environmental performance of HEDNO.

Risk from lack of insurance

The Company does not insure the inventory of materials and spare parts it maintains. Taking into account the dispersion of warehouses within Greece - the total number of tax warehouses is 208, of which only 27 have a stock value of more than € 1.5 million, while the maximum value in one warehouse is € 39.9 million - we believe that the Company faces a limited risk of a potential significant loss, which would have a corresponding impact on its profitability.

Civil liability risks are not insured, however, the Company has commissioned a recognised firm to carry out relevant studies for the insurance of the Company's premises and third party liability risks and is in the process of redefining its general insurance practice.

In this context, on 01/10/2022, a contract was concluded for the first time for "Cyber Risk Insurance" - "Data Protection & Cyber Liability Coverage" with the insurance company Evropaïki Pisti S.A., of an annual duration, to cover damages from cyber-attacks. This insurance coverage was deemed necessary and is in line with the Company's Cybersecurity Strategy. On 01/10/2023, the Company entered into a new "Cyber Risk Insurance" contract with the insurance company ALLIANZ EUROPAIKI PISTI SOLE SHAREHOLDER INSURANCE SOCIÉTÉ ANONYME, with an annual duration, increasing the amount of coverage.

Legal and compliance risks

General Data Protection Regulation

The General Data Protection Regulation (GDPR) sets strict operational requirements for controllers and processors for the processing of personal data. The Company operates in an industry with a significant volume of processing of personal data (employees, consumers, producers, partners) and is therefore inevitably exposed to the risk of non-compliance. Any failure to adequately address data protection and/or privacy concerns, even if unfounded, or to comply with applicable data protection laws, regulations and policies may result in additional costs and liability for the Company, damage their reputation and adversely affect their business.

Risk from pending litigation

The Company is a defendant in a significant number of cases, the negative outcome of which may have a significant impact on its income statement. In view of this risk, the Company has formed a relevant provision, which is updated with the applicable data.

Risk of breach of the time limits of the Guaranteed Services

HEDNO SA, in accordance with the relevant Decisions of RAEWW, is obliged to provide Guaranteed Services (technical services, service of new connections, etc.), at specific times to consumers. The violation of these time limits requires the payment of fixed amounts to the beneficiaries, which are not included in the annual required revenue by RAEWW.

On 01/04/2020, RAEWW issued a new relevant Directive (1151 A/2019) amending the Guaranteed Services program of HEDNO SA to consumers, which entered into force on 01/07/2020. This Directive shall apply as amended by Directive 1593A/2020 issued by RAEWW. The amount for the first half of 2023, which amounted to € 780 thousand, was paid to consumers in October of the same year. The amount of the compensations for the second half of 2023 amounted to € 789 thousand. It is worth mentioning that based on the above Directives of RAEWW, for the Guaranteed Service 3.2 (voluntary termination) the payment amount was calculated for those customers who had submitted their IBAN.

4. Labour issues

HEDNO SA implements modern management practices of its human resources and ensures the creation of a modern working environment of equal opportunities. At the same time, the Company is committed to ensuring the health and safety of its employees, which is achieved through the implementation of existing policies and procedures, which on the one hand are in line with current legislation, best practices and international standards, and through the implementation of relevant training programmes.

Furthermore, it respects human rights and trade union freedoms and opposes child, forced and compulsory labour, as well as all forms of discrimination. The Personnel Rules of Procedure of PPC SA (SRP/DEI) regulate, among other things, the rights and obligations of employees, the terms of employment contracts, the relations formed in the performance of work and the exercise of disciplinary powers.

The Collective Agreement (ESSE) of the Company's personnel was renewed on 21/04/2021 for a period of 3 years. The general provisions of this agreement provided for the insurance of personnel in a Group Health Insurance Scheme for the duration of the ESSE, subject to the provisions of Article 31 of Law 4024/2011, as currently in force. The team contract came into effect on 01/03/2019 and will expire on 31/05/2024. The Company also covers its executives against third parties through a special Civil Liability Insurance policy.

By Decision No. 210/22-12-2021 of the Managing Director, the following were put into effect from 15/11/2021 and onwards:

- Removal of the salary cap
- Granting to the personnel employed by the Company with employment contracts (for a fixed or indefinite period of time) and paid mandate, the holiday and leave allowances, according to the relevant provisions of the labour legislation, as they were applied in PPC SA before the entry into force of Law 3845/2010.
- The subsistence allowance shall be paid to personnel members in accordance with the rules in force, without limitation of the salary ceiling.

The Board of Directors' Resolution No. 973/20.12.2022 approved the proposal of the Company's Remuneration and Recruitment Committee regarding the payment of holiday and leave allowances to executives employed under individual contracts of mandate or fixed-term employment of three years' duration.

The Company has a Training Project Management System for the analysis and identification of training needs, the design of training programmes, the selection of trainees, the selection of trainers, the organisation and implementation of training programmes, and the evaluation of the training project (training cycle).

4.1 Recruitment 2023

By 31/12/2023, the following 779 recruitments had been made. broken down as follows:

Category	Notice 7K/2018	HEDNO notice 8K/2020	HEDNO notice 01/2021 & 02/2021	HEDNO notice 01/2022	HEDNO notice 01/2023	Transfer from PPC	Directors Executives
PE (University Education)	5	1	121	65	-	2	21
TE (Technological Education)	1	-	70	39	-	-	-
DE (Secondary level Education)	1	-	37	271	144	1	-
Total	7	1	228	375	144	3	21

4.2 Termination of service 2023

Within 2023, 535 employees left the Company.

By the Board of Directors' resolution No. 3/02.03.2023 it was decided to approve the granting of a voluntary departure incentive, employee compensation, as a voluntary benefit, compensation in the amount of € 20 thousand to employees who resign due to the completion of retirement requirements and age limit. The date of entry into force of the Decision was set on 31/07/2023.

With Law 4533/2018 (Government Gazette A 75/27-04-2018), paragraph 3 of article 25 of Law 4491/1966 (Government Gazette A 1/04.01.1966), as well as any other relevant, general or specific provision of law or clause or term of the Labour Regulation or Collective Agreement and, therefore, the compensation to which the personnel covered by the SRP-PPC is entitled due to termination of service, corresponding to an amount of € 15 thousand, shall not be offset against the one-off allowance paid by the relevant insurance company.

Articles 3-9 of Law 4643/2019 (Government Gazette A 193/03-12-2019) regulated issues of personnel, remuneration and procurement policy of HEDNO SA. Also, with Article 11, dated 01/01/2020, the special personnel tariff for electricity usage was adjusted so that the resulting discount on the charge for electricity usage does not exceed 30%."

5. Environmental Issues

The Company ensures the implementation of good environmental management practices, significantly reducing the impact on the environment and biodiversity.

In this context, HEDNO monitors the annual environmental performance. In this direction, in 2023 the calculation of the Carbon Footprint of direct (Scope 1) and indirect (Scope 2 and 3) greenhouse gas (GHG) emissions was carried out, indicatively from combustion in stationary and mobile equipment, electricity usage, electricity losses in the grid, supplies of goods and services and waste management, covering the period 01/01/2022 - 31/12/2022. The methodology for calculating the carbon footprint was verified according to ISO 14064-1: 2018 by an external certification body.

The Greenhouse Gas (GHG) emissions data related to the activities of HEDNO were, among other elements, the basis for the calculation of the environmental indicators in the 1st annual assessment of the Global Real Estate Sustainability Benchmark (GRESB) through the submission of the Infrastructure Asset Assessment in 2023 and in the 3rd Sustainable Development Report of the PPC Group prepared in 2023.

Furthermore, in the context of the PPC Group's commitment to achieve the carbon neutrality target by 2040 in order to limit the temperature increase to 1.5°C based on the Net-Zero (net zero emissions) standard of the Science Based Targets initiative (SBTi), HEDNO as a member of the PPC Group participated in the development of the target.

Key actions to strengthen the network, while contributing to the protection of biodiversity and birds, are the undergrounding of networks, the replacement of bare Low Voltage (LV) and Medium Voltage (MV) conductors with twisted-pair cables and the installation of insulating covers on the conductors of the network. Indicatively, within 2023, 1,486.25 km of LV striplines were dismantled, while 1,960.09 km of twisted-pair cables were installed. At the same time, it implements actions to mitigate the effects of forest fires by improving the resilience of the network, such as tree pruning and clearing vegetation alongside.

Preventing the loss of biodiversity, as well as protecting and preventing risks for endangered species are an integral part of the company's environmental strategy. For this purpose, HEDNO:

- Implements measures for the safe stay of storks in Greece. These measures include the placement of artificial nests to attract breeding storks to Electricity Distribution Network poles, repairs or replacements of nests, nest relocations, especially when hygiene issues arise (because food such as snakes, rodents and frogs fall from the nests). In August 2023, the Chalastra Branch of the Management Unit of Protected Areas of Central Macedonia (MUPACM) recorded the active nests and the number of storks chicks and found that in the 54 settlements of 5 Prefectures around the National Park of Axios Delta (Thessaloniki, Kilkis, Imathia , Pieria and Pella) an increase in the number of active storks' nests (321 in 2022, 334 in 2023) and an increase in the number of chicks (355 in 2022, 380 in 2023) was observed.

- Takes measures for the safe passage of birds in Greece, with interventions that contribute to the protection of birds, such as the installation of special insulating covers in selected locations of the aerial medium voltage distribution network, the replacement of striplines with twisted-pair cables and the development of underground networks, mainly in forest areas. For example, HEDNO participated in the LIFE17 NAT/GR/000514 - LIFE Bonelli eastMed (2018-2023) project, for the conservation and management of the Bonelli's eagle population in the Eastern Mediterranean. The program was implemented in 22 Natura 2000 sites in Greece and Cyprus. HEDNO signed a Memorandum of Cooperation with the Ministry of Environment and Energy and the University of Crete (November 2021). The Natural History Museum of the University of Crete supplied the insulating covers and HEDNO undertook their installation in selected locations of the overhead Medium Voltage Distribution Network. The covers are planned to be placed on top structures on a total of two hundred and thirty (230) localized poles of the MV aerial network in mainland and island Greece. The work of placing materials to avoid electrocution incidents in the area of Prasia (Prassano Gorge) in the prefecture of Rethymno was completed in 2023 and the area that is in close proximity to the nesting area of the species, according to the science officers, has been covered. The materials will be used in areas of the prefecture of Rethymno for transformers and poles.

Aiming at the safe passage of flamingos in the area of Tourlida in Messolonghi, in the first half of 2023, the project for the undergrounding of the Medium (7.52 km) & Low (3.79 km) Voltage Distribution Network along the provincial road of Messolonghi-Tourlida began. A similar pilot project to replace striplines with covered conductors in MV lines was implemented in Pisia, Corinthi, in October 2021.

-Assists in stork chick ringing activities (Banding). Ringing of chicks is done for the study of migratory movements, lifespan, fidelity to breeding areas, overwintering and behaviour of the species. On 23/6//2023, 16 stork chicks were banded in Aeginio, Pieria, by MUPACM in cooperation with the Hellenic Bird Banding Centre (EKDP) and the assistance of HEDNO (Katerini Area).

- Searches for future collaborations to support the actions of protection and conservation of birds in protected areas of Greece. The cooperation concerns the coordination and exchange of information in order to implement measures and actions aimed at preventing and combating potential threats to endangered species of avifauna within protected areas where the HEDNO network is located. The cooperating parties aim to create and implement a coherent and effective system for monitoring the mortality of protected bird species, while considering the possibility of future cooperation with the Ministry of Environment and Energy, the Natural Environment and Climate Change Agency (NECCA) and the Hellenic Ornithological Society with a view to implementing targeted activities, such as the placement of appropriate covers in peak constructions on localized electricity distribution network poles.

-In 2023, HEDNO received 27,773 pieces of wooden poles impregnated with water-soluble preservatives, continuing the installation plan in the overhead network, in order to examine the use of the alternative preservative formulation. In this direction, in 2023 the conclusions of the expert consultant were studied for the review of the legal framework governing the overall management of poles and the development of an action plan based on best practices at all stages of their life cycle in the networks and associated facilities of HEDNO SA, with a view to the safety of workers and the protection of the environment.

6. Projected Evolution

The Company, realizing that the HEDN's facilities are strategic infrastructures of key importance for the productive and economic reconstruction of our country, for the decarbonisation of the energy sector and for the prosperity of Greek citizens, continued in 2023 the development, continuous modernization and digital transformation of HEDN.

In order to achieve the goal of digital transformation and the modernisation of its facilities and processes, the Company implements investments in important strategic projects, such as the telemetering of all meters of the network users' supplies, the tele-control of the MV networks, the management of the network information with a unified geographic information system (GIS) and the implementation of a new system to upgrade the service to HEDN users and the modernisation of technical and commercial processes. In a separate section a detailed reference is made to the development of strategic projects.

7. Non-Financial data

7.1 Non-financial information 2023

Total employees of HEDNO SA on 31/12/2023	5,882 people
Women employees (number)	1,466 women
Women employees (%)	25%
Number of employees with a Collective Agreement	4,814 persons
Employees with a Collective Agreement (%)	82%
Total number of employee accidents (number of employees)	93
Accidents that led to absence from work for ≥1 day	73
ESAW accidents (excluding accidents due to illness, accidents from/to work and accidents that led to absence from work for ≤3 days)	36
Total number of fatal employee accidents (number of employees)	-
Irrevocable court decisions concerning cases of human rights violations in the workplace (number of cases)	-
Irrevocable convictions of criminal courts on matters falling within the criminal offenses of corruption, abuse of power, embezzlement, theft, infidelity, bribery, passive corruption, fraud, forgery, false certification or falsification of documents, use of false attestation, breach and breach of judgment (number of judgments)))	-
Donations and sponsorships (amount in €)	€ 1,031,606
Power/supply interruption frequency (SAIFI) (average annual number of interruptions per customer)	1.83 breaks /customer
Power/Supply average interruption duration (SAIDI) (average annual interruption time in minutes per customer)	137 minutes /customer

7.2 Service times for new connections

The average service time (design-build) for simple new user connections was 27 working days, 70.2 working days for connections requiring network work and 71.53 working days for network variation requests.

8. Significant Transactions with Related Parties

Trade and other receivables and liabilities with related parties as at 31/12/2023 and 31/12/2022 are as follows:

	31/12/2023	
	Trade and other receivables	Liabilities
PPC SA	94,871	0
PPC Renewables SA	0	-6,381
Athens Water Supply and Sewage Company (EYDAP)	0	-47
HELLENIC POST OFFICE (ELTA)	35	0
ELTA COURIER	0	-48
ETVA	0	-4
EYATH	1	0
OSY	0	-1,149
AIA	27	0
GAIAOSE	9	0
OKAA (Central Markets and Fishery Organizations)	0	-5
Total	94,943	-7,634

	31/12/2022	
	Trade and other receivables	Liabilities
PPC SA	34,684	0
PPC Renewables SA	0	-6,243
Athens Water Supply and Sewage Company (EYDAP)	0	-41
HELLENIC POST OFFICE (ELTA)	408	0
ELTA COURIER	0	-49
ETVA	0	-6
EYATH	1	0
AIA	23	0
GAIAOSE	1	0
Total	35,117	-6,339

The accrued trade and other receivables and liabilities with related parties for the fiscal year ended on 31/12/2023 and on 31/12/2022 are as follows:

	31/12/2023	
	Accrued receivables	Accrued Liabilities
PPC SA	209,138	-140,889
PPC Renewables SA	26	-599
HELLENIC POST OFFICE (ELTA)	78	0
AIA	22	0
Total	209,264	-141,488

	31/12/2022	
	Accrued receivables	Accrued Liabilities
PPC SA	139,948	-66,692
PPC Renewables SA	14	-531
HELLENIC POST OFFICE (ELTA)	467	0
AIA	18	0
Total	140,447	-67,223

The transactions with related parties for the fiscal year ended on 31/12/2023 and on 31/12/2022 are as follows.

	01/01/2023-31/12/2023	
	Invoices to	Invoices from
PPC SA	1,644,014	-1,435,844
PPC Renewables SA	38	-7,165
ARKADIKOS ILIOS 1	17	0
ILIAKO VELOS 1	8	0
SOLARLAB	91	0
VOLTERRA DOUKAS S.S. S.A.	27	0
VOLTERRA KOUKOULI S.S. S.A.	24	0
KPM ENERGY	74	0
Athens Water Supply and Sewage Company (EYDAP)	26	-73
HELLENIC POST OFFICE (ELTA)	3,040	-1,235
ELTA COURIER	0	-9
ETVA	0	-62
EYATH	43	-6
STASY	0	-2
OSY	5	-4
AIA	247	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
HELLENIC PUBLIC PROPERTIES CO. (HPPC)	1	-1
Total	1,647,655	-1,444,402

	01/01/2022-31/12/22	
	Invoices to	Invoices from
PPC SA	1,374,156	-975,558
PPC Renewables SA	80	-8,163
Lignitiki Megalopolis SA	44	0
Lignitiki Melitis SA	312	0
Athens Water Supply and Sewage Company (EYDAP)	89	-51
HELLENIC POST OFFICE (ELTA)	9,566	-1,590
ELTA COURIER	0	-35
ETVA	0	-5
EYATH	6	-5
STASY	4	-1
OSY	2	-8
AIA	222	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-11
ILIAKO VELOS 1	91	0
Hellenic Saltworks	2	0
Total	1,384,294	-985,427

The invoices to PPC SA concern the majority of invoices for network utilization fees, network projects, PSOs and energy sales to NIIs. This amount includes an invoice of € 2.3 million for the recovery of design costs for the fibre optic network as well as an invoice of € 3.7 million for PPC's participation in the construction costs of the fibre optic network, which will be recognised in revenue over 35 years following the accounting treatment of participations (Note 3.1.10)

The invoices from PPC SA mainly concern purchases of energy from its thermal power stations in the NIIs, in exchange for PSO and additional services of PPC SA to HEDNO SA. The invoices from PPC Renewables refer to energy purchases in NIIs.

HEDNO SA, in the context of its business activity, carries out transactions with a large number of companies under state control, whether for profit or not (provision of services, sales of energy, acquisition of services, etc.). All transactions with the state-controlled companies are carried out on commercial terms.

9. Company Management

9.1 Members of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS OF HEDNO SA as at 31/12/2023				
NAME	POSITION	PROFESSION	COMMENCEMENT OF TERM OF OFFICE	END OF TERM OF OFFICE
Kefalogiannis Michail	President Non Executive Member	Economist	28/02/2022	07/02/2024*
Manos Anastasios	Managing Director	Naval Architect - Mechanical Engineer	30/06/2022	30/06/2025
Paterakis Alexandros	Non-Executive Member	Computer and Mathematics Engineer	28/02/2022	28/02/2025
Aggeletopoulos Evaggelos	Independent Non Executive Member	Business Consultant	28/02/2022	28/02/2025
Hatzimichail Sotirios	Non-Executive Member	Electrical Engineer	28/02/2022	28/02/2025
Papageorgiou Alexandra	Non-Executive Member	Business Administration	28/02/2022	28/02/2025
Brimont Stephane	Independent Non Executive Member	Engineer	28/02/2022	28/02/2025
Rakowski Arthur	Non-Executive Member	-	28/02/2022	09/06/23 (replacement)
Plecas Ana	Non-Executive Member	-	09/06/2023	28/02/2025
Antonanzas Alvear Miguel	Non-Executive Member	-	28/02/2022	28/02/2025
Aikaterinari Ourania	Non-Executive Member	Electrical Computer Engineer	28/02/2022	28/02/2025

*On 07/02/2024 Mr Kefalogiannis Michail resigned from the position of Chairman and member of the Board of Directors and Mr Alexandridis Konstantinos succeeded him as a new member and Chairman of the BOD.

9.2 Management remuneration

The remuneration of management members - members of the Board of Directors and General Directors - is as follows.

	31/12/2023	31/12/2022
Remuneration of Board Members		
Executive Directors' fees	193	155
Executive Directors' fees	315	104
Compensation / extraordinary remuneration	201	90
Employer contributions	80	38
Total	789	387

	31/12/2023	31/12/2022
Remuneration of the Deputy Managing Director and General Directors		
Payroll	699	749
Compensation / extraordinary remuneration	851	458
Employer contributions	121	106
Other benefits	1	1
Total	1,672	1,314

In the comparative information the line item “payroll” amounted to € 749 thousand appears increased by € 53 thousand in relation to the published amount as of 31/12/2022, as during the previous reporting year the inclusion of the Christmas bonus was omitted.

10. Branches

The Company has 7 branches and 208 tax warehouses nationwide.

11. Treasury Shares

No treasury shares were acquired during fiscal year 2023.

12. Financial Instruments

The Company's total borrowings as of 31/12/2023 amounted to € 1,637.1 million compared to € 1,445.1 million 31/12/2022, and the annual average cost of its total borrowings - including the guarantee cost of the Greek State for the loans of the European Investment Bank ("EIB") and the Black Sea Trade & Development Bank ("Black Sea") - is estimated at 4.05% as at 31/12/2023 compared to 3.60% as at 31/12/2022. During 2023, the Company made debt repayments of € 141.01 million for long-term debt and € 70 million for loans and borrowings. On 31/12/2023 the Company had no current liabilities from mutual accounts.

The loans and borrowings of HEDNO SA consist mainly of fixed interest rate loans from EIB and Black Sea, received by PPC SA with the split of the Distribution Division on 30/11/2021.

In addition, in July 2022, the Company entered into two new bond loans with Eurobank and the National Bank of Greece ("NBG"), with a floating interest rate linked to the 6-month Euribor.

Specifically, on 19/07/2022 the Company signed a contract with Eurobank for the issuance of a joint bond loan of up to € 660 million, with the possibility of extension for an additional € 440 million. In particular, on 03/08/2022 the Company proceeded with the first bond issuance of € 150 million and on 22/09/2023 the Company proceeded with the second bond issuance of € 150 million.

At the same time, on 19/07/2022, a bond loan agreement was signed with NBG in the amount of € 22.52 million, for the purchase of a property, and was drawn on 16/12/2022.

In addition, on 20/04/2023, the Company disbursed the remaining amount of € 230 million under the open line of financing with the EIB, for a total amount of € 330 million, for the modernisation of the Company's Distribution Network in Greece.

In the context of the first phase of the installation of smart metering systems in Greece, which is expected to be financed up to 80% by a combination of the Recovery & Resilience Fund ("RRF"), EIB and Hellenic Systemic Banks, the Company signed three new loan agreements. More specifically, on 06/11/2023 a contract was concluded with the EIB for € 90.75 million, with the possibility of increasing the amount of the loan up to € 150 million and on 21/12/2023 a second contract of € 151.25 million was concluded with the EIB for financing the project with RRF funds. Also, on 21/12/2023 the Company concluded a contract with Piraeus Bank for the issuance of a bond loan with two series of bonds (one series financed by RRF funds and one series financed by funds of Greek banks) with a total principal amount of up to € 195.14 million. Piraeus Bank and Eurobank participate in the coverage of this loan with a ratio of 60% / 40%. The Company has not disbursed any amount under the three aforementioned new loan agreements for the "Smart Meters" project during 2023.

At the same time, the Company has access to short-term borrowing for working capital through open current accounts with the following banks:

	National Bank of Greece	Piraeus Bank	Attica Bank	Optima Bank	Cooperative Bank of Epirus
Amount of funding approved	€ 45 million	€ 20 million	€ 7 million	€ 10 million	€ 2 million

Within 2023, the Company repaid debts amounting to € 70 million for loans and borrowings, while on 31/12/2023 it had no current liabilities from mutual accounts (the balance on 31/12/2022 amounted to € 45 million).

To hedge the interest rate risk arising from the two new floating rate loan agreements with Eurobank and NBG as described above, the Company entered into OTC derivative contracts with each bank. These are Interest Rate Cap Transactions that allow the Company to cover against a positive 6-month Euribor rate while paying a premium.

The nominal value of the contract with NBG initially amounts to €21 million and gradually decreases in line with the principal repayments of the loan agreement, while in the contract with Eurobank the nominal amount is scaled as follows:

INTEREST RATE CAP - EUROBANK			
Start Date	Expiration Date	Days	Nominal Value
04/08/2022	30/12/2022	148	140,000,000.00
30/12/2022	30/06/2023	182	182,000,000.00
30/06/2023	29/12/2023	182	224,000,000.00
29/12/2023	28/06/2024	182	311,500,000.00
28/06/2024	31/12/2024	186	399,000,000.00

On 31/12/2023,a valuation loss on these derivatives totalling € 4.8 million (€ 3.9 million for Eurobank and € 0.9 million for NBG) has been recognised in the Company's finance expenses. The total NPV of derivatives as at 31/12/2023 amounts to € 6.8 million of which € 7 million relates to the SWAP contract concluded with Eurobank and is recognised as a financial asset (2022: € 11 million) and € 0.2 million relates to the SWAP contract concluded with NBG and is recognised as a financial liability (2022: € 0.6 million financial asset).

13. Subsequent Events

Bond loan with Eurobank

The Company, within the framework of the joint bond loan it has concluded with Eurobank in the amount of up to € 660 million, proceeded with a third disbursement of € 140 million on 21/02/2024. Therefore, the total amount drawn from this specific loan agreement amounts to € 440 million.

On April 2, 2024, the Company's BoD approved the issue of two new bond loans with National Bank of Greece SA and Alpha Bank SA for the refinancing of the loan with Black Sea Trade & Development Bank amounting to € 160 million, which has been repaid in a single payment on May 15, 2024. The aim of the refinancing is to safeguard the cash liquidity of the subsidiary in the current year, as well as to optimize long-term cash flow planning through a repayment schedule in instalments with a long-term horizon. The bond loans in question were signed on May 13, 2024. Each bond loan amounts to € 80 million with a tenor of 7 years. The bond loans were both issued on May 14, 2024, with the disbursements of which the Black Sea loan repayment was completed on May 15, 2024.

Athens, 02 April 2024

For the Board of Directors

The Managing Director

Manos Anastasios

INDEPENDENT AUDITOR'S REPORT – FREE TRANSLATION IN ENGLISH

To the Shareholders of HEDNO SA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HEDNO SA (the Company), which comprise the statement of financial position as at December 31, 2023, the income statement, the statement of changes in equity and cash flows for the year then ended and a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of HEDNO SA as at December 31, 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in 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 Greek Law, together with the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our 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 Directors Report, for which reference is also made in 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, 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 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 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, 2023.

b) Based on the knowledge and understanding concerning HEDNO SA and 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, 2023 and the unbundled statements of income before tax for the period from January 1, 2023 to December 31, 2023 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, 2023, 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, June 3, 2024

The Certified Auditor Accountant

Nikos Ntiptsis

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 S.A.

Financial Statements
01/01/2023 – 31/12/2023
based on International Financial Reporting Standards,
as adopted by the European Union

The attached financial statements are those approved by the Board of Directors of HEDNO SA on 02/04/2024 and will be published on the internet - www.HEDNO.gr.

PRESIDENT OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	GENERAL DIRECTOR FOR FINANCIAL SERVICES	DIRECTOR OF TAX AND ACCOUNTING
KONSTANTINOS ALEXANDRIDIS	ANASTASIOS MANOS	MICHAIL PAPADOPOULOS	GEORGIOS KASSIS

(Amounts in EUR thousand)

COMPREHENSIVE INCOME STATEMENT

	Notes	31/12/2023	31/12/2022
Revenue from contracts with customers	4	1,075,046	816,776
Other income	5	18,755	15,825
Total revenues		1,093,801	832,601
Personnel cost	6	268,794	262,457
Maintenance and third parties services	7	96,054	73,300
Consumption of materials	8	33,217	26,515
Third party fees	9	90,395	70,494
Miscellaneous expenses	11	51,552	37,147
Depreciation	12	323,689	313,820
Taxes - fees	13	5,139	5,213
Total operating expenses		868,840	788,946
Provision for retirement benefits	6	-7,319	-441
Provision for doubtful debts	10	-91	-638
Provision for other risks	10	-5,790	-15,669
Total other expense/ (income)		-13,200	-16,748
Operating profit		238,161	60,403
Finance income	14	8,556	12,262
Finance expense	15	-63,055	-47,131
Profit before taxes		183,662	25,534
Income tax	16	-43,100	-7,666
Profit after taxes		140,562	17,868
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial (losses) /gain	26	-4,416	12,325
Deferred tax on actuarial gain / (losses)	16	972	-2,711
Other comprehensive income after taxes		-3,444	9,614
Total comprehensive income		137,118	27,482

The notes on pages 34-107 form an integral part of the financial statements.

(Amounts in EUR thousand)

STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment	17	5,065,089	4,856,761
Intangible assets	17	13,027	3,191
Right-of-use assets	18	39,969	32,647
Derivative financial instruments	19	7,031	11,607
Other receivables	21	157	37
Total non-current assets		5,125,273	4,904,243
Current assets			
Inventory	20	335,740	239,936
Trade and other receivables	21	268,260	193,378
Accrued trade and other receivables	22	339,595	224,769
Cash and cash equivalents	23	196,055	187,405
Total current assets		1,139,650	845,488
Total Assets		6,264,923	5,749,731
LIABILITIES AND EQUITY			
Equity			
Share capital	24	991,215	991,215
Legal reserve	25	7,435	6,541
Special reserves		138,021	162,047
Retained earnings		154,809	79,559
Total equity		1,291,480	1,239,362
Non-current liabilities			
Deferred tax liability	16	291,084	304,746
Employee benefits	26	58,067	61,396
Lease liabilities	18	26,958	23,672
Loans and borrowings	27	1,345,790	1,259,276
Liabilities from derivative financial instruments	19	218	0
Consumer contributions and subsidies	28	2,029,373	2,039,927
Other non-current liabilities	30	25,098	32,297
Provisions		33,930	40,372
Total non-current liabilities		3,810,518	3,761,686
Current liabilities			
Trade and other payables	31	376,108	209,213
Various creditors	32	194,039	165,464
Lease liabilities	18	12,563	10,194
Current portion of non-current borrowings	27	291,312	140,863
Loans and borrowings	27	0	45,000
Income tax payable	16	41,956	26,354
Other taxes and insurance liabilities	33	40,230	31,465
Accrued and other liabilities	34	206,717	120,130
Total current liabilities		1,162,925	748,683
Total Liabilities and Equity		6,264,923	5,749,731

The notes on pages 34-107 are an integral part of the financial statements.

(Amounts in EUR thousand)

STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital	Regular Reserve	Special Reserves	Retained earnings	Total Equity
Balance as at 31/12/2021		991,215	6,107	164,315	135,245	1,296,882
Profit after taxes		0	0	0	17,868	17,868
Other comprehensive income after taxes		0	0	0	9,614	9,614
Aggregated total income 31/12/2022		0	0	0	27,482	27,482
Disposal of property plant & equipment		0	0	(2,268)	2,268	0
Transfer to legal reserve		0	435	0	(435)	0
Distribution of dividends for fiscal year 2021		0	0	0	(85,000)	(85,000)
Balance 31/12/2022		991,215	6,541	162,047	79,559	1,239,362
Profit after taxes		0	0	0	140,839	140,839
Other comprehensive income after taxes		0	0	0	(3,444)	(3,444)
Aggregated total income 31/12/2023		0	0	0	137,118	137,118
Disposal of property plant & equipment	17	0	0	(3,531)	3,531	0
Transfer to legal reserve	25	0	894	0	(894)	0
Distribution of dividends for fiscal year 2022	35	0	0	(20,495)	(64,505)	(85,000)
Balance 31/12/2023		991,215	7,435	138,021	154,809	1,291,480

The notes on pages 34-107 are an integral part of the financial statements.

(Amounts in EUR thousand)

CASH FLOW STATEMENT

	Notes	31/12/2023	31/12/2022
Cash flow from operating activities			
Profit before taxes		183,662	25,534
Adjustments for:			
Contributions attributable to the fiscal year	4, 28	-98,481	-96,094
Depreciation of Property, plant and equipment, rights of use and grants	12	323,689	313,820
Provisions		-5,882	-16,307
Provision for employee benefits		-7,745	-1,694
Losses on retirement of fixed assets and rights of use		6,428	3,704
Losses / (profit) on valuation of derivatives measured at fair value through profit or loss		4,793	-11,607
Finance income	14	-8,556	-654
Finance expense	11	58,261	47,131
(Increase)/Decrease in trade and other receivables	21	-32,578	87,794
Increase in inventory	20	-96,455	-57,718
(Increase) / decrease in accrued trade and other receivables	22	-114,050	6,548
Decrease in other non-current liabilities	29	-7,198	-2,177
Increase / (decrease) in trade and other payables	31	217,231	-373,512
(Decrease) / increase in PSO provision	30	-12,997	317,409
Increase in accrued liabilities	34	85,441	20,080
Consumer contributions received	28	83,965	134,216
Income tax payments	16	-39,898	-7,577
Net cash flow from operating activities		539,630	388,896
Cash flows from investing activities			
Interest received	14	8,503	654
Increase in other receivables		-120	-7
Purchase of property, plant and equipment	17	-538,114	-312,516
Grants received	28	6,000	58,336
Net cash outflow from investing activities		-523,731	-253,533
Cash flow from financing activities			
Loan agreement costs		-2,944	-5,484
Interest paid on loans and borrowings	15	-55,498	-45,810
Increase loans and borrowings		193,992	27,523
Principal paid on lease liabilities (Capital and Interest)	18	-15,299	-11,858
Dividends paid	35	-127,500	-85,000
Net cash outflow from financing activities		-7,249	-120,629
Net increase in cash		8,650	14,734
Cash and cash equivalents at the beginning of the year		187,405	172,671
Cash and cash equivalents at end of year		196,055	187,405

The notes on pages 34-107 are an integral part of the financial statements.

NOTES ON FINANCIAL STATEMENTS

1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY

The company HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, hereinafter referred to as the "Company" or "HEDNO SA", was established on 24/09/1998 under the original name KOZEN HELLAS SOCIÉTÉ ANONYME - DESIGN, DEVELOPMENT, CONSTRUCTION AND MARKETING OF COMBINED HEAT AND POWER AND/OR COOLING PLANTS. Subsequently, by means of Decision No. 2547/03.02.2003 of the Prefect of Athens, the change of the Company's name to PPC RODOS SOCIÉTÉ ANONYME - DESIGN, CONSTRUCTION, OPERATION AND EXPLOITATION OF THE RODOS ELECTRICAL STATION, was approved.

On 12/11/2010, the Company was recovered from the liquidation stage, in which it had been in since 02/07/2006, in order to start the procedures for the transfer - by absorption - of the entire activity of the General Directorate of Distribution of PPC SA, as well as the activity of the Non-interconnected Islands Operator of PPC SA to PPC RODOS SA.

Finally, on 17/02/2012, the Extraordinary General Meeting of the Company's shareholders decided to amend the Company's Articles of Association with regard to its name and purpose. Since then, the name of the Company has been HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, trading as "HEDNO SA" or "HEDNO". The purpose of the Company is to exercise the competences and perform the duties of the Operator of the Hellenic Electricity Distribution Network (HEDN), as well as the Manager and Operator in the market of the Electricity Systems of Non-Interconnected Islands in accordance with the applicable legislation (in particular articles 127 and 129 of Law 4001/2011). Note that on 30/11/2021 the entire activity of the Electricity Distribution Network was separated from PPC SA and transferred to HEDNO SA, with the result that on 31/12/2021 the Company is now both the Operator and Owner of HEDN.

The registered office of HEDNO SA is in the Municipality of Athens. The financial statements of the Company are included in the consolidated financial statements of the parent company PPC SA - until 31/12/2021, the latter directly held 100% of the share capital of HEDNO SA, a percentage that decreased from 28/02/2022 to 51% due to the transfer of shares held by the former to a private investor. The value of these shares represents 49% of the share capital of HEDNO SA, therefore the Company's financial statements will be consolidated in the consolidated financial statements of Macquarie Infrastructure and Real Assets Group ("MIRA").

2. INSTITUTIONAL FRAMEWORK

Evolution of the institutional framework of the electricity market

On 02/08/2011, the Greek Parliament adopted Law 4001/2011 of the Ministry of Environment, Energy and Climate Change (YPEKA) "On the Operation of Electricity Markets and Natural Gas for Research, Production and Transmission Networks and Other arrangements", transposing 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 Division and the Management (and Operation) in the NIIs market of the (then unified) PPC S.A. were transferred to the then 100% subsidiary company of PPC S.A, as well as all assets and liabilities of PPC SA related to the above mentioned activities, with the exception of the Distribution Network assets, real estate and Distribution facilities, which remained the property of the parent company. In this context, already since 2011, PPC S.A. in the legal and operational separation of the Distribution activity (operation of HEDN) from its other activities.

The separation of the aforementioned Electricity Distribution Division as well as the Management (and Operation) in the market of the NIIs of the (then single) PPC SA, was carried out in accordance with the procedure and the conditions of Law 4001/2011, Articles 68-79 of the Cod. Law 2190/1920, as well as Articles 1-5 of Law 2166/1993, with proportional application of the derogations provided for in Article 98. Distribution sector means the autonomous organised functional unit of the same name, the General Distribution Directorate of PPC SA together with the Islands Management Directorate of PPC SA, including the assets of PPC SA and the related assets and liabilities, which were under the responsibility of the above Units, expressly excluding the real estate and fixed assets of the Distribution Network and the Network of the Non-Interconnected Islands. The spin-off was completed on 30/04/2012 and on 01/05/2012 the operation of HEDNO SA started.

The now RAEWW / then RAE , pursuant to article 126 of Law 4001/2011, with Directive No. 83/2014, approved the granting to HEDNO of the Management License of HEDN.

This HEDN Management Licence sets out, inter alia, the following:

- the obligations and rights of HEDNO SA regarding the exercise of this activity;

- the conditions and conditions required to carry out this activity;

- the necessary measures to ensure the impartial and non-discriminatory behaviour of HEDNO SA towards its electricity Producers and Suppliers.

The relevant issuance of the HEDN Management License in accordance with article 126 of Law 4001/2011, does not, in principle, negate the provision under Article 129, par. 1 of Law 4001/2011 for approval and granting by RAEWW and Management License for the purchase of NIIs. For this reason, in addition to the initial relevant application submitted by HEDNO SA to RAEWW (with reference number 1180/17.7.2012), a new application was submitted by HEDNO SA to RAEWW for the granting of the aforementioned Management License of the NIIs, dated July 2017, still pending its approval. However, note that in the absence of approval/granting of such a license by RAEWW, the management of NIIs is governed at the regulatory level, in particular by the provisions of the Operation Code for NII, which was issued pursuant to Article 130 of Law 4001/2011 and the provisions of its implementing Manuals.

From 30/11/2021 onwards, when the absorption of the Distribution Network sector of PPC SA was completed by HEDNO SA (Article 129 of Law 4819/2021, which introduced a new article 123A in Law 4001 /2011 and ref. No. 2538505/30.11.2021 Announcement by the GCR), HEDNO SA now integrates both the status of the owner of the HEDN (apart from certain explicit exceptions of assets of the above-absorbed Distribution Network Branch that are listed restrictively in the aforementioned Article 129 of Law 4819/2021), and the Manager of the HEDN, pursuant to Articles 123 and 127 of Law 4001/2011.

By Law 4986/2022, Directive 2019/944/EU on the internal electricity market was transposed into national law. This Law contains important new provisions on the obligations of Distribution System Operators, while correspondingly important new regulations for the electricity market, including HEDNO, are included in the Law 5037/2023.

Basic Regulatory Framework of the Hellenic Electricity Distribution Network (HEDN)

By Directive No. 395/2016 by the now RAEWW / then RAE, the Hellenic Electricity Distribution Network Operation Code was approved (Government Gazette B 78/20.01.017). This Code (hereinafter referred to as the "HEDN Code" or the “Network Code”), as in force, regulates in particular the rights and obligations of the Electricity Distribution Network Operator (hereinafter the “HEDN Operator” or “Network Operator”) of the Users Network and Suppliers, and issues related to the development, operation, access to the Network, the services provided by the Network Operator and its financial consideration, as specifically mentioned in Article 128 of Law 4001/2011. The details of the application of the provisions of the Code, as well as the necessary procedures and methodologies of calculations required for its implementation, are defined in its Implementing Manuals, which are integral to its implementation. So far, the Metering Management and Periodic Settlement Manuals have been issued and are in force (RAE Directive 404/2015 (Government Gazette B 2773/18.12. 15), as in force, Meter Representation and Periodic Settlement (RAEWW Directive 1443/2020 - Government Gazette 4737/B/26-10-2020), as in force, and Electricity Theft (RAEWW Directive 236/2017 - Government Gazette 1871/B/30-05-2017), as in force, Meters and Meterings (RAEWW Directive 30/2020 - Government Gazette 370/B /7-2-2020), the Network Operation Manual (RAEWW Directive 779/2020 - Government Gazette 1891/B/18-5-2020) and the Network Usage Charges Manual (RAEWW Directive 707A/2021 - Government Gazette 5427/B/22-11-2021). Also, by RAEWW Directive No. 534/2021 (Government Gazette 3292/B/26-07-2021), the methodology for the calculation of Guarantees for Consumer Network Usage Charges in the Interconnected Network of EDNIE was established, while by Decision MoEE/Electricity Directorate/71867/1033/27.07.2021, Government Gazette 3635/B/06.08.2021, the methodology for the calculation of the PSO Guarantees was established.

In addition, by means of the Directive No. 1431/2020, RAEWW adopted the Required Income Calculation Methodology for HEDN, which introduces significant changes in relation to the methodology in force until 2020 for the calculation of Income, such as the distinction of Operating Expenses in Controlled and Non-Controlled, incorporation of the financial result from the introduction of the incentive mechanism for the reduction of energy losses in the Network (RAEWW Directive 1432/2020) and the introduction of incentives for Energy Quality and Service Quality, uniform for the entire duration of the Distribution Regulatory Period (DRP) on the basis of the estimated WACC, the possibility of classifying specific investments as "Major Projects", which will receive additional performance, etc. According to RAEWW Directive No. 1431/2020, the duration of the first DRP is set at 4 years, from 2021 to 2024. Based on the above, RAEWW Decision No. 632/2021 approved the Permitted Income for the 1st DRP and the Required Revenue for 2021, with Decision 868/2021 the Required Revenue of the year 2022 was approved. Also, by RAEWW Directive No. 632/2021 established the parameters of the incentive mechanism for the reduction of energy losses for the 1st DRP, while with RAEWW Directive No. 1566/2020 (Government Gazette 1389/B/08-04-2021) determined the Return on the Regulated Asset Base for the 1st DRP. Finally, with Directive RAEWW No. 525/2021 (Government Gazette 4255/B/15-09-2021) the Major Projects were determined.

Within 2023, RAEWW Directive No. 164/2023 revised the Permitted Revenue for the years 2022-2024 and approved the Required Revenue for 2023, while with RAEWW Directive No. E-104/20.07.2023, the revision of the performance on the Regulated Asset Base for the years 2023-2024 was approved.

Competences of HEDNO SA

HEDNO SA is responsible for the development, operation and maintenance, under economic conditions, of the HEDN, in order to ensure its reliable, efficient and safe operation, as well as its long-term ability to meet reasonable electricity needs, taking due care for the environment and energy efficiency, as well as for ensuring, in the most cost-effective, transparent, direct and non-discriminatory manner, the access of users to the HEDN in order to carry out their activities, in accordance with the HEDN Management License granted to it under the provisions of Law 4001 /2011. The application for the Management Licenses was submitted to RAEWW under Reference number 1180/17.7.2012 and includes the Management License for the Non-Interconnected Islands. RAEWW Directive No. 83/2014 approved the Management License of HEDN. Further to the provisions of the Management License of HEDN, HEDNO SA, as Operator of HEDN, is obliged in particular to ensure:

- Reliability and safety of HEDN, while taking appropriate measures to protect the environment.
- Maintenance of technically sound and cost-effective HEDN.
- Compliance with the technical specifications and requirements for the design, operation and maintenance of the Network and to ensure the achievement of the performance targets for the Distribution activity, including in terms of losses, supply reliability, voltage quality and customer service quality, as set out in the Hellenic Electricity Distribution Network (HEDN) Operation Code.
- Access to HEDN of the Production License holders, as well as the Producers excluded from the obligation to receive it, the Suppliers and the Customers, in accordance with the terms, conditions and invoices set out in the HEDN Operation Code.
- It ensures the connection to the HEDN to those who request it in accordance with the terms and conditions set out in the legislative and regulatory framework, while the relevant connection charges are determined on the basis of the provisions of the HEDN Operation Code.
- Ensures the supply, installation, maintenance, proper operation and replacement of the measuring devices installed in the HEDN, in accordance with the provisions of the Management Code of the HEDN and its implementing Manuals and the terms of the HEDN Management License, as well as the collection of relevant data ...
- Provides the users of HEDN and the Administrator of HETS with the information required for effective access to the Network, as defined in the HEDN Operation Code.
- Refrains from any discrimination between users or categories of users of the HEDN and in particular in favour of undertakings affiliated with it.
- Collaborates with the System Operator, the Network Operator of Athens International Airport (AIA) and with the Operators of Closed Distribution Networks for the preparation and implementation of appropriate communication and cooperation protocols, in order to ensure the good and uninterrupted operation of their networks, the exercise of their competences and the functioning of the market.
- Plans, schedules and ensures the implementation of the development of HEDN, considering the possibility of taking energy efficiency / demand management measures and/or the possibility of decentralised production that could replace the need to upgrade or replace electricity distribution infrastructure.

Without prejudice to Article 141 of Law 4001/2011 or any other provision laying down an obligation to disclose information, HEDNO SA shall maintain the confidentiality of commercially sensitive information that comes to its knowledge during the performance of its duties. The information disclosed about its own activities, which may provide commercial advantages, shall be made available on a non-discriminatory basis to all users of the Distribution Network.

HEDNO SA shall publish the methodology for calculating the charges for connection to the network, the unit cost prices and any necessary information on how the charges for connection to the network are calculated. The relevant invoices are approved by RAEWW in accordance with the provisions of paragraph 1 of Article 140 of Law 4001/2011, as in force.

In particular, and as regards the sphere of HEDNO SA competences in the market of Non-Interconnected Electrical Systems (NIIs ES), these are summarised as follows:

1. The management of the electrical systems of the Non-Interconnected Islands (NIIs), includes the production management, the operation of the market and the systems of these islands (Article 129 of Law 4001/2011 Government Gazette A 179/22.8.2011) and is carried out by HEDNO SA. In order to carry out this activity, HEDNO SA was required, within a period of three 3 months from the completion of the spin-off procedure, in accordance with the provisions of Article 123, to obtain a management license for NIIs Electrical Systems. For the purpose of obtaining this License, HEDNO submitted a request - recommendation to RAEWW which received Reference Number 1180/17.7.2012.

The basic outline of competences of HEDNO SA in the field of the NIIs market, as specified in Articles 129 and 130 of Law 4001/2011, as well as in the aforementioned NII Electrical Systems Operation Code (Operation Code for NII) include the following basic competences:

- Monitor and ensure the reliable, cost-effective and safe operation of the production units of NIIs, while taking appropriate measures to reduce the impact on the environment.
- Take care of the development, the technical perfection and the economy of the production in the NIIs, in order to serve the demand.
- Refrain from any discrimination between the producers of NIIs and, in particular, from discrimination in favour of undertaking affiliated with it.
- Prepare, by 31/03 of each year, generation development programmes for the Isolated Microgrids, which are approved by RAEWW and a documented report. These programmes include assessments concerning the evolution of electricity demand and the availability of existing production capacity, a replacement program for existing production capacity and the installation of new generation capacity, an interconnection program with another non-interconnected island. Estimate for the evolution of the load demand include an energy saving program and load demand management measures. A RAEWW Directive shall determine the period of time covered by these programmes, which may not be longer than 7 years. The same Directive shall determine the manner in which the programmes shall be published.
- Prepare by 31/03 of each year for the NIIs statements, in which it sets out its estimates of the generation capacity that may be connected to the NIIs, the need for interconnection with another Non-Interconnected Island or Isolated Microgrid and the demand for electricity. A RAEWW Directive shall determine the period of time covered by these estimates, which may not be longer than 7 years. The same Directive shall also specify the method of publication of the estimates.
- Ensure that the necessary spaces are provided for the installation of new production potential, for the expansion of the existing capacity or elements of aid and expansion of the HEDN in the NIIs and Isolated Microgrids.
- To conclude contracts with the holders of licenses for the injection and absorption of energy and the provision of Auxiliary Services in the distribution network of the NIIs and the remuneration of the producers of this energy and keep the necessary accounts for the remuneration of these producers, the charge of the Customers and the Suppliers for energy absorption, as well as for other charges and appropriations of special accounts, as defined in the current legislation, in accordance with the specific provisions of the Operation Code for NII.
- To conclude Electricity Sales Contracts as provided for in the M.D.N. Code and Article 12 of Law 3468/2006 (A 129), as well as any other types of aid contracts provided for by the current legislation on electricity generated by RES or CHP Stations and Hybrid Power Plants, provided that these power plants are connected to the distribution network of the Non-Interconnected Islands and pay the payments provided for in these Contracts by the Special RES and CHP account of the Non-Interconnected Islands as provided for in Article 143 of Law 4001/2011 (Government Gazette, A 179), without prejudice to more specific provisions of the Law on Hybrid Power Plants in the Non-Interconnected Islands Network.
- By Law 4512/2018 (Article 98 par. 8 per. I) was added and the competence to collect revenue from the counterparties of the previous paragraph to cover its operational and investment costs related to this competence in accordance with the specific provisions of the M.D.N. Code.
- Regarding SPGGER of NIIs, HEDNO SA charges the Load Representatives, based on the usage of their customers in NIIs and carries out the necessary capital transfers, to the Special Account held by DAPEEP, based on the Operation Code for NII and Law 4414/2016 (Government Gazette A 149/09.08.2016), so that the L-Z Account of the Operation Code for NII managed by HEDNO SA, as Operator of the NIIs, appears balanced after the end of the liquidation.

2. Arrangements, calculations and special approvals required for the implementation of the Operation Code for NII shall be determined by decision of RAEWW, following a recommendation by HEDNO SA.
3. HEDNO SA maintains separate accounts for the management activity of the Distribution Network for Isolated Microgrids and NIIss.
4. Furthermore, it is noted that the management of the NIIs Production is carried out in accordance with the provisions of the NIIs HS Management Code (Government Gazette, Series II, No 304 / 11.02.2014, as amended) and aims primarily at:

- minimizing the cost of production of conventional units and related consumer charges by the Public Services Obligations (PSO);
- ensuring the good and safe operation of electrical systems and the uninterrupted supply of electricity to consumers of NIIss by establishing rules for the planning, management and operation of production units in NIIs systems;
- maximizing the penetration of RES and CHP Stations, including hybrid stations;
- initially at the opening of the market and now on the same condition the activity of suppliers / producers in the market of NIIs.

Finally, it is noted that as of 01/11/2021, the electrical system of Crete has been included in the Interconnected System as a Small Connected System (MCS), in accordance with Article 108C of Law 4001/2011. The provisions governing the operation of the electricity market of the CCM of Crete during the period from the Final Day of phase A of the electrical interconnection of the island to the Final Date of phase B of the electrical interconnection, in accordance with Articles 58B and 108C of Law 4001/2011, as in force, are described and specified in terms of matters of competence of HEDNO in Annex C of the Operation Code for NII.

Outline of competences of HEDNO SA regarding the Management of PSOs throughout the Territory - Management of the PSO Special Account

Pursuant to par. 1 of Article 57 ("Substitution for the management of a PSO special account") of Law 4508/2017 (Government Gazette 200/A/22-12-2017), HEDNO SA replaced 01/01/2018 automatically and regardless of the time of their creation in all rights, obligations and legal relations of IPTO S.A. deriving from the management of the PSO special account of par. 8 of article 55 of L.4001 / 2011 and became from the aforementioned date the sole administrator of the special account of YKO in the whole territory of Greece.

The Company maintains a special management account for the PSOs that is subdivided into the special PSO account in the Non-Interconnected Islands market and the special account for the PSOs in the Interconnected System market.

In the PSO Special Management Account, the compensations provided to the providers of PSO are charged as outflows and credited as inflows: a) the revenues from the relevant charges imposed on Customers, including own-producers, which are collected and paid by Suppliers and Self-supplying Customers; and b) any other revenues provided for the PSO Special Management Account by the legislation in force.

The mechanism for recovering the charges and reimbursement of the due consideration and any more specific details are defined in particular in the HEDN Operation Code and Operation Code for NIIs, in combination with and relatively applicable provisions of other regulatory texts that are applicable to the interconnected system.

Possible deficit or surplus of the PSO special account is covered by revaluation the unit charges of the PSO consideration or by (potentially) the State Budget by decision of the Minister of Finance, following a proposal by the Company to RAEWW and a recommendation by RAEWWE to the Minister of Environment and Energy.

Decision RAEWW 750/2021 (Government Gazette B 4893 / 22.10.2021) established a specific methodology for the return of exchanges due to the provision of PSO in case of deficit or surplus of the account. In particular, in the event of a deficit, the CVO consideration due to each supplier shall be reduced by the percentage of the deficit. The remaining amount is invoiced and attributed to a future account surplus.

Directive RAEWW 749/2021 (Government Gazette 4975/B/27-10-2021) amended the HEDNO and NIIs Operation Codes, adapting them to the above.

Article 32 of Law 4872/2021 (Government Gazette 247/A/10-12-2021) suspended the payment of PSO charges for the usage period 01/11/2021 - 31/03/2022 for specified categories of consumers.

(Amounts in EUR thousand)

By Directive No. MoEE/Electricity Directorate/71867/1033/27.7.2021 (Government Gazette B 3635/06-08-2021) decision of the MoEE determined the type, amount and manner of provision of guarantees or other equivalent collateral by the Electricity Suppliers and the Self-supplied Customers to HEDNO SA, the methodology for determining the amount and its revaluation, as well as any other relevant issue, in order to ensure proper fulfilment of the obligations of HEDNO SA and the framework for the exercise of its competence in case of non-performance of the obligations of the PSO of the Interconnected System. With regard to the Non-Interconnected Islands, it is noted that the respective guarantees are taken into account in the context of the overall calculation of guarantees of the participants in the market of NIIs, in accordance with the Operation Code for NIIs.

With Directive RAEWW 725/2021 (Government Gazette 4457/Β/29-09-2021), the list of amounts of guarantees of PSO of the Interconnected System for the period 01/10/2021 - 31/03/2022 was approved.

By Directive No. 986/2021 (Government Gazette 6485/Β/31-12-2021) RAEWW Decision, the Table of Guarantee Amounts of PSO of the year 2022 was approved.

By Directive No. 898/2022 (Government Gazette 6613 / 22.12.2022) RAEWW Decision, the Table of Guarantees of PSO Guarantees of the year 2023 was approved.

By Directive No. 218/2021 (Government Gazette 908/Β/09-03-2021) RAEWW decision, adjusted the annual charge limit of electricity customers to cover the cost of providing PSO of the year 2021.

By Directive No. 97/2022 (Government Gazette 900/Β/28-02-2022) RAEWW decision, adjusted the annual load limit of the Electricity Customers to cover the costs of providing PSO of the year 2022.

By Directive No. 99/2023 RAEWW Decision, the annual load limit of the Electricity Customers to cover the costs of providing PSO of the year 2023 has been adjusted and so far the relevant Government Gazette has not been issued.

Within the current fiscal year, the Company attributed to the account of the Energy Transition Fund managed by DAPEEP an amount of € 60 million from the surplus of the MCA account.

PSO ACCOUNT BALANCE 31/12/2023	
ACCOUNT INFLOWS	
INITIAL PAYMENT (ΔΟΔ 0002445 ΕΞ 2017)	476,000,000
IPTO REMAINING BALANCE	8,574,066
ADDITIONAL PAYMENT (Government Gazette 4264/20.11.2019)	59,000,000
ADDITIONAL PAYMENT (Government Gazette 4768/24.12.2019)	150,000,000
ADDITIONAL PAYMENT (Government Gazette 174/30.01.2020)	44,651,690
ADDITIONAL PAYMENT - CALCULATION OF PSO COST (Government Gazette 3043/22.07.2020)	67,029,000
ADDITIONAL PAYMENT - CALCULATION OF PSO COST (Government Gazette 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	875,254,756
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAEWW DIRECTIVE OF 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 SURPLUS 31/12/2021	-120,098,050
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/81948/2763/05.08.2022)	300,000,000
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/124862/2763/28.11.2022)	100,000,000
ACCOUNT SURPLUS 31/12/2022	-365,760,587
FUNDING OF SPECIAL ACCOUNT “ENERGY TRANSITION FUND” (JMD - MoEE/Electricity Directorate/39688/789/19.04.2023)	60,000,000
ACCOUNT DEFICIT 31.12.2023	293,832,714
TOTAL OUTFLOWS	1,153,842,170

RESPONSIBLE FOR ACCOUNT [PLAN / / GREECE]	-278,587,414
PLACEMENT PLAN 2012 - 2017	1,867,707
MINUS ADDITIONAL SETTLEMENT 2012 - 2016 (RAEWW O-76750 / 12.04.2019)	21,954,985
MINUS Social Residential Tariff (SRT) - Vulnerable Clients (EAP) 2017 (RAEWW 435/2019)	17,875,007
MINUS ADDITIONAL SETTLEMENT 2014 - 2016 (RAEWW 832/2019)	21,664,978
MINUS ADDITIONAL CONSIDERATION 2013 (RAEWW 854A/2019)	994,139
MINUS ADDITIONAL CONSIDERATION 2014 - 2016 (RAEWW 200/2020)	5,767,413
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs - 2017 RAEWW 1254/2019	72,204,790
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs CLIENTS - 2017	3,083,249
PLUS FINAL SETTLEMENT FOR PSO CONSIDER. NIIs CLIENTS - 2018	2,870,311
MINUS FINAL SETTLEMENT PSO CONSIDERATION 2018	45,070,690
MINUS FINAL SETTLEMENT SRT CONSIDERATION 2018	4,615,495
CURRENT PSO ACCOUNT BALANCE (SURPLUS/(DEFICIT))	-280,754,050
PSO WITH PAYMENT SUSPENDED	54,991,114

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

Pursuant to Article 124, par. 1 of Law 4001/2011 as in force: “1. The persons who are responsible for the management of HEDNO. S.A. cannot participate in the structural structures of PPC. S.A. directly or indirectly responsible for the day-to-day execution of the activities of production, transport or supply of electricity. The remuneration of the executive members of the Board of Directors and other administrative bodies of HEDNO. S.A., which includes all types of remuneration and benefits, does not depend on the activities or income statement of PPC. S.A. or any part thereof, other than the activities or results of HEDNO. SA ".

The above paragraph shall apply to all persons exercising functions of representation and management under the authority of the Board of Directors and to persons directly accountable to it for matters relating to the operation, maintenance or development of the HEDN.

Infringers of this Article shall be subject to a fine of EUR 50 thousand - 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 terminate, in accordance with the provisions of the article, the early termination of their employment in RAEWW. RAEWW may, with a reasoned decision, remove a member of the Board of Directors and the administrative bodies of HEDNO SA, if the requirements of the provisions of paragraphs 1 and 2 of this Law are not met.

Development of HEDN

HEDNO SA is obliged to ensure the necessary human, technical, material and financial resources for the operation, maintenance and development of the HEDN and in general for the effective exercise of its competences and the proper performance of its tasks. The funds and resources necessary for this purpose shall be determined by HEDNO SA, in the framework of a relevant procedure set by the relevant regulatory framework governing the activity of Electricity Distribution (see in particular HEDN Management License, Hellenic Electricity Distribution Network Operation Code, RAEWW Directives for Annual HEDN) and, without prejudice to the provisions of the following paragraph, regardless of the Vertical Integrated Enterprise PPC SA and any part thereof.

Initially, with the entry into force of no. 82/2014 of RAEWW and until 30/11/2021, was granted to PPC S.A. Exclusive Ownership License of the Electricity Distribution Network (Ownership License), Article 122 of Law 4001/2011, which defined conditions and restrictions on the protection of financial rights of the Vertical Integrated Enterprise PPC SA, as well as the supervisory rights over the management of HEDNO SA, as regards the return on the granted funds. The above conditions concerned in particular the right of the Vertical Integrated Enterprise to approve the annual budget of HEDNO SA and to set general limits on its lending level. In any case, no part of the Vertically Integrated Enterprise PPC SA was allowed to be involved or in any way influence the day-to-day activity of PPC SA or its decisions regarding the construction or upgrading of PPC infrastructure, insofar as it did not exceed the terms of its approved budget. In case of violation of the above, the penalties of article 36 of Law 4001/2011 were imposed.

Note however that since the completion of the spin-off - absorption of the Distribution Network Sector, i.e. from 30/11/2021 and onwards, the aforementioned Exclusive Ownership License of the Electricity Distribution Network (Ownership License), granted under Article 122 of Law 4001/2011, as well as the Management License of HEDN are to be substantially changed, both in terms of content and in terms of the beneficiary of the licenses in question.

Compliance Program and Compliance Officer

In order to avoid discriminatory behaviour, discriminatory corporate practices and distortion of competition in the exercise of its powers, the Company is obliged to implement a compliance program (Article 124, par. 7 et seq. Of Law 4001/2011).

The Compliance Program was prepared, as required by Law 4001/2011, Article 124, par. 7, by the Compliance Officer in cooperation with HEDNO SA within 3 months from the legal and operational separation of the Distribution activity and was submitted for approval to RAEWW on 17/07/2012. RAEWW requested specific amendments with its letter with Reference Number O-54046/13-2-2013, which the Company incorporated in the Compliance Program and sent it again to RAEWW on 26/03/2013.

RAEWW approved the Compliance Program of HEDNO SA with Directive No. 678/2014, which was notified to the Company on 09/12/2014, with the Letter No. O-60391. In parallel with this Directive, RAEWW requested the Company to submit an updated program, in accordance with its specific observations. HEDNO SA submitted an updated program to RAEWW on 31/03/2015.

Without prejudice to the responsibilities of RAEWW, compliance with the program shall be 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 of its first establishment, subject to the approval of RAEWW. Paragraph 1 of Article 124 of Law 4001/11 shall apply mutatis mutandis to the Compliance Officer.

By Resolutions No. 1475/02.08.2018, No. 1463/23.07.2020 and No. 23 / 28.06.2023, the Board of Directors appointed Mr. Markos Hampakis as the Compliance Officer of HEDNO SA, who remains in this position until today.

HEDNO SA is obliged to ensure the unhindered access of the Compliance Officer to all necessary data and information held by the Company or any of its affiliated companies, 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 of the implementation of the Compliance Programme and control of the compliance of HEDNO SA with it
- Preparation of an annual report and its notification to RAEWW by 31/01 of each year. The report, published on the website of RAEWW within 5 days of its notification, mentions the measures taken for the implementation of the Compliance Program, assesses their adequacy and implementation by HEDNO SA in order to achieve the objectives of the program and states proposals of the Compliance Officer on the Compliance Program and its implementation,
- Submission of quarterly reports to RAEWW in connection with the implementation of the Compliance Program,
- Notification to RAEWW of any infringement regarding the implementation of the Compliance Program, at the time it is noted, as well as the submission of proposals for immediate action,
- Submission of a report to RAEWW in relation to trade and economic relations between the vertically integrated enterprise PPC SA and HEDNO SA.

RAEWW assesses annually the degree of independence of PPC SA and may modify at any time by decision the Compliance Programme by imposing additional measures to address discriminatory behaviour, discriminatory practices and distortions of competition, to the benefit of the vertically integrated undertaking of PPC SA or its affiliates.

On 31/01/2023, the Compliance Officer of HEDNO SA submitted to RAEWW, by order of Law 4001/2011, article 124, §10, the Annual Report for 2022. The quarterly report for the period of the first quarter 2023, was submitted to RAEWW on 28/04/2023, for the period of the second quarter 2023 on 13/07/2023 and for the period of the third quarter 2023 on 31/10/2023. The Annual Compliance Report of HEDNO SA for the year 2023, including the fourth quarter 2023, was submitted to RAEWW on 31/01/2024.

Guaranteed Services Program

HEDNO SA, based on RAEWW Directive No. 1151A/2019 RAEWW, which amends the “Guaranteed Services to Consumers” Programme defined in decision 165/2014, applies, starting on 01/07/2020, the Guaranteed Services Programme (17) to consumers regarding the servicing of new connections, technical services to existing consumers, meters and quality of communication and customer service. In case of exceeding the time limits set per guaranteed service and if the other conditions set by the above RAEWW Directive No. 1151A/2019 are met, the beneficiaries are paid the amount of money provided for in said Directive, which varies depending on the voltage (LV & MV), and in 11 of the 17 cases of Guaranteed Services, it is scaled according to the exceeding of the service time. Directive 1151A/2019 is valid as amended by RAEWW Directive 1593A/2020.

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

Presentation Framework

The financial statements of the Company have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union and the Interpretations of the Interpretation Committee, as applicable to companies applying IFRS, and present the financial position, operating results and cash flows of the Company on a going concern basis. These financial statements have been prepared under the historical cost convention, except for financial assets which are measured at fair value and on a going concern basis. The financial statements are presented in thousands of Euros - € and all items are rounded to the nearest thousand, unless otherwise stated. Any differences that may arise are due to rounding. There are no Standards that have been applied before their effective date.

The going concern principle

In determining the appropriate basis for preparing the financial statements, management must consider whether the Company can continue in business for the foreseeable future. The Company's business activities, together with the factors that management believes may affect the Company's growth, financial performance and financial position are set out in the Management Report.

The Company's future financial performance depends on the broader economic environment in which it operates. The Company is considering the potential impact on its financial operations, with an emphasis on the potential impact due to the uncertainty created in terms of continued collectability and ensuring an adequate level of liquidity. The negative working capital of the Company as of 31/12/2023 is temporary and it is expected to reverse during in the first semester of 2024. As presented by the Company' s results during the first few months of 2024, the Company' s working capital has returned to positive figures.

Regarding the impact on the economic activity of HEDNO SA in 2023, it was not considered significant, given that the non-competitive - regulated activity of the Company is a reinforcing factor in an uncertain environment.

Management believes that, at the date of approval of the financial statements, the Company has sufficient resources to continue its operations for the foreseeable future, i.e. for the next 12 months from the date of these financial statements.

3.1 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS MADE BY MANAGEMENT

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates. The most important accounting policies, judgments and estimates regarding events that could materially affect the amounts reported in the financial statements during the next twelve-month period are as follows.

3.1.1. Income tax and recognition of deferred tax receivables

The process of determining income tax and deferred tax is complex and largely requires estimates and judgment. There are many transactions and calculations for which the final tax determination is uncertain. Where tax issues have not been settled with the local authorities, management takes into account past experience and the advice of tax and legal experts in order to analyse the specific facts and circumstances, 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 provisions need to be recognised.

When the Company has to make payments in order to appeal against the tax authorities and estimates that it is more likely to win the appeal than to lose it, the related payments are recorded as trade and other receivables, as these advances will be returned to the Company in the event of a positive outcome. Where the Company estimates that a provision is required in relation to the outcome of an uncertain tax case, any amounts already paid are deducted from this provision. If the final result of the audit is different from the one initially recognised, the difference will affect the income tax and deferred tax asset/liability in the period when the result is finalised.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities using tax rates that have been enacted or substantively enacted and are expected to apply in the periods in which the differences are expected to reverse. Deferred tax assets are recognised for all deductible temporary differences and carryforward tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward unused tax losses can be utilised. Accounting estimates related to deferred tax assets require management to make assumptions about the timing of future events, such as the probability of expected future taxable income and available tax planning opportunities.

3.1.2. Estimates when calculating value in use

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If there is an indication or when an impairment test is required for an asset, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined at the level of an individual asset unless that asset does not generate cash inflows that are independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, it is considered to be impaired and is adjusted to its recoverable amount. The recoverable amounts of CGUs have been determined for impairment testing purposes based on the calculation of their value in use, or fair value less cost to sell, which requires estimates. In calculating value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the asset. The calculation uses cash projections based on budget approved by the Administration. These budgets and cash flow projections typically cover a period of five years. Cash flows beyond the period in which forecasts are available shall be extended on the basis of the estimated growth rates. These growth rates are consistent with forecasts included in reports for the country or sector in which the CGU is active. The key assumptions used to determine the recoverable amount of the Company's different CGU or property, plant and equipment are the relevant retirement plans, sales prices and any physical damage that may have occurred.

3.1.3. Fair value measurement of financial assets and liabilities

The fair value of financial assets that are not traded in active financial markets (e.g. derivative contracts outside the derivatives market and certain investments in equity securities) is determined using valuation techniques. The Company selects the valuation method it considers appropriate in each case, making assumptions based mostly on information available at the end of the financial year for transactions in active markets.

3.1.4. Provisions for expected credit losses on trade receivables

The Company follows the provisions of IFRS 9 and applies the simplified approach by measuring the provision for losses at an amount equal to the expected lifetime credit losses for all trade and other receivables and assets from contracts with customers. The Company's management periodically reassesses the adequacy of the allowance for doubtful debts. At each reporting date, the expected loss rate is estimated on the basis of historical losses adjusted to reflect current and future information. Expected credit losses are based on the difference between the contractual cash flows due and all cash flows expected to be received by the Company, taking into account data from its legal department. For the year ended 31/12/2023, management assessed long-term information about its trade receivables, as well as the economic environment, and reassessed impairment provisions where required - Note 21.

3.1.5. Benefits after retirement

Provision of Energy at reduced tariff

PPC Group provides employees of all Group companies and their retirees with electricity at a reduced tariff. The reduced tariff to pensioners is recognised as a liability and calculated as the present value of future post-retirement benefits based on economic and actuarial assumptions.

The actuarial liability of pensioners relates to the present value of the total benefit, i.e. the difference between the future production costs and the future amount they will pay to the company, as they have already accrued the entire benefit.

For active employees, the future benefit is spread evenly 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 divided by the total. The net expense for the year is included in personnel cost in the income statement. No reserve is established through the payment of contributions to cover the actuarial liability.

Note that Article 11 of Law 4643/2019 adjusted, starting on 01/01/2020, the special tariff for electricity usage personnel, so that the resulting discount in the charge of electricity usage does not exceed 30%.

Provision for personnel termination compensation

Law 4533/2018 (Government Gazette A 7527/4/2018) repealed the provision of paragraph 3 of article 25 of Law 4491/1966 (Government Gazette A 1), as well as any other general or special provision of a law or Labour Regulation which provided for the offsetting of an employee's termination compensation with an one-off allowance to which he/she is entitled from the relevant insurance institution. Based on the above, HEDNO SA, with Board Resolution No. 472/2019, established the payment of compensation of 15,000 euros for leaving the service, to employees who leave due to termination of the employment contract, or reaching the age limit, or any other reason specified by law, if they have completed 25 years of continuous service in PPC S.A. and HEDNO S.A., regardless of the establishment of pension rights. The entry into force of the above Resolution was set at 27.4.2018, the date of publication of Law 4533/2018.

The above is a defined benefit plan in accordance with the provisions of IAS 19. The present value of the obligation undertaken by PPC SA and its subsidiaries, calculated at the end of each financial year using actuarial methods, constitutes past service cost. Details of the key assumptions and estimates for these post-retirement benefits are set out in note 26.

3.1.6. Fair values and useful lives of property, plant and equipment

The Company periodically reviews the useful lives of its property, plant and equipment in order to assess the appropriateness of the original estimates. In order to determine the useful life, which may vary due to various factors such as technological developments and fixed maintenance programs, the Company may receive technical studies and use external sources.

The Company values property, plant and equipment at revalued values (estimated fair values) as determined by a firm of independent appraisers every 3-5 years.

The latest revaluation of property, plant and equipment was carried out on 31/12/2019. The next revaluation of property, plant and equipment is expected to take place on 31/12/2024.

The determination of the fair values of property, plant and equipment requires estimates, assumptions and judgements regarding ownership, value in use and the existence of any economic, operational and physical impairment of property, plant and equipment. In addition, Management makes estimates of the total and remaining useful lives of depreciable assets which are subject to periodic review. The total useful lives as estimated are listed below - Note 3.1.6.

3.1.7. Provisions for legal cases

The Management evaluates the outcome of the pending court cases, taking into account the available information of the legal service and, if there is a possibility of a negative outcome, then it makes the necessary provisions. Provisions, where required, are calculated based on management's estimates of the expenditure required to settle expected liabilities at the date of each reporting period. Specifically, the Company assesses the probability that the action will lead to an outflow and if it considers it significant (greater than or equal to 50%), then it makes a provision equal to the estimated amount payable. Otherwise, the Company discloses the event in the notes as a contingent liability.

3.1.8. Determination of lease term and incremental borrowing rate

In calculating the right of use property, plant and equipment, management defines the lease term as the contractual lease term, including the period covered by (a) an option to extend the lease if it is reasonably certain that the option will be exercised or (b) an option to terminate the lease if it is reasonably certain that the option will not be exercised. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option.

The lease term is revised when an option is exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs that will affect this assessment and is within the control of the lessee.

In addition, in calculating the lease liability, management determines the incremental borrowing rate at the commencement date of the leases, as the effective interest rate is not directly determined by the lease agreements. The incremental borrowing rate is the borrowing rate that the Company would pay for cash of similar maturity and similar security in order to acquire property, plant and equipment of similar value to leased assets.

3.1.9. Determination of revenue from consumed and unbilled energy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and to the extent that they can be reliably measured on an accrual basis.

The Company estimates the accrued revenue from Network Usage Charges in order to ensure its correct representation, which is related to the electricity used in LV from the non-monthly metered supplies in the respective financial year, and which has not yet been invoiced by the end of the current financial year, according to the following assumptions and calculations.

As the cycle of the actual usage measurements of LV is quarterly and the Company, at the date of preparation of the financial statements, does not have at its disposal the actual metering data of the first 4 months of the next financial year (X+1), in order to be able to accurately determine the accrued income of the current fiscal year (X0) and incorporate it in them, estimate this revenue for the Network Usage Charges related to the energy that has not yet been metered and invoiced, according to certain assumptions, the most important of which relate to the total quantities of electricity consumed and the losses of electricity from the network, according to the official data of HEDNO SA, as well as the average charges for the usage of electricity. Based on the evidence obtained from monitoring this estimate against actual meterings and invoices in past periods, the acceptable range of variation is between -1% and +3%. On 30/03/2023, by Decision of RAEWW No. 198/2023, new Usage Charges for HEDNO were determined, which are now based on Fixed charges (power) and Variable charges (consumption) allocation. The Company accordingly adjusted its approach to the assessment of the unbilled revenue provision to align with the Regulator’s decision, and also split this provision respectively between Fixed and Variable charge elements. This change does not constitute a charge in the revenue accounting policy.

3.1.10. Recognition of revenue from consumers contributions

The Company assesses that consumer’s contribution refers to the initial and continuous connection to the distribution network, which is a distinct service, separate from the sale of Energy. The promised service is considered as a separate contractual obligation. Consequently, the income from consumers contributions is recognised during service rendered to the customer. As the contract with the customer is not of a specific duration, the revenue is recognised based on the useful life of the distribution network assets (35 years).

3.1.11. Inventory write - down

The Company recognizes a provision for inventory impairment which relates to (a) slow-moving materials due to age and Materials X that are not classified as Materials A, B or C after their removal from the Network.

The provision for impairment of slow-moving assets is based solely on their age and on percentage ranges that determine the amount of impairment up to the year ended 31/12/2023. Note that the Company takes into account further qualitative factors related to materials of significant functionality and adjusts its accounting estimate for these materials accordingly.

The impairment provision of Materials X is based on their conversion rates to Materials B and C, as well as their dependence on the prices of Materials A. The Company revises the assumptions related to the aforementioned provision, taking into account this important qualitative information and adjusts the carrying value of its inventories for the year ended 31/12/2023, while at the same time representing the converted Materials C (related to Materials Provision X) on a realistic basis and taking into account current data.

At the same time, the Company is in the process of creating a valuation model that will link Materials X and C with prices of metals contained in them. The action was carried out in the context of the general optimization of the storage and monitoring of the Materials, their correct categorization and timely information of the administration for the needs of the Company's facilities. Under IAS 8 Standard and since the fluctuations in the price of metals within 2023 represent new information used in the preparation of the Financial Statements for 2023 fiscal year, this new approach of the Company for the formation of the provision for the impairment of Materials X, taking into account this assumption is not considered as an error, but as a change in accounting estimate and – therefore – there is no reason to restate the Financial Statements

3.2 SUBSTANTIAL ACCOUNTING PRINCIPLES

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

3.2.1 Consumers Contributions

Consumers or producers connected to the distribution network are required to participate in the initial costs of connection to the network (meters, lines, substations, etc.) or other types of infrastructure through the payment of statutory amounts or the contribution of fixed assets (very limited cases). It is noted that all facilities constructed belong by law to the exclusive ownership, possession and possession of HEDNO SA, while in case the customer abandons his facility and it is transferred to a new customer, the new customer is not obliged to pay a new participation.

(Amounts in EUR thousand)

Consumer participation refers to the initial and ongoing connection to the distribution network which is a separate service and the promised service is considered as a separate contractual obligation. Consequently, the income from consumers contributions is recognised during service rendered to the customer. As the contract with the customer is not of a specific duration, the revenue is recognised based on the useful life of the distribution network assets (35 years). Consumer contributions are classified as non-current liabilities under FS line "Consumer contributions and Subsidies".

3.2.2 Intangible assets

Intangible assets include software. Software are measured at cost less accumulated depreciation and amortisation. In the event of withdrawal or sale, the acquisition value and depreciation are written off. Any gain or loss arising on derecognition is included in the statement of comprehensive income. Software is amortised using the straight-line method over a period of 5 years.

3.2.3 Property, plant and equipment

Property, plant and equipment includes mainly land, buildings, machinery, motor vehicles and furniture. Property, plant and equipment are recognised at acquisition cost minus the accumulated depreciation. Cost includes all direct costs incurred in acquiring the assets. Assets under construction are fixed assets which are recognised at cost. Costs include construction costs, third-party fees and other direct costs. Fixed assets under construction are not depreciated.

Subsequent to initial recognition, property, plant and equipment is measured at fair value less accumulated depreciation and impairment losses. Fair value estimates are made periodically by independent valuers (every 3 to 5 years) to ensure that the fair value does not differ significantly from the net book value. Any increase in value is credited to a reserve in equity, net of deferred income taxes. At the date of revaluation, accumulated depreciation is offset against its carrying amount before depreciation and the net amounts are restated to the revalued amounts. Any reductions first offset any revaluation surplus from previous revaluations and the remaining amount is charged to the income statement of the fiscal year. On removal of a revalued property, plant and equipment, the corresponding portion of the recognised surplus is transferred from the reserve to retained earnings. Repairs and maintenance are charged to expenses of the period in which they are performed. Subsequent expenditure is capitalised if the criteria for its recognition as an asset are met. For all fixed assets that are retired, their acquisition value and related depreciation are written off when they are sold or retired. Any gain or loss arising from the write-off of an item of property, plant and equipment is included in the income statement.

The latest revaluation of the tangible fixed assets in operation took place on 31/12/2019, whereby the net book value of the fixed assets increased by € 3 million. This amount was recorded directly as a credit in Equity net of deferred tax. The next revaluation will take place on 31/12/2024.

Depreciation of fixed assets is calculated using the constant depreciation method based on the estimated remaining useful life of the assets. The total useful life (in years) applied for the calculation of depreciation is as follows.

Buildings - Industrial plants - City substations	50
Machinery	15-35
Transport Lines	35
Pilot cables	35
Furniture and utensils	5-25
LV-ML Distribution Networks	35
Tele-Operation Systems	15

3.2.4 Leases (IFRS 16)

The Company as a lessee

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of a recognised asset for a specified period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of a low-value underlying asset. The Company recognises lease liabilities for lease payments and right-of-use assets representing the right of use the underlying assets.

<u>Rights of use assets</u>

The Company recognises rights of use assets at the inception of the lease (the date the asset is available for use). Rights of use property, plant and equipment are measured at cost less accumulated depreciation and impairment and adjusted by the re-measurement of the related lease liabilities. The cost of property, plant and equipment rights of use includes the amount of lease liabilities recognised, the initial directly attributable related costs and lease payments made on or before the commencement date, less the amount of any discounts or other incentives offered. Except in cases where it is reasonably certain that the Company will obtain possession of the leased asset at the end of the lease, recognised rights of use property, plant and equipment are depreciated using the straight-line method over the shorter of the useful life of the underlying asset and the terms of the lease. Rights of use property, plant and equipment are subject to impairment testing either individually or as a cash-generating unit. Right-of-use assets are presented separately in the statement of financial position.

Floating rents that are not index-linked or rate-linked are not included in the measurement of the lease liability and therefore are not a component of the carrying amount of the right-of-use asset.

For rights of use arising from IFRS 16, see note 18.

Lease liabilities

At the inception of the lease, the Company recognises lease liabilities equal to the present value of the lease payments over the total lease term. Payments include contractual fixed leases, less the amount of subsidies offered, variable rents dependent on an index, and amounts for residual value payments expected to be paid. Lease payments also include the exercise price of a purchase option that is relatively certain to be exercised by the Company and termination penalty payments if the contract terms indicate with relative certainty that the Company will exercise the right to terminate the lease. Variable leases that are not index-linked are recognised as an expense in the period in which the event or condition occurs and the payment is made.

To calculate the present value of payments, the Company uses the incremental borrowing cost at the commencement date of the lease if the effective interest rate is not directly determined by the lease agreement. Subsequent to the commencement of the lease, the amount of lease liabilities is increased by interest expense and decreased by the rental payments made. In addition, the carrying amount of lease obligations is remeasured if there is a contract amendment, or any change in the term of the contract, the fixed rents or the decision to purchase the asset. Remeasurements are presented in one line as changes under the note for Right of use assets .

For the liabilities arising from IFRS 16, see note 18.

Short-term leases and leases of low-value assets

The Company applies the exception relating to short-term leases (i.e. leases with a term of less than or equal to 12 months from the commencement date of the lease agreement, where there is no right to purchase the asset); it also applies the exception relating to low-value assets (i.e. assets with a value of less than € 5 thousand). Rental payments for short-term and low-value leases are recognised as expenses on a straight-line basis over the term of the lease.

Determination of lease term

The IFRS Interpretations Committee issued a decision that when assessing the concept of a non-significant penalty when drafting lease terms, the analysis should not cover only the financial penalty provided for in the contract, but should use a broader economic assessment of the penalty so as to include all possible economic outflows associated with the termination of the contract. The Company applies this judgment and uses judgment in evaluating the lease, particularly in cases where the agreements do not provide for a predetermined term. The Company takes into account all relevant factors that create a financial incentive to exercise either renewal or termination.

The Company as a lessor

Leases in which the Company is the lessor are classified as either finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. The Company leases properties in the form of operating leases. Revenue from operating leases is recognised on a straight-line basis over the term of the lease. The initial direct transaction costs of an operating lease agreement are added to the carrying amount of the underlying asset and recognised using the straight-line method over the term of the lease.

3.2.5 Impairment of Non-Financial Assets

At each date of preparation of the financial statements, HEDNO SA assesses the existence of impairment indicators of its assets. Where there are indications, HEDNO shall calculate the recoverable amount of the asset. The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. Recoverable amount is determined at the level of an individual asset unless that asset does not generate cash inflows that are independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, it is considered to be impaired and is adjusted to its recoverable amount.

The value in use is calculated as the present value of estimated future cash flows using a pre-tax discount rate that reflects current estimates of the time value of money and the risks associated with the specific asset. The fair value (less costs of sale) is determined on the basis of the application of a valuation model, where appropriate. Impairment losses from ongoing operations are recognised in income statement unless the asset is measured at fair value, in which case the impairment loss is treated as a reduction of previously recognised surplus.

At each financial statement date, an assessment is made as to whether previously recognised impairment losses no longer exist or have decreased. If there are such indications, the recoverable amount of the asset is reassessed. Impairment losses previously recognised are offset only if there have been changes in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The increased balance of the asset resulting from offsetting the impairment loss shall not exceed the balance that would have been determined (less depreciation) if the impairment loss had not been recognised previously. An impairment reversal is recognised in income statement unless the specific asset is measured at fair value, in which case the reversal is treated as an increase in previously recognised surplus and, after the charge, depreciation of the specific asset is adjusted so that the revised balance (less residual value) is allocated equally over the remaining useful life of the asset.

3.2.6 Financial Instruments and Derivative Financial Instruments

A financial instrument is any contract that creates both a financial asset for one entity and a financial liability or equity instrument for another entity.

<u>Initial recognition and measurement</u>

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

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financial component or for which the Company has applied the feasibility practice, the Company initially measures financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financial component or for which the Company has applied the feasibility practice are measured at the transaction price determined in accordance with IFRS 15.

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

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

The purchase or sale of financial assets that require delivery of assets within a time frame specified in a regulation or market contract are recognised on the transaction date, i.e. the date on which the Company commits to purchase or sell the asset.

<u>Subsequent measurement</u>

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

- Financial assets are measured at fair value through profit and loss
- Financial assets at amortised cost

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

Financial assets measured at fair value through profit and loss include financial assets held for trading, financial assets designated as fair value through profit or loss on initial recognition through profit and loss or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near future. Derivatives are also classified as held for trading unless they are designated as effective 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. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model.

These financial assets are classified as current assets when they are held for trading or are expected to be realised within 12 months of the reporting period.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held in a business model with the objective of holding financial assets to collect contractual cash flows and b) the contractual terms of the financial asset generate cash flows at specified dates that are solely payments of principal and interest on the principal balance.

Financial assets at amortised cost are subsequently measured using the (EIR) method and are subject to impairment. Gains 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 assumed an obligation to pay the cash flows received in full without material delay to a third party under a pass-through arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred substantially all the risks and rewards of ownership of the asset or (c) the Company has transferred substantially all the risks and rewards of ownership of the asset. When the Company has transferred the rights to receive cash flows from an asset or has entered into a transfer agreement, the Company assesses whether and to what extent it owns the risks and rewards of ownership. When the Company has neither transferred nor retained substantially all the risks and rewards of the asset nor 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 related liability. The transferred asset and the related liability are measured on the basis of the rights and obligations held by the Company.

The Company assesses at each financial statement date whether the value of a financial asset or a group of financial assets is impaired and recognises a provision for impairment when required against expected credit losses for all financial assets not at fair value through profit or loss. Expected credit losses are based on the difference between all contractual cash flows due under the contract and all cash flows the Company expects to receive, discounted at the approximate original effective interest rate.

Expected credit losses are recognised in two stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the entity measures the provision for losses on that financial instrument at an amount equal to the expected credit losses for the next 12 months. If the credit risk of the financial instrument has increased significantly since initial recognition, an entity measures the provision for losses on a financial instrument at an amount equal to the expected credit losses over its lifetime, regardless of when the default occurred.

Regarding accounts receivables, the Company applies the simplified approach for the calculation of expected credit losses. Therefore, at each reporting date, the Company measures the provision for losses on a financial instrument at an amount equal to expected lifetime credit losses without monitoring changes in credit risk.

In determining expected credit losses related to accounts receivable, the Company uses a credit loss provisioning table based on the aging of balances, based on the Company's historical credit loss data, adjusted for future factors related to debtors and the economic environment.

3.2.7 Measurement of fair value

The Company measures financial instruments, such as derivatives, at each reporting date and non-financial assets, such as property, periodically (every 3-5 years) at fair value. The fair value of an asset is the price that would be received to sell an asset or paid to settle a liability in an arm's length transaction and between market participants at the measurement date. The measurement of fair value is based on the assumption that the transaction of selling the asset or transferring the liability takes place either:

- In the principal market for the asset or liability, or

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

The principal or most advantageous market should be accessible to the company. The fair value of an asset or liability is measured based on all the assumptions that market participants use in evaluating an asset or liability, provided that market participants act in their economic interest. The ability of market participants to create financial benefits by utilizing the asset in its highest and best usage or by selling it to another market participant who will use the asset in its highest and best usage is taken into account when determining the fair value of a non-financial asset. The company uses valuation techniques appropriate to the circumstances and for which there are available and sufficient data to measure fair value, maximising the use of relevant observable inflows and minimising the use of non-observable inflows. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole, as described as follows:

- Level 1 - Imported (unadjusted) market prices on active markets for similar assets or liabilities
- Level 2 - valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable

For assets and liabilities recognised in the financial statements on a regular basis, the Company determines whether transfers between levels of the hierarchy have occurred by reassessing and reclassifying (based on the lowest level elements that are significant to the fair value measurement as a whole) at the end of each reporting period.

The Company establishes policies and procedures for both recurring measurements and for assets held for distribution or sale. External valuers are involved in the valuation of the Company's significant assets, such as property, plant and equipment, as well as significant liabilities. The participation of external appraisers is decided annually by the Group. Selection criteria include market knowledge, reputation, independence and adherence to professional standards.

3.2.8 Derivative financial instruments

The Company uses derivative financial instruments, such as Interest Rate Cap Transactions, to hedge interest rate risks associated with long-term floating rate debt contracts. These derivative financial instruments are initially recognised at fair value at the inception of the hedging relationship and subsequently measured at fair value through profit or loss, and the Company has elected not to apply hedge accounting.

The Company has entered into the aforementioned agreements to hedge the risk arising from fluctuations in the fair value of the future cash flows of the hedged instrument due to changes in market interest rates. The risk hedged in cash flow hedges is the exposure arising from the volatility in future cash flows attributable to a specific risk associated with a recognised asset or liability that arises from changes in interest rates and may affect the statement of comprehensive income of the financial year.

3.2.9 Financial liabilities

All financial liabilities are initially measured at their fair value minus transaction costs, in the case of loans and payables. For subsequent measurement purposes, financial liabilities are classified as financial liabilities at amortised cost.

A financial liability is derecognised when the obligation arising from the liability is cancelled or expires. When an existing financial liability is replaced by another from the same lender but on substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.2.10 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has the legal right to do so and intends to net them off against each other or to claim the asset and settle the liability simultaneously. The legal right must not depend on future events and must be enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.2.11 Inventory

Inventory include consumable materials and spare parts of fixed assets, which are measured at the lower of cost or net realisable value, the cost being determined using the monthly weighted average method. Materials are recognised in inventory when they are purchased and expensed when they are used. A provision for impairment is formed based on the recoverable amount from the use of these materials, as well as on accounting estimates as mentioned in note 3.1.11.

3.2.12 Trade receivables

Trade receivables from credit customers, usually between 20 and 90 days, are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate, net of any provision for impairment. For doubtful receivables, the Company applies the simplified approach of IFRS 9 and calculates expected credit losses over the life of the receivables. To this end, it uses a table that calculates relevant forecasts in a way that reflects experience from past events as well as projections of the future financial condition of customers and the economic environment. Doubtful debts shall be assessed on a one-by-one basis for the purpose of calculating the relevant provision. The amount of the provision is recognised in the statement of comprehensive income under selling and distribution expenses.

The Company assesses at each financial statement date whether the value of a financial asset or a group of financial assets is impaired in accordance with the provisions of IFRS 9. The Company has adopted the expected credit losses model for each of the above asset classes.

3.2.13 Cash and cash equivalents

Cash and cash equivalents include cash, demand and sight deposits and other short-term investments that are realisable within a period not exceeding three months.

3.2.14 Share capital

The share capital includes ordinary shares of the Company. Direct costs of issuing shares are presented, after deducting the related income tax, as a deduction from the cost of issue.

Repurchases of the company's shares (treasury shares) are recognised at cost and presented as a deduction from equity. No profit or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity. Any differences arising between the carrying amount and the reissue price are recognised in equity.

3.2.15 Current and deferred taxation

Income tax for the period consists of current and deferred tax.

The tax expense/income for the period is the tax calculated on the taxable result for the period at the applicable tax rate, adjusted for changes in the deferred tax asset or liability relating to temporary differences or unused tax losses, as well as additional taxes of previous years. Tax is recognised in the statement of comprehensive income, 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 at the amount expected to be recovered or paid to the tax authorities.

Income tax on profits is calculated in accordance with the tax legislation enacted at the date of the financial statements and is recognised as an expense in the period in which the profits arise. Management periodically evaluates cases where the existing tax legislation requires interpretation. Where necessary, provisions are made for amounts expected to be paid to the tax authorities. Interest and penalties arising from uncertain tax positions are considered part of income tax.

Deferred income tax is determined using the liability method arising from temporary differences between the carrying amounts and tax bases of assets and liabilities in the financial statements. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, which, when it occurs, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws enacted at the date of the financial statements and expected to apply when the deferred tax assets are realised or the deferred tax liabilities are settled.

Deferred tax assets are recognised only when it is probable that a future taxable profit will arise from the utilisation of the temporary difference that gives rise to the deferred tax asset.

Deferred tax assets are assessed at each financial statement date and are reduced if it is no longer probable that an expected taxable profit will be available in future years in order to utilise all or part of them.

Deferred tax assets and liabilities are offset only if offsetting of tax assets and liabilities is legally permitted and if the deferred tax assets and liabilities arise from the same tax authority over the taxable entity or over different entities and there is an intention to settle on a net basis.

3.2.16 Trade payables and other liabilities

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Liabilities are classified as current if payment is due within one year or less. If not, they are presented in non-current liabilities.

3.2.17 Provisions

Provisions for restructuring costs and legal claims are recognised when the company has present legal or other contractual obligations arising from past events, it is probable that an outflow of cash or other economic resources will be required to settle the obligation, and when the respective amounts can be reliably measured. Provisions cannot be recognized for future operating losses.

Provisions are calculated on the basis of the present value of management's estimates and relate to the expenditure required to settle expected liabilities at the date of the financial statements. The discount rate used reflects market conditions and the time value of money as well as increments related to the liability.

No provision is recognised for possible future liabilities associated with events that will or will not occur as a result of uncertain future events that are beyond the Company's control if it is not probable that the related liability will be settled through future cash outflows or the related liability cannot be measured reliably. Those cases are disclosed as, continent liabilities.

3.2.18 Loans and credits - Cost of borrowing

Loans and credits are initially recognised at cost, which reflects the fair value of the amount received less the costs of entering into the related loan agreements. They are subsequently measured at amortised cost using the effective interest method. The calculation of depreciated cost shall take into account all types of loan and credit issue costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that requires a significant period to become available for use or sale are capitalised as part of the cost of the related assets. All other borrowing costs are recognised as an expense in the financial year in which they are incurred.

3.2.19 Employee benefits

A) The Company provides its employees and pensioners with electricity at a reduced tariff. The obligation to provide a reduced tariff to retirees is recognised as a liability and calculated as the present value of future post-retirement benefits deemed to be accrued by the end of the financial year based on the employees' rights accumulated during their service and calculated using economic and actuarial methods on the basis of economic and actuarial assumptions.

B) Starting from the 2018 financial year, the Company shall pay, on the basis of Law 4533/2018 (Government Gazette A 7527/4/2018), retirement benefits, which may not exceed the amount of € 15 thousand to insured persons who leave due to termination of their employment contract, or reaching the age limit, or any other reason specified by law.

The above is a defined benefit plan in accordance with the provisions of IAS 19. The net expense for the year is included in personnel cost in the income statement and relates to the present value of benefits recognised in the year. The post-retirement benefit obligation is not funded. Actuarial gains or losses are recognised directly in other comprehensive income.

C) The Company recognises, in the income statement, as an expense the contributions attributable to the services received from its employees and paid to the relevant insurance institutions, EFKA (Unified Social Security Fund) and ETEAEP (Unified Auxiliary Social Security And Lump Sum Benefits Fund), (defined contribution plan) and as a liability the part of these contributions that have not yet been paid.

3.2.20 Revenue Recognition (IFRS 15)

In accordance with IFRS 15 "Revenue from Contracts with Customers", which is mandatory for accounting periods beginning on or after 01/01/2018, the recognition and measurement of revenue from contracts with customers is based on the following model that includes a 5-step process:

1. Identification of the contract with a customer
2. Identification of performance obligations.

3. Determination of the transaction price.
4. Allocation of transaction price to performance obligations.
5. Revenue recognition when performance obligations are met.

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

In particular, the transaction price is allocated to the individual performance obligations based on the relevant individual selling prices of the contract entered into, the distinct good or service.

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

The Company recognises a contractual obligation for amounts received from customers (prepayments) for performance obligations that have not been fulfilled, and when it retains a right to an amount unduly received (prior to contract performance) for performance obligations and the transportation of goods or services. The contractual obligation is derecognised when the performance obligations have been discharged and the revenue has been recognised in the Statement of Comprehensive Income.

The Company recognises a trade receivable when there is an unconditional right to receive an amount of consideration for the performed contract performance obligations to the customer. Similarly, the Company recognises a contract asset when it has fulfilled the performance obligations before payment to the customer or before they become payable, e.g. when goods or services are transferred to the customer before the invoice is issued by the Company.

Revenue from contracts with customers

- <u>Revenue from Network Use Fees</u>

Revenue is recognized monthly based on the fees approved by RAEWW and the use of its network (measurements-quantity in MWH) by its customers. On 30/03/2023, the 2023 revenue was approved by the FSA Decision No. 198/2023, which is increased compared to the previous year. The approach to the calculation of unit charges is based on allocating them into Fixed charges (power) and Variable charges (consumption), resulting at higher levels of the Company's required revenue which were also reassessed. The new fees became effective from 01/05/2023.

Revenue is recognised monthly on the basis of the charges approved by RAEWW and the use of its network (metering-quantity in MWH) by its customers. Revenue is recognised in the period in which the use of the network by the Company’s customers takes place, through the metering of services - either with digital meters or through metering workshops - and estimates of consumption in the respective not yet metered period - Note 3.1.9.

It is also noted that according to Law 4001/2011, Article 129, par. 2 - case (h), HEDNO SA has become the operator of the market operation of the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between the electricity producers and the final providers in the NIIs. These transactions relate to purchases and sales of electricity, as well as settlements of other charges. The above operation has no impact on the Company’s income statement, as HEDNO SA is equally burdened with the relevant costs. The aforementioned transaction is shown in the netting results without any income statement.

The main items for which the Company acts as an intermediary relate to the purchase and sale of electricity, the Special Duty of Greenhouse Gas Emissions Reduction (SDGGER) and Public Services Obligations (PSO).

- <u>Revenue from the disposal of materials</u>

Revenue is generally recognised on delivery of the materials to be disposed of.

- <u>Revenue from reconnection charges and other income from consumers</u>

Revenue is recognised when the service is provided to consumers.

- <u>Revenue from Consumers Contributions and Public Services Obligations</u>

Revenue is recognised when the service is provided to consumers. The Company as the owner of the Network follows the accounting treatement that described in the note 3.1.10.

- Revenue resulting from the RAEWW's Directives on under-recovery

Distribution network revenues are recognized monthly and are based on charges approved by RAEWW 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 assessed.

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 RAEWW. No asset or liability is recognised for the under or over recovery since this is required by the applicable IFRS.

Other income

- Revenue from sales of network projects

Revenue is recognised according to the percentage of completion of the project.

- Interest income

Interest income is recognised on an accruals basis.

3.2.21 Grants

The Company receives grants from the Greek State and the European Union in order to finance specific projects which are executed within specific time periods. When government grants are related to an asset, the fair value is credited to other non-current liabilities as deferred income and transferred to the income statement in equal annual instalments based on the expected useful life of the subsidised asset. When the grant relates to an expense, it is recognised as income in the period required to match the grant on a systematic basis to the expenditure it is intended to compensate. Amortisation of grants related to assets is presented under Amortisation in the Statement of Comprehensive Income while those related to expenses are shown under Other Income in the Statement of Comprehensive Income.

3.2.22 Subsequent Events

Subsequent events that provide additional information about the Company's assets and liabilities and position at the date of the financial statements and that meet the criteria for recognition are recognised in the financial statements. Otherwise, they shall be disclosed in the notes to the financial statements.

3.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those adopted in the previous financial year except for the following amended standards which the Company has adopted as of 01/01/2022.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments),
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments),
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

3.4 STANDARDS ISSUED BUT NOT APPLICABLE IN THE CURRENT ACCOUNTING PERIOD AND NOT PREVIOUSLY ADOPTED BY THE COMPANY

The following new standards, amendments/revisions to standards or interpretations have been issued but are not effective for the accounting period beginning 01/01/2022.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity’s own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. Management has assessed that the application of the this standard has no impact to the financial statement.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. Management has assessed that the application of the this standard has no impact to the financial statement.

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. Management has assessed that the application of the this standard has no impact to the financial statement.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the application of the this standard has no impact to the financial statement.

(Amounts in EUR thousand)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The analysis of revenue from contracts with customers is as follows.

	31/12/2023	31/12/2022
Network Usage Fees- PPC SA	580,663	429,551
Network Usage Fees - Other providers	359,274	272,573
Network Usage Fees - electricity theft	1,150	1,076
	941,087	703,200
Operator's settlement charges	1,719,849	1,482,336
Operator's settlement returns	-1,719,849	-1,482,336
Total Network Usage Fees	941,087	703,200

	31/12/2023	31/12/2022
Contributions attributable to the fiscal year	98,481	96,094
Disposal of materials	19,336	8,038
Revenue from reconnection charges	3,253	3,284
Other consumer income	4,127	3,512
Revenue from operational costs of electricity theft	2,547	2,552
Revenue from operating RES fee under Article 5 par.5 of Law 4951/22	55	96
Revenue from the fee for the connection of own-producers PV systems MoEE/DAPEEK/18393/686	6,160	0
Other income from customers with contracts	133,959	113,576
Revenue from contracts with customers	1,075,046	816,776

The analysis of Network Usage Fees is as follows.

	31/12/2023	31/12/2022
NUT- IS Invoices - PPC SA	517,112	407,376
NUT- IS Provision - PPC SA	26,719	-5,976
NUT- NII Invoices - PPC SA	36,832	28,151
NUT- IS Invoices - Other providers	325,745	259,330
NUT- IS Provision - Other providers	16,166	-1,782
NUT- NII Invoices - Other providers	17,106	14,782
Network Usage Fees - Hybrid Power Plant	10	21
Network Usage Fees - electricity theft	1,150	1,076
Network Usage Fees - AIA	247	222
Total	941,087	703,200

Operator's Settlement Charges	31/12/2023	31/12/2022
Revenue from Special Duty of Greenhouse Gas Emissions Reduction - Energy PV market clearance	36,497	40,063
Revenue from the PSO services	565,209	588,197
Revenue from System Usage Tariffs (SUT)- Electricity Theft	291	272
Non-categorised revenue attributed to primary supplier - electricity theft	447	672
RES energy sales	69,694	75,485
Thermal Power Plants' energy sales	1,047,711	777,647
Total	1,719,849	1,482,336

(Amounts in EUR thousand)

Manager's Settlement returns	31/12/2023	31/12/2022
Special Duty of Greenhouse Gas Emissions Reduction charges-PV energy market clearance	-53,104	-56,553
PSO service charges	-565,209	-588,197
System Usage Tariffs (SUT)- Electricity Theft	-291	-272
Non-categorised charges attributed to primary supplier - electricity thefts	-447	-672
RES energy cost	-53,087	-58,995
Thermal Power Plants' energy purchases	-1,047,711	-777,647
Total	-1,719,849	-1,482,336

Charges - Operator's settlement returns

According to Law 4001/2011, Article 129, par. 2 - case (h), HEDNO SA has become the operator of the market operation of the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between the electricity producers and the final providers in the NIIs. These transactions relate to purchases and sales of electricity, as well as settlements of other charges. The above operation has no impact on the Company's income statement, as HEDNO SA is equally burdened with the relevant costs. The aforementioned transaction is shown in the netting results without any income statement.

The main items for which the Company acts as an intermediary relate to the purchase and sale of electricity, the Special Duty of Greenhouse Gas Emissions Reduction (SDGGER) and Public Services Obligations (PSO).

Special Duty of Greenhouse Gas Emissions Reduction (SDGGER)

SPGGER is paid by electricity consumers to help reduce carbon dioxide emissions through the production of electricity from Renewable Energy Sources (RES). This fee is based on regulated charges of RAEWW (RAEWW Directive 621/2016).

RES - Thermal

The operator's settlement charges include invoices to suppliers and the Renewable Energy Sources and Guarantees of Origin Operator (DAPEEP) as part of the recovery of the cost of purchasing energy from RES and thermal power plants in NIIs. Similarly, the amount relating to invoiced energy from RES and thermoelectric plants in the NIIs appears in the operator's settlement returns.

The Company, as the obligor of all transactions with the participants in the NIIs Market, from 01/01/2015 charges the Representatives, based on the consumption of their customers in the NIIs and credits equally the Special Account held by DAPEEP.

Public Services Obligations (PSO) In the special management account YKO (ELYKO) are credited as inputs the revenues from the relevant charges imposed on the customers, which are collected and attributed by the electricity suppliers to HEDNO SA and are charged as outputs the considerations provided to the Suppliers in order to electricity to the residents of the NIIs at the same prices as those of the BoD covering the excessive costs; and (b) to supply electricity at lower prices to specific categories of consumers (vulnerable consumers, large families). Any shortcomings of ELYKO are covered either by revaluating the unit charges or by the state budget. The Public Services Obligations Special Account (ELYKO), managed by the PSO Operator and monitored separately in the Interconnected System and in the Non-Interconnected Islands System, should be balanced at the end of each calendar month and at the end of each calendar year (RAEWW Directive 750/2021).

As of April 2023, in the context of each Monthly settlement during which ELYKO becomes deficient because the appropriations of the month are less than the charges and there is not enough reserve in ELYKO to cover all the charges of the specific month, HEDNO SA (PSO Manager) specifies the impairment rate of the PSO consideration to be paid to each of the Electricity Suppliers, depending on how much each of them would be entitled to for this month if the deficit had not occurred. Respectively, the Suppliers invoice the consideration paid to them by the PSO Operator, which is impaired by the above percentage. The impairment rate is common to all Electricity Suppliers and results from the Monthly Clearing Deficit ratio of the total RMO consideration that all Suppliers would be entitled to if there was no deficit. The amount during which the due consideration of the PSO was reduced during the fiscal year 2023 amounts to € 281 million.

Electricity theft

According to RAEWW Directives 236/2017 and 237/2017 (Government Gazette B 4496/2017), from 2018 onwards the Company is the manager of electricity thefts. The technical staff shall carry out technical checks to identify any electricity thefts (e.g. significant and sudden changes in usage) or be informed of them following the submission of corresponding complaints. Following relevant checks, the Company issues a fine for the cases of detected electricity thefts, which is recognised upon collection of the amount by the consumer. The amounts that appear in the operator's debits and settlement returns refer to the part of the electricity theft invoice, which, according to the RAEWW Directives 236/2017 and 237/2017, is paid on a monthly basis to IPTO (SUT) and PPC SA (Primary Supplier) - PS).

(Amounts in EUR thousand)

Contributions attributable to the fiscal year

The contributions are divided into consumer contributions and PPC fibre deployment contributions. The former refer to the initial and continuous connection to the distribution network, while the latter relate to the installation of optical fibres on behalf of PPC SA. The above are distinct services and the promised services are considered as separate contractual obligations. Therefore, revenue from contributions is recognised over the period in which service rendered to the customer. As the contract with the customer is not of a specific duration, the revenue is recognised based on the useful life of the distribution network assets (35 years).

The analysis of the Contributions of the year is as follows:

	31/12/2023	31/12/2022
Corresponding consumers contributions	98,476	96,094
Contributions corresponding to the installation of optical fibres PPC	5	0
	98,481	96,094

5. OTHER INCOME

Other income is broken down as follows:

	31/12/2023	31/12/2022
Sales of network projects	90	442
Revenue from electricity theft reserve	8,175	8,592
Other revenue	10,490	6,791
Total	18,755	15,825

The line "Network Projects Sales" includes an amount of € 90 thousand, which relates to the costs of the PPC Mining Projects that were carried out during the financial year and have not yet been invoiced. In the previous financial year the corresponding amount of € 442 thousand relates to the invoiced costs of PPC Mining Projects in the financial year € 644 thousand less € 202 thousand which relates to the costs of PPC Mining Projects that were incurred in the financial year 2021 but invoiced in the financial year 2022 (change in project inventory).

Revenue from the Electricity Theft Reserve of € 8,175 thousand relates to the coverage of part of the 2023 permitted revenue of HEDNO, reducing respectively the required revenue and network usage tariffs and partially compensating for the loss costs incurred by the final consumers of the network which remain at high levels and are provisioned by the RAEWW Directive 164/2023.

As regards other income, this includes the following and is detailed in the table below.

	31/12/2023	31/12/2022
Penalties on suppliers/contractors	896	495
Other income	2,132	1,597
Income from termination of financing agreements	-1	1
Grants-subsidies	2,425	1,477
Revenue from the provision of services to related parties	3,773	2,146
Revenue from buildings leasing	599	644
Revenue from canteens	492	386
Revenue from other services	174	45
Total	10,490	6,791

Income from the provision of services to related parties includes an amount of € 2,432 thousand. (2022: € 806 thousand) which concerns revenue from PPC SA for the recovery of design costs for the installation of the Fibre Optic Network.

(Amounts in EUR thousand)

Also included in the amount of revenue from property leases to related parties is an amount of € 588 thousand. (2022: € 632 thousand) which concerns the company's income from the lease of its properties in PPC SA and € 11 thousand. (2022: € 11 thousand), which relates to the Company's revenue from the leasing of rooftops to PPC Renewables SA.

6. PERSONNEL COST

Personnel cost is broken down as follows:

	31/12/2023		31/12/2022	
Payroll		343,932		315,455
Operating activities	264,387		259,475	
Payroll of HEDNO projects	79,545	-79,545	55,980	-55,980
Overtime / Days off		-1,537		216
Provision for compensation		-7,319		-441
Personnel ancillary employee benefits		6,448		5,407
Ancillary employee benefits to HEDNO projects		-20		-41
Provision for untaken leave		-494		-1,424
Revenue from personnel seconded to IKA		-978		-1,176
Total		261,475		262,017

The remuneration of the regular personnel amounted to € 312,373 thousand (2022: € 301,233 thousand) and of the temporary personnel to € 10,981 thousand (2022: € 10,696 thousand). In addition, payroll includes personnel compensation of € 20,578 thousand (2022: € 3,526 thousand) relating to employees who had left by 31/12/2023.

It is noted that the average number of regular personnel during the year 2023 on 31/12/2023 amounted to 5,765 people (2022: 5,490) and the average number of temporary personnel to 758 (2022: 838)

The line item "Overtime / Days off" includes provision for December overtime paid on 01/2024 in the amount of € 254 and reversal of provision for day off in the amount of € 1,791 due to cancellation of due Sunday rest for the years 2019-2022. The deletion was based on a decision by the administration which stipulates that the rests resulting for employees on Sunday must be granted within an exclusive period of 75 days from the day of employment.

The Personnel Ancillary employee benefits are broken down as follows.

	31/12/2023	31/12/2022
Reduced electricity tariff - current fiscal year	2,708	2,514
Reduced electricity tariff - Reversal of provision	-426	-1,254
Children's camps	199	167
Personnel insurance premiums	2,606	2,594
Nursery schools	473	407
Other ancillary employee benefits	888	979
Total	6,448	5,407

7. MAINTENANCE AND THIRD PARTY SERVICES

The maintenance and third party services are broken down as follows:

	31/12/2023	31/12/2022
Third-party services	19,838	19,856
Repairs - Maintenance	76,216	53,444
Total	96,054	73,300

Third party services are broken down as follows:

(Amounts in EUR thousand)

	31/12/2023	31/12/2022
Maintenance - High Voltage (IPTO)	0	1,592
Operating leases	7,298	3,142
Telecommunication services costs	4,919	7,257
Electricity	3,706	4,646
Other third-party services	3,915	3,219
Total	19,838	19,856

The amounts of the comparative information in the individual line items of "Third-party services" and "Repairs – Maintenance" differ from those published on 31/12/2022 due to reclassifications for the purposes of a more accurate display (Note 39).

There was a decrease in high voltage maintenance compared to the previous year, as the contract with IPTO expired in 2022 and this service is now performed by appropriately trained executives of the Company's Network Major Installation Department.

The increase in operating leases by € 4 million is due to the increase of 1.9 million in the leases of electric generating sets (H/S) to cover emergency needs (of which 1 million concerns H/S leases in the Alexandroupolis area due to the large forest fire in the summer of 2023) as well as the increase of 1.9 million in the rental of water trucks, lifting and pumping vehicles.

The increase in repairs and maintenance by € 22.7 million (43%) is due to the increase in expenditure for pruning by € 9.6, which are due to the increased needs due to natural disasters and the gradual implementation of the Optical Fiber project. Analytically, the expenditures are caused to the increase in network repairs due to severe weather by € 5.3 million, the charge for the maintenance of the structured cabling of the telecommunications network amounting to € 3.5 million and the increase in the maintenance of wooden poles by € 3.3 million.

8. MATERIAL CONSUMPTION

Material consumption is broken down as follows:

	31/12/2023	31/12/2022
Material conversion cost	9,917	7,903
Consumption - network projects	38	34
Consumption - operating activities	23,262	18,578
Total	33,217	26,515

There was a 25% increase in the line item "Consumption - operating activities", which is mainly attributed to the increase in Cost of sales by € 4.4 million as well as the increase in selling price of the disposed materials (note 4, mainly due to an increase in metal prices and the number of sales contracts signed within 2023) and the respective increase in their cost.

9. THIRD PARTY FEES

Third party fees are analysed as follows:

	31/12/2023	31/12/2022
Cleaning - guarding of buildings	5,281	4,865
Metering Fees	6,404	5,885
Outages and reconnection fees	7,372	7,188
Support Expenses - PPC SA	3,961	4,388
Studies by third parties	14,608	6,641
Other third party fees	52,769	41,527
Total	90,395	70,494

The increase of fund "Studies by third parties" in compared of previous year amount of € 7.9 million caused to the increase of consultancy fees for strategic planning of expenditure for proper management of power theft project amount of €4.9 million and the increase in study fees for the fibre optic network in the amount of € 1.2 million.

(Amounts in EUR thousand)

Similarly, the increase in other third party fees of € 11,2 million is mainly due to the increase in expenses for the support of the company's operation through third parties of € 4 million, the increase in fees for royalties for the use of software programs of € 1.7 million and the increase in call centre fees of € 1.1 million.

10. OTHER INCOME / EXPENSES

Of the total other income/ expenses, an amount of € 91 thousand (2022: € 638 thousand) relates to reversal of provision for bad debts (Note 21) and amount of € 5,790 thousand (2022:€ 15,669 thousand) relates to a reversal of provision for risks, which is further broken down as follows:

	31/12/2023	31/12/2022
Provision / (reversal of provision) for slow moving inventory	118	-7,163
Provision / (reversal of provision) of materials X	534	-1,050
Provision of material B>A	0	1
Reversal of provision for pending litigation	-6,442	-7,457
Total	-5,790	-15,669

The change in the provision for materials is discussed in note 20 while the change in the provision for pending litigation is discussed in note 36.

11. MISCELLANEOUS EXPENSES

The miscellaneous expenses are broken down as follows:

	31/12/2023	31/12/2022
Transportation costs	9,650	8,383
Travel expenses	5,957	4,112
Materials of immediate consumption	7,673	4,179
Expenses for research programs	1,563	1,213
Other operating costs	4,470	3,520
Personnel subsistence allowance	7,281	6,901
Other expenses	14,958	8,839
Total	51,552	37,147

The increase in miscellaneous expenses by € 14.4 million is mainly due to the increase in consumables and other expenses by € 3.4 million and € 6.1 million respectively. In particular, the increase in direct consumption materials is due to higher charges as a consequence of the revaluation of the purchase value of materials. Similarly, the increase in other expenses is mainly due to the increase in losses on disposal of assets by € 2.6 million and the increase in compensation to third parties (guaranteed services to consumers) of € 1.6 million.

12. DEPRECIATION- AMORTISATION

Depreciation - amortisation is broken down as follows:

	31/12/2023	31/12/2022
Depreciation - property, plant and equipment	312,205	303,983
Depreciation - Software	1,312	1,011
Depreciation - Right-of-use assets	12,209	10,863
Amortisation of grants	-2,037	-2,037
Total	323,689	313,820

The increased depreciation of property, plant and equipment is due to increased additions of property, plant and equipment in fiscal year 2023. It is noted that depreciation for the fiscal year 2023 include an amount of € 763 thousand regarding depreciation of "smart meters" that were capitalized during the year and have a useful life of 15 years.

(Amounts in EUR thousand)

13. TAXES - FEES

Taxes are broken down as follows:

	31/12/2023	31/12/2022
Taxes - fees for motor vehicles	349	359
Fees for cleaning - lighting	2,473	2,579
Stamp duty on leases	192	166
Other taxes - fees	225	250
Property taxes	1,900	1,859
Total	5,139	5,213

14. FINANCE INCOME

Finance income is broken down as follows:

	31/12/2023	31/12/2022
Credit interest on deposits	3,568	151
Interest on SWAP contracts	4,411	0
Interest income from discount	0	19
Gains on valuation of financial derivatives	0	11,607
Other finance income	577	485
Total	8,556	12,262

“The increase in credit interest in 2023 is due to an increase in term deposits in the current fiscal year due to more frequent use of excess cash liquidity while achieving better interest rates.

Regarding the interest on SWAP contracts, in 2023 finance income was recognised as opposed to 2022, when the Company recognised expenses. The positive change in 2023 is due to the successive increases in the interbank deposit rate (Euribor) that occurred in 2023, far exceeding the cost of hedging contracts.

15. FINANCE EXPENSE

Finance expense is broken down as follows:

	31/12/2023	31/12/2022
Bank expenses	80	62
Interest on bank loans	38,226	27,568
Interest on lease liabilities - IFRS 16	1,426	1,570
Loss on fair value measurement of financial assets	4,793	0
Interest on SWAP contracts & amortisation of expenses	205	435
Interest expense from discount	30	27
Supply of letters of guarantee	18,295	17,469
Total	63,055	47,131

The increase in interest on bank loans in 2023 is due to the raising of new funds of € 230 million from the EIB in April 2023 under the open line of financing of the Distribution VIII project and the second bond issue of € 150 million in September 2023 from the Eurobank bond loan of a total principal amount of € 660 million. New loans have an increased interest rate compared to loans repaid during the year, leading to an increase in the average cost to 4.05% in 2023 compared to 3.60% in 2022. The increase in the company’s borrowing rates is due to the upward trend in interest rates globally as a result of central banks' policy to contain inflationary pressures.

Regarding the SWAP derivatives, the loss from the fair value measurement of these derivatives that occurred in 2023 compared to the gain in 2022 is due to the fact that part of the gain has been realized and accounted for in 2023 as well as the apparent deceleration of interest rates leading to a reduced valuation of the derivatives.

(Amounts in EUR thousand)

16. INCOME TAX - CURRENT AND DEFERRED

Income tax (current and deferred) is broken down as follows:

	31/12/2023	31/12/2022
Current income tax	55,652	33,793
Previous years' tax	138	457
Deferred income tax	-12,690	-26,584
Total	43,100	7,666

Tax reconciliation between tax calculated on the Company's taxable accounting income and the actual income tax presented in the income statement is as follows:

	31/12/2023	31/12/2022
Profit before taxes	183,662	25,534
Nominal tax rate	22%	22%
Tax calculated on the basis of the established tax rate	40,406	5,618
Income tax of previous fiscal years	138	457
Tax effect of expenses not deductible for tax purposes	2,513	1,534
Other items for which no deferred tax is recognised	44	57
Income tax	43,100	7,666
	23,47%	30,02%

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

	31/12/2023	31/12/2022
Current income tax	-41,956	-26,354
Total	-41,956	-26,354

For purposes of better presentation and comparability, the “Tax Advance” is not classified within “Receivables”, and more specifically within “Other Receivables”, but is offset against current income tax and the result is recorded in the lines “Income tax receivable” and “Income tax payable” in the Statement of Financial Position, respectively.

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

	31/12/2023	31/12/2022
Opening balance	-304,746	-328,619
Credit / (charge) directly to equity	972	-2,711
Credit to income statement	12,690	26,584
Closing balance	-291,084	-304,746

Deferred tax assets and liabilities are further broken down as follows:

Deferred tax assets	31/12/2023	31/12/2022
Materials and spare parts	2,463	2,321
Trade receivables	23,055	23,075
Reversal of provision for risks and expenses	25,391	27,268
Consumers contributions and subsidies	325,718	329,236
Total	376,627	381,900

The charge for deferred taxes in income statement is broken down as follows:

(Amounts in EUR thousand)

Deferred tax liabilities	31/12/2023	31/12/2022
Depreciation & revaluation of property plant & equipment	-641,287	-668,601
Valuation of derivatives of financial instruments	-1,498	-2,554
Provision for revenue from network usage fees	-24,926	-15,491
Total	-667,711	-686,646
Net deferred tax liabilities	-291,084	-304,746

Deferred tax (income) / expense	31/12/2023	31/12/2022
Materials and spare parts	-143	1,807
Trade receivables	20	140
Provisions for risks and costs	2,849	2,218
Consumers contributions and subsidies	3,518	1,849
Depreciation & revaluation of property plant & equipment	-27,314	-32,509
Valuation of derivatives of financial instruments	-1,055	2,554
Provision for network usage income	9,435	-2,643
Income of deferred tax	-12,690	-26,584

The Company has not been audited by the tax authorities for the non-statutory fiscal years 2018 - 2023. The tax certificates of HEDNO SA by the auditing company for the fiscal years 2018 - 2022 were issued with unqualified opinion.

The work for the issuance of the tax certificate for the fiscal year 2023 has been assigned to the Company's auditors, Ernst & Young (Hellas) Certified Auditors SA, and is already in progress. Upon completion of such work, the Company's management does not expect to incur significant tax liabilities beyond those recorded and reflected in the financial statements.

During the preparation of the financial statements for the financial year ended 31/12/2023, the corresponding accounting differences have been calculated and the Company estimates that no provision is required for this financial year.

(Amounts in EUR thousand)

17. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets are broken down as follows:

	Plots of land	Buildings & Technical Facilities	Machinery & Other Mechanical Equipment	Motor vehicles	Furniture & Utensils	Fixed assets in progress	Total Property, Plant and Equipment	Software	Total
Acquisition value 01/01/2023	197,633	138,322	4,923,199	17,374	30,286	98,136	5,404,950	13,521	5,418,471
Additions	0	2,190	479,825	1,849	6,737	43,230	533,831	3,349	537,179
Disposals/ Write-offs	0	0	-8,755	-739	-787	-80	-10,361	-42	-10,403
Transfers/Reclassifications	0	2,419	20,617	0	0	-30,836	-7,800	7,800	-
	197,633	142,931	5,414,886	18,484	36,236	110,449	5,920,619	24,628	5,945,247
Advances for the Acquisition of Property	0	0	0	0	0	934	934	0	934
Cost 31/12/2023	197,633	142,931	5,414,886	18,484	36,236	111,383	5,921,553	24,628	5,946,181
Accumulated Depreciation 01/01/2023	0	-26,776	-494,049	-9,697	-17,667	0	-548,189	-10,330	-558,519
Accumulated depreciation - disposals/ Write-offs	0	-	2,506	678	746	0	3,930	42	3,972
Depreciation charge	0	-15,310	-292,320	-2,003	-2,572	0	-312,205	-1,313	-313,518
	0	-15,310	-289,814	-1,325	-1,826	0	-308,275	-1,271	-309,546
Accumulated Depreciation 31/12/2023	0	-42,086	-783,863	-11,022	-19,493	0	-856,464	-11,601	-868,065
Net Book Value 31/12/2023	197,633	100,845	4,631,023	7,462	16,743	111,383	5,065,089	13,027	5,078,116

(Amounts in EUR thousand)

	Plots of land	Buildings & Technical Facilities	Machinery & Other Mechanical Equipment	Inside Transport	Furniture & Utensils	Fixed assets in progress	Total Bodies Equipment	Software	Total
Cost 01/01/2022	197,633	136,330	4,673,058	16,813	28,242	47,331	5,099,407	12,493	5,111,900
Additions	0	1,992	252,454	921	3,081	53,028	311,476	1,040	312,516
Disposals/Write-offs	0	0	-4.534	-360	-1,039	0	0	0	0
Transfers/Reclassifications	0	0	2,221	0	2	-2,223	0	0	0
	197,633	138,322	4,923,199	17,374	30,286	98,136	5,404,950	13,521	5,418,471
Advances for the Acquisition of Property	0	0	0	0	0	0	0	0	0
Cost 31/12/2022	197,633	138,322	4,923,199	17,374	30,286	98,136	5,404,950	13,521	5,418,471
Accumulated Depreciation 01/01/2022	0	-11,542	-210,442	-7,910	-16,501	0	-246,395	-9,331	-255,726
Accumulated Depreciation - Disposals/Write-offs	0	0	844	317	1,028	0	2,189	12	2,201
Depreciation charge	0	-15,234	-284,451	-2,104	-2,194	0	-303,983	-1,011	-304,994
	0	-15,234	-283,607	-1,787	-1,166	0	-301,794	-999	-302,793
Accumulated Depreciation 31/12/2022	0	-26,776	-494,049	-9,697	-17,667	0	-548,189	-10,330	-558,519
Net Book Value 31/12/2022	197,633	111,546	4,429,150	7,677	12,619	98,136	4,856,761	3,191	4,859,952

(Amounts in EUR thousand)

The advance payment of € 934 thousand in the current year was granted to Intracom Telecom and concerns the implementation of the project "Development of Infrastructures of Central ECC in Athens and Local ECC in Rhodes".

The latest revaluation of property, plant and equipment in operation took place on 31/12/2019 and was carried out by an independent appraisal firm. The result of the revaluation was a gain of approximately €3 million, which was recorded directly to a credit to Shareholders' Equity, net of deferred tax. The next revaluation will take place on 31/12/2024.

Within 2023, an amount of € 3.53 million was transferred from the revaluation of property plant & equipment surplus reserve to Retained earnings. (2022: € 2.68 million) which corresponds to the Revaluation Reserve of disposals / write offs property plant & equipment, which now amounts to € 33,378 thousand on 31/12/2023.

18. LEASES

The following table shows the cost of right-of-use assets and the value of lease liabilities and their movement during the year ended 31/12/2023 and 31/12/2022.

	Property	Other Equipment	Motor vehicles	Software	Total
RIGHT OF USE					
1/1/2023	20,467	391	11,344	445	32,647
Additions	7,900	0	6,197	5,545	19,642
Decreases	-110	0	-1	0	-111
Depreciation	-6,488	-391	-4,033	-1,297	-12,209
31/12/2023	21,769	0	13,507	4,693	39,969

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
1/1/2023	21,577	214	11,625	450	33,866
Additions	7,901	0	6,197	5,545	19,643
Decreases	-114	0	-1	0	-115
Finance expenses	856	2	503	65	1,426
Payments	-7,266	-216	-4,457	-3,360	-15,299
31/12/2023	22,954	0	13,867	2,700	39,521

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
Non-current	6,622	0	4,889	1,051	12,562
Current	16,331	0	8,978	1,650	26,959

The following is a breakdown of the contractual expirations of the Company's lease obligations as of 31/12/2023:

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
Up to 12 months	7,433	0	5,362	1,138	13,934
From 1 to 5 years	11,812	0	9,408	1,695	22,914
Over 5 years	10,258	0	0	0	10,258

(Amounts in EUR thousand)

	Property	Other Equipment	Motor vehicles	Software	Total
RIGHT OF USE					
1/1/2022	17,750	1,172	10,297	1,236	30,455
Additions	9,280	0	4,120	56	13,456
Decreases	-383	0	(18)	0	-401
Depreciation	-6,180	-781	-3,055	-847	-10,863
31/12/2022	20,467	391	11,344	445	32,647

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
1/1/2022	18,795	628	10,459	1,259	31,141
Additions	9,249	0	4,108	56	13,413
Decreases	-394	0	-6	0	-400
Finance expenses	1,038	20	472	40	1,570
Payments	-7,111	-434	-3,408	-905	-11,858
31/12/2022	21,577	214	11,625	450	33,866

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
Non-current	6,060	214	3,470	450	10,194
Current	15,517	0	8,155	0	23,672

The following is a breakdown of the contractual expirations of the Company's lease obligations as of 12/31/2022:

	Property	Other Equipment	Motor vehicles	Software	Total
LIABILITIES					
Up to 12 months	6,823	216	3,893	456	11,388
From 1 to 5 years	12,089	0	8,619	0	20,708
Over 5 years	8,399	0	0	0	8,399

The increase observed in the Right of Use and the Lease Obligation from the previous one in the current fiscal year is due to rents adjustments and additional property lease contracts concluded in fiscal year 2023.

19. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are broken down as follows:

	31/12/2023	31/12/2022
Interest rate swaps (asset)	7,031	11,607
Interest rate swaps (liability item)	-218	0
Total	6,813	11,607

In order to hedge the interest rate risk arising from the two new floating rate loan agreements with Eurobank and the National Bank of Greece, the Company entered into OTC derivative contracts with each of the aforementioned banks. These are Interest Rate Cap Transactions that give the Company the opportunity to cover against a positive Euribor rate while paying a premium. The Company does not follow hedge accounting, as mentioned in Note 3.2.9.

20. INVENTORY

Inventory is broken down as follows:

(Amounts in EUR thousand)

	31/12/2023	31/12/2022
Materials and spare parts in contractor warehouses	75,027	49,852
Materials, spare parts and consumables in HEDNO SA warehouses	248,642	200,011
Inventory write - down	-11,197	-10,545
Goods-in-transit	22,796	237
Total materials and spare parts	335,268	239,555
Projects in progress	472	381
Total inventory	335,740	239,936

The movement of the provision is as follows.

	31/12/2023	31/12/2022
Opening balance	10,545	18,757
Reverse provision / (provision) - slow moving materials	118	-7,164
Reversal of provision / (provision) - Materials X	534	-1,050
Reversal of provision - Materials B>A	-	2
Closing balance	11,197	10,545

The increase in the provision for X Materials is due to the change in all the parameters on the basis of which this provision is calculated (increase in the value of X materials converted to B and C, decrease in the value of B materials due to the reduced quantity of X converted to B in the financial year 2023 compared to the financial year 2022, decrease in the theoretical sales value of C materials due to the decrease in the gross margin for the fiscal year 2023 compared to the fiscal year 2022).

In the previous fiscal year the company released an amount of € 7,164 thousand from the provisions for slow-moving materials due to additional information that came to the attention of management regarding quality factors relating to certain materials of significant functionality, which led to a downward adjustment of the accounting estimate. Respectively, during the previous fiscal year the company released € 1,050 thousand from the provision of X materials due to the higher prices of Materials A which resulted in improved valuation of Materials X.

It is noted that the Company is in the process of creating a valuation model that will link Materials X and C with prices of metals contained in them. The action was carried out in the context of the general optimization of the storage and monitoring of the Materials, their correct categorization and timely information of the administration for the needs of the Company's facilities. In the framework of the IAS 8 Standard and since the fluctuations in the price of metals within 2023 are a new condition used in the preparation of the Financial Statements for the year under review, this new approach of the Company for the formation of the provision for the impairment of Materials X, taking into account this assumption, it is not considered as an error, but as a change in accounting estimate and – therefore – there is no reason to restate the Financial Statements

21. RECEIVABLES

The receivables are broken down as follows:

	31/12/2023	31/12/2022
Receivables from PPC	73,195	34,684
Receivables from other providers	230,317	251,602
IPTO	631	705
Provisions for doubtful debts	-122,808	-122,899
Other receivables	44,425	29,286
Interim dividend to PPC	21,675	0
Interim dividend to MSCIF DYNAMI BIDCO S.A	20,825	0
Total	268,260	193,378

Receivables from PPC mainly concern Network Usage Fees and energy transactions in NIIs (RES NPPs - PV Roof-SPGGER). The cost of RES is recovered on the 5th day of the billing month (Article 183 of Hellenic Electricity Distribution Network Operation Code).

(Amounts in EUR thousand)

Note that Network Usage Fees from the providers are recovered in the Interconnected System on the 15th of month following the month of invoicing and in the NIIs on the 5th day from the date of receipt of the invoice (RAEWW Directive No. 314/2016).

The "Other Receivables" includes an amount of € 1,839 thousand. (2022: € 1,709 thousand) concerning due contributions of employees of category T4 / Electricians of the Network from their retroactive inclusion in the Heavy and Unhealthy Professions. Also, this item includes an amount of € 23,209 thousand (2022: € 15,927 thousand), which relates to goods-in-transit for which the vendor bears the transfer risk at the date of the Statement of Financial Position.

Following the compliance with all the prescribed procedures of the commercial legislation, with the Board Decision No. 27/28-09-2023, the distribution of the company's interim dividend was approved, amounting to € 42.5 million. to the shareholders PPC SA and MSCIF DYNAMI BIDCO S.A.

Provisions for bad debts

In the balance of the provision of bad debts € 122,808 thousand (2022: 122,899 thousand) includes an amount of € 119,691 thousand, of which a) € 117,914 thousand relates to the customers HELLAS POWER, ENERGA, KENTOR, REVMA ENA, GENIKI ENALAKTIKI ENERGIAKI whose operations have been interrupted, € 18,012 thousand relates to PSO transactions and b) € 1,750 thousand relates to the customer ELLINICA LIPASMATA SA for PSO transactions. The Company has taken legal action against them. In addition, the amount of € 3,117 thousand (2022: € 3,208 thousand) relates to provision for various debtors and customers.

The movement of the provision is as follows.

	31/12/2023	31/12/2022
Opening balance	122,899	123,537
Additional provision	0	1,750
Reversal of provision	-91	-2,388
Closing balance	122,808	122,899

22. ACCRUED RECEIVABLES

Accrued receivables are broken down as follows:

	31/12/2023	31/12/2022
Accrued receivables - thermal power plants	77,810	45,738
Accrued receivables - RES	4,753	4,437
Accrued receivables - Network Usage Fees	85,729	53,307
Accrued receivables - SPGGER	2,291	2,273
Accrued receivables - PSO	40,364	39,431
Expenses for subsequent years	979	1,825
Expenses on loans for subsequent years	4,499	3,789
Procurement of Greek public guarantees for the next financial year	1,045	0
Provision for NUT revenue - NII	113,298	70,414
Income from grants	527	554
Other Revenue Accrual	8,232	3,001
Interest on Swap interest rates	68	0
Total requirements	339,595	224,769

Accrued receivables relate to invoices issued in 2024 - the part of accrued and other receivables relating to related parties is shown. Other Revenue Accrual includes an amount of € 2,432 that relates to income from the recovery of study costs for the fibre optic network and also an amount of € 3,924 thousand that relates to income from the recovery of fibre optic network construction costs that are presented under the item Consumer Contributions and subsidies and will be gradually transferred to revenue over 35 years.

(Amounts in EUR thousand)

	31/12/2023	31/12/2022
Accrued receivables - thermal power plants	51,168	32,248
Accrued receivables - RES	3,320	3,167
Accrued receivables - Network Usage Fees	52,340	33,603
Accrued receivables - SPGGER	1,443	1,512
Accrued receivables - PSO	22,231	23,077
Provision for NUT revenue - Interconnected System	71,593	44,875
Accrued receivables from fibre optic	6,356	558
Accrued receivables from building rental	23	644
Other revenue accrual	790	763
Total	209,264	140,447

The table below shows a breakdown of the above amount by related party - the amounts are included as offsets in the relevant lines in note 37.

	31/12/2023	31/12/2022
PPC SA	209,138	139,948
PPC Renewables SA	26	14
HELLENIC POST OFFICE (ELTA)	78	467
AIA	22	18
Total	209,264	140,447

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	31/12/2023	31/12/2022
Fund	14	7
Sight deposits	102,541	127,398
Fixed term deposits	93,500	60,000
Total	196,055	187,405

The Company's cash and cash equivalents on 31/12/2022 amount to € 196 million (31/12/2022: € 187 million). All cash of HEDNO SA is in Euros - €.

Included in the Company's cash is the balance of the PSO account operated by the Company. The PSO account on 31/12/2023 shows a deficit of € 281 million (against a surplus of € 73 million on 31/12/2022). From April 2023 and based on the RAE Directive 750/2021, during the months when ELYKO is in deficit and there is insufficient reserve to cover all the charges of the month in question, the Company determines the percentage of reduction of the PSO compensation that it must pay to each of the electricity suppliers, depending on the amount that each of them would be entitled to for that month if the deficit had not occurred. Accordingly, the suppliers invoice the consideration paid to them by the Company, which is impaired by the above percentage. The amount by which the amount by which the due consideration for the PSO was impaired in the financial year 2023 amounts to € 281 million.

Interest income from sight and term deposits amounts to € 3,568 thousand. (2022: € 143 thousand) and are included in the "Finance Income" in the Statement of comprehensive income - Note 14.

24. SHARE CAPITAL

By Resolution of the General Meeting, dated 05/11/2021, the share capital of the Company was increased by € 953.662.960, deriving from the contribution to the Company, following the spin-off from the société anonyme PPC SA of the Distribution Network sector as defined in article 123A of Law 4001 /2011, which includes all the activities of the autonomous operating activities of the Hellenic Electricity Distribution Network (HEDN), including ownership of HEDN, including the real estate and other assets of the Distribution Network Branch and the Network of the Non-Interconnected Islands, the related liabilities and other liabilities, with the exception of the High Voltage Network of Crete, including the related property and assets, the existing fibre optic network and related assets, the right to install fibre optic or other electronic communications network elements on the HEDN, as well as the obligations and rights arising from Law 4463/2017 (A 42), in accordance with the provisions of Law 4601/2019 and L.D. 1297/1972, together with the transformation balance Sheet of 31/03/2021 and the 29/06/2021 valuation report of the assets and liabilities of the split Distribution Network sector, prepared on behalf of the independent expert Grant Thornton Certified Auditors - Business Consultants SA, by issuing 95,366,296 new ordinary ordinary shares with a nominal value of € 10 each.

(Amounts in EUR thousand)

Therefore, the total share capital of the Company amounted on 31/12/2021 to € 991,214,970 divided into 99,121,497 shares with a nominal value of € 10 each and remains unchanged until 2023.

25. LEGAL RESERVE

According to Greek commercial legislation, companies are obliged to set aside 5% of their net profit for the fiscal year as a legal reserve until it reaches one third of their paid-up share capital. During the life of the Company, the distribution of the legal reserve is prohibited.

The amount of the legal reserve of € 893 thousand formed in this fiscal year is derived from the profits of fiscal year 2022. For 2023, the Legal Reserve corresponding to 5% of net profits amounts to € 7,042 thousand.

26. EMPLOYEE BENEFITS

Liability from reduced tariff

HEDNO SA, as a subsidiary of PPC SA, provides employees and pensioners of the Company with electricity at a reduced tariff. The reduced invoice to retirees is recognised as a liability and calculated as the present value of future post-retirement benefits deemed to be accrued by the end of the financial year based on the employees' post-retirement benefit rights accrued during their service. The relevant liabilities are calculated on the basis of economic and actuarial assumptions. The net expense for the year is included in staff remuneration in the income statement and relates to the present value, the interest rate used, the past service cost. The post-retirement benefit obligation is not funded.

The results of the actuarial study for the year ended 31/12/2023 are as follows.

Change in the liability in the Statement of Financial Position

Liability from reduced tariff	31/12/2023	31/12/2022
Net liability at the beginning of the fiscal year	21,460	26,214
Benefits paid by the company	-1,363	-1,745
Total charge to the income statement	937	492
Total amount to be recognised in other comprehensive income	432	-3,500
Net liability at the end of the fiscal year	21,466	21,460

Components of the Statement of Comprehensive Income

Components of the Profit and Loss Account	31/12/2023	31/12/2022
Benefits paid by the employer	-1,363	-1,745
Expenditure to be recorded in the income statement	937	492
Total	-426	-1,253

Components of Total Income	31/12/2023	31/12/2022
Gains to be recorded under Other Comprehensive Income	432	-3,500
Total	432	-3,500

Sensitivity Analysis for Financial and Demographic Scenarios	31/12/2023	31/12/2022
Discount rate plus 0,5% - % Difference in the PV of liabilities	-5.20%	-4.80%
Discount rate minus 0,5% - % Difference in PD of liabilities	5.70%	5.30%

Actuarial Study Assumptions values

(Amounts in EUR thousand)

Date Valuation	Interest rate Prepayment	Increase Invoice	Duration Liabilities	Margin Profit of PPC Group
31/12/2022	3.57%	0.00%	12.59%	2023:2.3% 2024:4.5% 2025:8.2% 2026+:7.4%
31/12/2023	3.30%	0.00%	10.93	2024:5.0% 2025:7.0% 2026:10.0% 2027+:9.0%

Employee benefits obligation

With Law 4533/2018 (Government Gazette A 75/27-04-2018), par. 3 of Article 25 of Law 4491/1966 (Government Gazette A 1/04.01.1966) was deleted, as well as any other relevant, general or specific provision of law or clause or term of the Labour Regulation or Collective Agreement and, therefore, the compensation to which the staff covered by the SRP-PPC is entitled due to termination of service, corresponding to an amount of € 15,000, shall not be offset against the one-off allowance paid by the relevant insurance company. The relevant liabilities are calculated on the basis of economic and actuarial assumptions.

The results of the actuarial study for the year ended 31/12/2023 are as follows:

Valuation date	Number of Persons	Average Pensionable Salary	Average Price of Years of Previous Service	Actuarial Obligation
31/12/2023	5,589	2,897	21	39,481

Change in the liability in the Statement of Financial Position

	31/12/2023	31/12/2022
Net liability at the beginning of the fiscal year	40,216	51,351
Current service cost	352	493
Interest expense	1,349	339
Benefits paid by the employer	-6,420	-3,526
Curtailments / settlement / termination of service	0	383
Actuarial loss / (profit) - financial assumptions	1,190	-9,811
Actuarial loss - demographic cases	500	0
Actuarial loss - period experience	2,294	986
Net Liability at the end of the fiscal year	39,481	40,216
Current part of liability	2,880	280
Non-current part of liability	36,601	39,936

Components of the Income statement	31/12/2023	31/12/2022
Current service cost	352	493
Interest expense	1,349	339
Curtailments / settlement / termination of service	0	383
Benefits paid by the employer	-6,420	-3,526
	-4,719	-2,311
Amount transferred to personnel cost	-2,600	1,870
Total	-7,319	-441

(Amounts in EUR thousand)

Components of Comprehensive Income	31/12/2023	31/12/2022
Actuarial loss / (profit) - Financial assumptions	1,190	-9,811
Actuarial damage - Demographic cases	500	0
Actuarial loss - Period experience	2,294	986
Total	3,984	-8,825

Note that, in 2023, an amount of € 2,880 thousand (2022: € 280 thousand) was transferred from the "Provision for retirement benefits" of the Income Statement to "Personnel cost", as it concerns the cost of compensation of employees who left until 31/12/2023 and will be compensated within 2024.

Sensitivity Analysis for Financial and Demographic Scenarios	31/12/2023	31/12/2022
Discount rate plus 0,5% - % Difference in the PV of liabilities	-3.60%	-3.30%
Discount rate minus 0,5% - % Difference in PD of liabilities	3.80%	3.40%
Salary Increase assumption plus 0.5% -% Difference in PA Obligations	0,30	0.10%
Salary Increase assumption minus 0.5% -% Difference in PA Obligations	-0.40%	-0.20%

Actuarial Study Assumptions values	31/12/2023	31/12/2022
Discount rate	3.20%	3.67%
Inflation	2.10%	2.50%
Increase in Salaries	2.10%	2.50%
Future Pension Increases	0.00%	0.00%
Service Table (Mortality-Disability)	EVK 2000	EVK 2000
Turnover Percentage	0.00%	0.00%

27. LOANS

Loans are broken down as follows:

Non-current Loans	31/12/2023	31/12/2022
Bank loans	1,319,750	1,229,258
Bond loans	317,352	170,881
Mutual account	0	45,000
Total borrowing	1,637,102	1,445,139
Minus - Current part		
Bank loans	290,174	139,508
Bond loans	1,138	1.355
Mutual account	0	45,000
Total current part	291,312	185,863
Total non-current part	1,345,790	1,259,276

The following is a brief discussion of the Company's existing non-current debt agreements:

- *European Investment Bank (EIB) loans*

EIB loans have a total maturity of 15 to 20 years from the date of disbursement, have a fixed interest rate and are guaranteed by the Greek State. With the spin-off of the Distribution Sector on 30/11/2021, loans amounting to € 1,256.30 million were transferred from PPC S.A. to HEDNO S.A. The amount of these loans, after the disbursement on 20/04/2023 amounting to € 230 million under the open financing line of a total amount of € 330 million for the modernization of the Company's Distribution Network in Greece, amounted to 31/12/2023 to € 1,159.75 million compared to € 1,069.26 million on 31/12/2022. Within 2023, the Company repaid debts amounting to € 139,51 million. The annual average cost of the outstanding loans of the EIB - including the guarantee cost of the Greek State - is estimated at 3,53% on 31/12/2023 compared to 3,26% on 31/12/2022.

- *Black Sea Trade and Development Bank loan*

In June 2019, PPC SA raised EUR 160 million in funding from Black Sea Trade and Development Bank, at a fixed interest rate of 2.60%, for a period of five years with a one-time repayment at the end of the loan, with the guarantee of the Greek State. The loan has been used to finance the investment plan of the Distribution Network and with the spin-off of the Distribution Sector on 30/11/2021 it was transferred from PPC S.A. to HEDNO S.A.

➢ *Bond Loan with Eurobank*

On 19/07/2022 the Company signed a contract with Eurobank for the issue of a joint bond loan with collateral and capital of up to € 660 million with the possibility of extension for an additional € 440 million. Eurobank participates in the coverage of the loan by 54.55% and the National Bank, Piraeus Bank and Alpha Bank by 15.15% each. Disbursements can be made until 31/01/2027 (availability period), while repayment ends on 31/12/2033 (loan maturity). This is a floating rate loan based on the 6-month Euribor plus margin. It is noted that the margin from the next interest period is reduced to 2% from 2.3% due to the recent recovery of Greece's investment grade by recognised rating agencies. Interest is paid at the end of each interest-bearing period on a semi-annual basis with first payment on 30/12/2022. The repayment of the bond loan is completed in 12 semi-annual instalments with an initial grace period - payment of the first instalment on 30/06/2028. The instalments amount to 4.15% of the loan principal, while 54.35% of the principal is paid at maturity. The purpose of the loan is to finance the investment plan of the Distribution Network, the repayment of part of the loans by PPC SA, the coverage of working capital liquidity needs and the repayment of the costs of this loan.

On 03/08/2022 HEDNO SA proceeded with the first bond issue of € 150 million and on 22/9/2023 with the second bond issue of € 150 million.

➢ *Bond Loan with EIB*

On 19/07/2022 the Company signed a contract with the EIB for the issuance of a joint bond loan of 15 years - without grace period - of € 22.52 million with a floating interest rate based on the 6-month Euribor plus 1.75%. The loan was issued on 16/12/2022. Interest is paid at the end of each interest-bearing period on a semi-annual basis with the first payment on 16/06/2023. The repayment is completed in 29 equal semi-annual instalments of € 750 thousand each, with a final instalment of € 770 thousand. The purpose of the loan was to finance the cost of purchasing a property, which will house the Company's administrative services, plus repair & improvement costs. It is noted that a first-class mortgage lien has been granted to the EIB on the property to secure the claims from the bond loan.

➢ *New Loan Agreements*

In the context of the installation of smart metering systems for electricity usage in Greece, HEDNO has undertaken an investment programme totalling €1.42 billion with a time horizon until 2030. The first phase of the project implementation, will take place in the period 2023 - 2026 and it is estimated that an investment expenditure of € 546.42 million is required for its completion. This cost is to be financed up to 50% by the Recovery & Resilience Fund ("RRF"), a minimum of 30% by the European Investment Bank ("EIB") in combination with Greek Systemic Banks and the remaining 20% (as a minimum) will be covered by funds from HEDNO.

In order to fulfil the above framework for the financing of the specific project, HEDNO proceeded to the signing of the following contracts:

➢ *Loan Agreement with the EIB*

On 06/11/2023 the Company signed a contract with the EIB for € 90.75 million, with the possibility of increasing the amount of the loan up to € 150 million. It is a 15-year loan - without the provision of a Greek State guarantee - with a grace period of 4 years and an availability period of up to 3 years from the signing of the contract.

➢ *Loan Agreement with the EIB - RRF financing*

On 21/12/2023, the Company signed a contract with the EIB for RRF financing of the project for € 151.25 million. It is a 15-year fixed-rate loan - without the provision of a Greek government guarantee - with a grace period of 4 years and an availability period of up to 3 years from the signing of the contract.

➢ *Bond Loan with Piraeus Bank - Co-financing from RRF*

On 21/12/2023 the Company signed a contract with Piraeus Bank for the issue of a bond loan without collateral and a total capital of up to € 195.14 million. Piraeus Bank accounts for 60% of the loan and Eurobank for 40%. More specifically, it is a fixed-rate bond loan with two series of bonds, one with RRF resources (62.5%) and a series of financing from Greek banks

(Amounts in EUR thousand)

(37.5%), with a duration of 15 years with a grace period of 4 years and period of availability up to 4 years from the signing of the contract. The repayment of the bond loan is completed in 22 equal six-monthly instalments.

At the same time, the Company undertakes to ensure that during the disbursement/issuance of bonds the ratios between the Greek Banks and the EIB as well as between RRF funding and bank funding as a percentage of total borrowings are respected.

The annual repayment schedule for long-term borrowings after 31/12/2023 is as follows:

	31/12/2023	31/12/2022
Within one year	291,312	185,863
Between two and five years	482,118	656.511
After five years	863,672	602,765
Total	1,637,102	1,445,139

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

Future interest payments on borrowed financial liabilities, not including mutual accounts, are as follows:

	Immediate expiry	3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Current Loans	0	53,091	238,220	0	0	291,311
Non-current Loans	0	0	0	482,118	863,672	1,345,790
Interest	0	4,352	40,452	139,802	147,406	332,012
	0	57,443	278,672	621,920	1,011,078	1,969,113

Interest is calculated on the already raised loan capital and especially for floating rate loans future interest is estimated on the basis of the 6M Euribor of the current maturity period.

The following table shows the movement of loans by maturity for the period ended 31/12/2023.

Loans movement	31/12/2023	31/12/2022
Opening balance	1,445,138	1,419,255
New loans	405,000	217,520
Repayment	-211,007	-189,997
Additions to borrowing costs	-2,234	-1,695
Amortisation of borrowing costs	205	56
Closing balance	1,637,102	1,445,139

Deferred borrowing costs

Bond loans include unamortised deferred borrowing costs of € 3,668 thousand, which are amortised in the income statement using the fixed method, which does not differ significantly from the effective interest rate method.

The movement of deferred borrowing costs during the period ended 31 December 2023 is shown in the following table:

	31/12/2023	31/12/2022
Opening balance	1,639	0
Additions	2,234	1,695
Amortisation of borrowing costs	-205	-56
Closing balance	3,668	1,639

	31/12/2023	31/12/2022
Current part	362	145
Non-current part	3,306	1,494
Total	3,668	1,639

On 31/12/2023 the Company had no current liabilities from mutual accounts. (The balance on 31/12/2022 was € 45 million)

(Amounts in EUR thousand)

28. CONSUMER CONTRIBUTIONS AND SUBSIDIES

As mentioned in note 3, based on the provisions of IFRS 15, the Company classifies consumers contributions in non-current liabilities. This item includes the following elements:

	31/12/2023	31/12/2022
Distribution network grants	94,964	91,002
Consumers contributions	1,929,674	1,948,925
PPC contributions for the installation of optical fibres	4,735	0
Total	2,029,373	2,039,927

	Distribution network grants
Total 31/12/2021	34,703
Receipts from distribution network grants	58,336
Subsidies' amortisation	-2,037
Total 31/12/2022	91,002
Receipts from distribution network grants	6,000
Subsidies' amortisation	-2,037
Total 31/12/2023	94,965

	Consumers Contributions	PPC shares for installation of optical fibres
Total 31/12/2021	1,910,803	0
Receipts from participations	134,216	0
Transfer of revenue from contracts with customers	-96,094	0
Total 31/12/2022	1,948,925	0
Receipts from participations	79.225	4,740
Transfer of revenue from contracts with customers	-98,476	-5
Total 31/12/2023	1,929,674	4,735

The receipts for consumer contributions and grants are presented in the Cash Flow Statement in the operating and investment cash flows respectively according to the policy of the parent company.

29. OTHER NON-CURRENT LIABILITIES

The other non-current liabilities are analysed as follows:

	31/12/2023	31/12/2022
Guarantees	1,469	10,200
Grants	4,813	4,780
Electricity theft reserve	18,457	16,962
Penalty reserve/L-LW-NII	359	355
Total	25,098	32,297

In order to secure its transactions, the Company receives guarantees from the providers operating in the NIIs and the Interconnected System either through letters of guarantee or cash as collateral.

The amount of grants relates to an amount of € 3,919 thousand received from the European Union for the grant of assets and to an amount of € 894 thousand (2022: € 861 thousand) for expenditure on research programs for which the relevant expenditure has not been incurred.

(Amounts in EUR thousand)

Electricity theft reserve

According to the Hellenic Electricity Distribution Network Operation Code, Article 95, par. 17, provides for the creation of a reserve to finance, first of all, actions and activities, as well as the provision of incentives to the Network Operator and/or Suppliers, with the aim of detecting electricity theft and, in general, limiting and preventing the phenomenon. Also, according to par. 18 of the above Code, a decision of RAEWW may also regulate the allocation of the amounts accumulated in the reserve of the previous paragraph for the compensation of the financial loss suffered by consumers due to electricity theft in the Network, by crediting the accounts of case (a) of the previous paragraph of the Code, if there is no immediate need or specific proposals for their utilisation in order to more effectively detect and limit electricity theft in the Network.

Based on the above provisions, the Company transferred in fiscal year 2023 an amount of € 8,175 thousand to Other Income. (2022: € 8,592 thousand) (Note 5).

30. PROVISIONS

The movement in the Provision for Pending Litigation is as follows:

	31/12/2023	31/12/2022
Opening balance	40,372	47,829
Reversal of provision / provision	-8,591	-12,602
Additional provision	2,149	5,145
Closing balance	33,930	40,372

31. TRADE AND OTHER LIABILITIES

Trade and other payables are broken down as follows:

	31/12/2023	31/12/2022
PPC Renewables SA	6,381	6,246
Suppliers - Contractors	360,706	198,666
DAPEEP SA	8,432	3,550
Other liabilities	589	751
Total	376,108	209,213

The payment terms for key suppliers - contractors are set out in the terms of the contracts signed with them. The usual payment terms are the twenty-fourth day of the third following month from the month of receipt of the invoice, except for some exceptions for which the twentieth day of the second month from the month of receipt of the invoice applies (support services from PPC SA & dismantled PPC SA network materials). As regards RES producers, it is specified that they must be paid on the 20th day from the date of receipt of the invoice (Ministerial Decree No. 17149 / 30.08.2010 - Government Gazette 1497/B / 06.09.2010, Article 12).

32. VARIOUS CREDITORS

Various creditors are broken down as follows:

	31/12/2023	31/12/2022
Various creditors	1,586	1,548
In-transit credit accounts	0	72,997
In-transit credit accounts - vulnerable consumers	12,026	13,110
In-transit credit accounts - roof photovoltaics	95,220	0
Customer down payments	81,873	71,703
Debtor advances	558	3,577
Bank credits	2,213	1,837
Temporary staff wages payable	563	692
Total	194,039	165,464

(Amounts in EUR thousand)

The amount of € 95.2 million concerns an amount deposited on 27/10/2023 by the Ministry of Environment and Energy as an advance/ first instalment of the financing of the "Photovoltaics on the roof" Program. (Article 17 par. 1a of the Decision YPEN/YDEN/47129/720 - Official Gazette 2903/B'/02.05.2023). The amount in question will be awarded to customers who joined the "Photovoltaics on the roof" Program and are entitled to a subsidy.

33. OTHER TAXES AND INSURANCE CONTRIBUTIONS

Other taxes and insurance contributions are broken down as follows:

	31/12/2023	31/12/2022
VAT	4,861	489
VAT and other withholding taxes	12,517	11,287
Insurance contributions	15,000	14,645
Withholding of RES / ESIDIS (National Electronic Public Procurement System) taxes	2,485	2,562
Other taxes - fees	5,367	2,480
Total	40,230	31,465

34. ACCRUED LIABILITIES

Accrued liabilities are broken down as follows:

	31/12/2023	31/12/2022
Accrued personnel costs	30,303	25,024
Non-invoiced liabilities - RES energy / settlement	81,147	48,872
Non-invoiced liabilities - PSO	69,256	19,747
Accrued interest and loan commission	5,833	4,701
Accrued interest on derivative financial instruments	0	-14
Accrued expenses	20,178	21,800
Total	206,717	120,130

Accrued liabilities relate mainly to invoices issued in 2024. Line "Accrued personnel costs" include the provision of untaken leave, rest, overtime and compensation.

The table below shows the part of accrued liabilities relating to related parties.

	31/12/2023	31/12/2022
Non-invoiced liabilities - RES energy / settlement	78,365	45,829
Non-invoiced liabilities - PSO	56,013	13,716
Costs of use accrued	7,110	7,678
Total	141,488	67,223

The table below breaks down the above amount by related party - the amounts are included in the relevant lines in note 37.

	31/12/2023	31/12/2022
PPC SA	140,889	66,692
PPC Renewables SA	599	531
	141,488	67,223

35. DIVIDEND

Based on the shareholders agreement and the sale and purchase of 49% of the shares by PPC SA to MSCIF DYNAMI BIDCO S.A. (d.t. MSCIF DYNAMI BIDCO SA), the General Meeting with Minutes 68 / 09.06.2023 unanimously approved the distribution of a dividend of € 85 million for the fiscal year 01/01/2022 - 31/12/2022, which was paid to the shareholders on 21/06/2023.

For the fiscal year 1/1/2023 - 31/12/2023, the distribution of a dividend of € 133 million is proposed to the General Meeting of shareholders which is scheduled in June 2024.

Note that by the Board of Directors' Resolution 27/28.03.2023 it was decided to distribute an interim dividend of € 42.5 million which was paid to the shareholders on 04/12/2023.

36. CONTINGENT LIABILITIES AND OTHER CLAIMS

The Company is involved in various legal matters and has various outstanding obligations related to its ordinary activities. Based on the information available to date, the management believes that the outcome of these cases will not have a significant impact on the Company's results or its financial position and that no additional provisions are needed, other than those included in the financial statements.

A) REGULATORY

1) IPTO action against HEDNO

IPTO brought an action against HEDNO SA requesting that the latter be obliged to pay an amount of 1.6 million as capital and an amount of € 637 thousand for default interest. This claim of IPTO relates to funds owed to it from the settlement (through debit entries with the RES Special Account of Article 143 of Law 4001 /2011) of the RES market in NIIs, given that during the then disputed period of time the funds of the RES Special Account credits following the clearing of the RES market in NIIs, were paid on the day of repayment by HEDNO SA, in its capacity as the NII Operator, to IPTO SA and subsequently IPTO SA had the relevant obligation of final reimbursement to the (then) LAGIE SA, in its capacity as Operator of the aforementioned RES Special Account of Article 143 of Law 4001/2011. The amount of capital claimed through this action has been fully repaid as of 02.03.2015, and a relevant repayment objection has been raised. It was issued Decision No. 1798/2017 of the Multi-Member Court of First Instance of Athens, on the payment of € 637,147.70 € as due (accrued) default interest, as well as default and default interest on the capital, for the period until the payment of the latter. An appeal was lodged and discussed on 04.04.2019. On the appeal in question No. 4224/2019 of the Court of Appeal of Athens was issued, rejecting the appeal filed by HEDNO SA. The aforementioned 4424/2019 Decision of the Three-Member Court of Appeal of Athens was published on 19.07.2019. An appeal, with GAK 5801/2021 and EAK 754/2021, against the Decision No. 4424/2019 of the Athens Three-Member Court of Appeal was filed. Judgment is pending

2. Actions brought by HEDNO against Energa Power Trading & Hellas Power regarding NUT

HEDNO brought six (6) lawsuits against these companies before the Athens Multi-Member Court of First Instance. It also brought two (2) lawsuits against the legal representatives of these companies for the same reason. The total amount requested amounts to € 98,455,412.54 and concerns the non-payment of the Network Charges due by the above companies and the tort to the detriment of HEDNO SA by their legal representatives. Decisions No. 3613/2018 and 3818/2018 were issued by the Athens Multi-Member Court of First Instance, accepting the actions against the companies. Decisions No. 3599/2018 and 3826/2018 of the same courts were also issued, adjudicating in respect of natural persons. Appeals have been filed by the defendant companies against the decisions of the Athens Multi-Member Court of First Instance No. 3613/2018 and 3818/2018 and the decisions of the Athens Court of Appeal No. 5852/2022 and 5853/2022 have been issued.

PENAL ASPECT

With regard to the referral of the accused before the Three-Member Criminal Court of Appeal pursuant to 358/2019 of the Board of Appeals of Athens, the first debate was scheduled for 24.02.2020 At the meeting on 24.02.2020 the debate was interrupted for 23.03.2020, when due to the suspension of the operation of the Courts it was withdrawn from the list. A new judge of the case was appointed for 28.11.2022, at which point the hearing was adjourned with the appointment of a new judge for 24.01.2023. At the hearing of 24.01.2023, the case in question was discussed before the Three-Member Criminal Court of Appeal and the defendants were acquitted.

3. Actions brought by HEDNO against Energa/Kentor and Hellas Power regarding PSOs

IPTO and HEDNO submitted joint proposals on 10.01.2018 before the Athens Multi-Member Court of First Instance, claiming HEDNO SA the amount of € 16,284,532.08 in legal interest for fees for the provision of PSOs, as a ultimate successor of IPTO to the operation of PSOs from 1.1.2018. On the action, Decision No. 2239/2019 of the Multi-Member Court of First Instance was issued, which in its final provision accepts the action against the companies Energa, Kentor and Hellas Power and, otherwise, postpones the issuance of a final decision regarding the natural persons, for their tortious liability v. IPTO and HEDNO, until the adoption of an irrevocable judgment of the criminal court. Against the above Decision No. 2239/2019 of the Multi-Member Court of First Instance, an appeal has been lodged by the aforementioned opposing companies, which is pending.

PENAL ASPECT

By Resolutions No. 1115/2017 of 07.03.2017, the First Three-Member Criminal Court of Appeal of Athens ordered the default to a interest-free account of the Deposits and Loans Fund as committed monetary claims against the convicts of the balance of bank accounts or cash registers contained in portions (s):) regarding the accounts of Energa / Kentor in Piraeus Bank, Ethniki, Alpha Bank, Eurobank and Credit Suisse, amounting to € 47,544,495.12, (b) regarding Hellas Power accounts in ETE, Alpha Bank, Eurobank, Proton Bank , Clariden Leu and Piraeus, amount € 49,360,852.71, (c) in respect of cash and accounts of Chrysalis, Energa, Ensiform and Onomana in the banks of Cyprus and USB Bank amounting to € 23,525,553.43, (d) regarding accounts of Aloe Vera in EFG Bank, with a registered account of Aristides Florou and a registered account of Achilleas Florou in the banks of Piraeus, Eurobank, Citibank, amount € 479,778.65. On the basis of the aforementioned decision, the deposit of the total amount of €120,910,679.91 was therefore ordered, as well as “the balances of the other blocked accounts and those for which the freeze has not been lifted”, in respect of which nothing further is mentioned in the extract from the said decision, either in terms of funds or the banks with which they are blocked. In addition, it was ordered that the amount of € 58,198,303.63 be refunded to the Greek State in accordance with the provisions of Law No. 4312/2014, as well as the amount of € 29,813,721.36 to Local Authorities against the debts of Energa/Hellas Power. Therefore, out of the total of the remaining blocked accounts and cash balances named in the above decision, an amount of €88,012,024.99 is to be returned to the State and the local authorities, and an amount of € 32,898,654.92 remains to be returned to IPTO and HEDNO S.A. for the part of the PSOs and LAGIE, when their claims did not bear the authority of res judicata. This is because the court with said decision rejected the request of IPTO and LAGIE for the reimbursement of the requested amounts of money, as it considered that their claims did not bear the authority of res judicata pursuant to Article 1§3(b) of Law 4312/2014. LAGIE has filed an appeal No. 310/2017 against the above decision, requesting that the amounts constituting its claims against Energa/Hellas Power - which, according to its claims, amount to €151,331,057.95 - be returned to it, as well as the amounts already claimed in its favour by banking institutions. A decision has already been issued on the appeal in the Energa / Hellas Power case by the First Criminal Court of First Instance of Athens. Key points of this decision are that Vassilios Milionis and Achilleas Floros, the 26th and 4th defendants, were declared innocent, and that it was held that no embezzlement was committed against LAGIE - IPTO - HEDNO. In particular, with regard to the reasoning of the civil defendants' exclusion from the criminal proceedings, the second instance criminal court, on the merits, accepted the defendants’ claim that there is no direct agency relationship in the chain of Operator - Load Representatives - end consumers. It was therefore held that no embezzlement was committed against the Operator by the defendants and, subsequently, the Operators - civil applicants were dismissed. However, given that the Supreme Court had already ruled in its verdict No.818/2014 that such a relationship of representation exists, the appeal report of 15.6.2020 of the Prosecutor of the Supreme Court was brought against the decision of the Three-Member Court of Appeal A, which was discussed on 2.2.2022, which was ultimately rejected.

This decision of the First Three-Member Criminal Court of Appeal was finally upheld by the Supreme Court, with its Decision the content of which we were informed by IPTO, since HEDNO did not participate as a party to it. The aforementioned decision of the Supreme Court has a substantial effect on the civil proceedings, as regards the liability of the natural persons and shareholders of Energa / Hellas Power, since it was considered that the above persons did not commit embezzlement against the Managers, taking into account that electricity suppliers do not constitute direct representatives of the Managers when collecting competitive and regulatory charges. It also has an effect on the return of the amounts frozen and deposited under the provisions of Law 4312/2014, given that LAGIE - IPTO - HEDNO were dismissed as civil applicants from the criminal proceedings, as the debt to these companies was deemed to be exclusively inter-contractual.

4. PSO cases of own-producers

The Company as a PSO Operator, regarding debts from PSO for the years 2017-2018, brought an action against the company MOTOR OIL (claimed amount of € 1.6 million), which was discussed before the Athens Multi-Member Court of First Instance at its hearing 13/11/2019 and the decision No. 274/2020, which rejects the action due to lack of jurisdiction of the civil courts, and against the company ELFE (claimed amount of € 771,187.44), which was discussed before the same Court at the hearing of 16.10.2019. In this regard, the Decision No. 219/2021 of the Athens Court Multi-Member of First Instance was issued, by which the action was similarly dismissed for lack of jurisdiction of the civil courts. At the same time, Decision No. 414/2019 of the Athens Multi-Member Court of First Instance, which dismissed as legally unfounded ELFE’s claim seeking the recognition that own-producers do not owe the PSO. ELFE appealed against this decision, on which the decision of the Athens Court of Appeal No 6492/2020 was issued, by which the appeal was rejected. ELFE's corresponding declaratory action was also the subject of the Decision No. 3651/2018 of the Athens Multi-Member Court of First Instance which dismissed this action. Similarly, for formal reasons, the respective declaratory actions of MOTOR OIL were dismissed by Decisions No. 2534/2018 and 1068/2018 of the Athens Multi-Member Court of First Instance.

For the same cases, MOTOR OIL filed action ΠΡ 1282/2019 before the Athens Administrative Court of Appeal for the annulment of the informative notes of IPTO and HEDNO SA. The appeal was set to be heard before the 6th Three-Member Division at its hearing on 16.05.2024 (following repeated adjournments. Similarly, ELFE exercised the filing of the case No 1283/2019 Appeal before the Administrative Court of Appeal of Athens (6th Section of the Tripartite Court) for the annulment of the relevant information notes of IPTO and HEDNO SA. The appeal is scheduled to be discussed (after repeated postponements) on 16.05.2024.

5. Reduced tariff cases TAYTEKO cases

The Company brought before the Council of State applications for annulment against RAEWW Directive No. 196/2014 in the part that did not include in the annual cost and the required revenue of the Manager of HEDN for the year 2014 a) the corresponding expenditure to cover the burden of the Manager with part of the cost of payroll and employer contributions of the seconded staff of HEDNO SA in TAYTEKO (Insurance Fund for Employees of Banks and Public Utilities) b) the cost for the provision of reduced electricity tariff to the Company's employees and pensioners, amounting to € 11.33 million. The Council of State referred the legal remedies to the Athens Administrative Court of Appeal, where they were tried as appeals. With regard to the TAYTEKO case, the 354/2017 decision of the Administrative Court of Appeal of Athens, which rejected, in substance, the appeal of HEDNO SA. Appeal No. E1750/2017 was filed, which after adjournments was set for 19/10/2021. It was postponed again initially for 21/12/2021 and then for 15/02/2022, when it was discussed.
Regarding the case of the reduced tariff, the Administrative Court of Appeal of Athens issued its decision No. 2886/2017, which accepted the appeal of HEDNO SA. The decision is final and generates a compliance obligation for RAEWW, which must take this decision into account when determining the Annual Required Income for the year 2018. RAEW filed Appeal No. E2097/2017. The case, after repeated postponements, was scheduled to be discussed on 19.10.2021. It was postponed again initially for 21.12.2021 and then for 15.02.2022, when it was discussed.
Regarding the aforementioned 2 Applications for Appeal of HEDNO SA and RAEWW, the Council of State issued the decisions numbered A626/2022 and A625/2022, by which the Applications for Appeal were accepted and the cases in question were referred back to the Athens Administrative Court of Appeal to be heard by the latter. Subsequently, the case was discussed on 20/10/2022 and the decision of the Administrative Court of Appeal of Athens (18th THREE-MEMBERS) No. 289/2023 was issued, rejecting the appeal of HEDNO regarding the non-recognition in favour of our company of the costs for the seconded HEDNO personnel at TAYTEKO.
Note that RAEWW with Directive No. 545/2018, for the determination of the Annual Network Income for 2018, after recognising the Expenditure of the Network Operator for the provision of a reduced electricity tariff to its personnel for the years 2014, 2015 and 2016, it included the expenditure of € 10,424 thousand for the year 2014 and € 8,500 thousand for 2018, as part of the admissible Entry 2018, in compliance with Decision 2866/2017 of the Athens Administrative Court of Appeal and without prejudice to the decision of the Council of State on its appeal. The remaining amounts of €17,100 thousand for 2015 and 2016, plus the corresponding amount of €8,386 thousand for 2017, will be refunded gradually in the future. However, in its above Directive, RAEWW states in this respect that, if the appeal filed against the aforementioned decision of the Administrative Court of Appeal is accepted, which according to the above has now been re-opened before the Administrative Court of Appeal of Athens, all the above expenditure amounts will be deducted from the required revenue of the HEDN for the following years.

6. RAEWW Directive for the determination of Annual Income 2018

The Company has filed on 12/10/2018 a Request for Review against the Decision No 545/2018 of the RAEWW by which the Annual Income of the HEDN was approved. Said Request for Review challenged, inter alia, the refusal of RAEWW to recognise in favour of HEDNO the funds relating to the coverage of the salary costs and employer's contributions of the staff seconded to TAYTEKO and the costs relating to the reduced electricity tariff of the staff of HEDNO SA. HEDNO filed an appeal before the Athens Administrative Court of Appeal against RAEWW's Directive No. 545/2018 and the presumed implied rejection of the relevant Request for Review, the original hearing date of which was set for 18.03.2020. This case was heard after successive adjournments during the hearing of 15.09.2021. Regarding the aforementioned Appeal of HEDNO S.A., the Athens Administrative Court of Appeal issued its Decision No. 2995/2021, by which the aforementioned Appeal of HEDNO S.A. was partially upheld, only on the ground of appeal concerning the determination of the amount of the company's working capital, recognizing on the merits an additional return on the working capital of EUR 4,000,000 in favour of HEDNO SA (according to the calculation made at the time of the filing of the aforementioned Appeal). Against this Decision a Complaint has been lodged by HEDNO before the Council of State with regard to the parts of the contested Decision in which HEDNO is considered as a loser, whose trial is set for 11.06.2024 (after repeated postponements 14.11.2023, 23.05.2023 and 24.01.2023).

7. RAEWW Directive for the determination of Annual Income 2019

On 06.07.2020 and with filing No. ΠΡ 484/07.07.2020, an appeal has been filed by HEDNO SA against the Decision No. 572/2019 of RAEWW, which concerns the determination of the Annual Revenue of HEDN for the year 2019. The date for the hearing of said Appeal was set, after successive adjournments, on 16.03.2022, when said case was heard and the adjournment decision No. 1878/2022 was issued, which set a new hearing date on 14.12.2022, when the said case was heard, following the filing of the required memorandum on the continuation of the trial on behalf of HEDNO SA. Subsequently, the Administrative Court of Appeal's decision No. 908/2023 was issued, rejecting the appeal of HEDNO with regard to both of its parts: i) Regarding the coverage of the expenses for those seconded to TAYTEKO, the Court took into account that the corresponding relevant budget for the previous year 2018 had been rejected by the 354/2017 decision of the Administrative Court of Appeal of Athens. The reasoning of the decision considers that this expense is not related to any kind of service to the network users, that it does not correspond to the cost of servicing the network and that RAEWW was right not to include it in the cost of operation of HEDNO. ii) Regarding the WACC rate of return, the reasoning of the Athens Administrative Court of Appeal Decision 908/2023 is that RAEWW as a whole differed to a small extent from the original proposal of HEDNO. Furthermore, it took into account that the approval of the coefficient for IPTO and for DESFA was similar. it was considered that RAAIE as a whole was slightly different from the original suggestion of HEDNO. Furthermore, it took into account that the approval of the coefficient for IPTO and for DESFA was similar. Against this Decision, following the relevant cooperation of the DNY (Legal Services Department) with the DRT (Regulatory Affairs Department) and the competent financial services and the relevant direction at the level of Administration, the Decision was taken for the non-appeal to be brought before the Council of State against the decision No. 908/2023 of the Administrative Court of Appeal of Athens.

8. RAEWW fine for violations of the Operation Code for Non-interconnected Islands

With RAEWW Directive No. 366A/2018, regulatory violations (violation of the provisions of Law 4001/2011, the Management License of HEDNO, the Measurement Management Manual and, above all, the Code of NIIs with the emphasis on the provisions relating to the management of the Accounts) were declared against the company by RAEWW. Code of this and its provisions on monthly and annual liquidation) on the basis of which subsequent and subsequent decisions of RAEWW were subsequently imposed with a subsequent fine of 1,800,000 Euros. The Court of Appeal for this action had been determined on 28.04.2020. and due to the annulment of the discussion of the case due to coronavirus, the new court of appeal in question, Application 13.04.2021. HEDNO has also filed the Request for Review, dated 31.12.2018, before RAEWW against the RAEWW Directives No. 366B/2018 and 268/2018, which imposed the above fine of 1,800,000 Euros. After the expiry of the three-month period from the date of filing of the aforementioned Request for Review, HEDNO has filed an appeal before the Athens Administrative Court of Appeal against RAEWW Directives No. 366B/2018 and 268/2018 and the tacitly presumed rejection of the aforementioned Request for Review of HEDNO SA. The new trial date of this case, following an ex officio postponement due to coronavirus at the trial date of 30.09.2021 and at the request of HEDNO SA due to non-submission of the file by RAAEW, was set for 11.11.2021 before the 18th Chamber. This case was discussed at the hearing of 11.11.2021 and the decisions of the Administrative Court of Appeal of Athens No. 1023/2022 and 2368/2022 were issued in relation to the above-mentioned appeals, by which the fine imposed on HEDNO was reduced by 500,000 Euro (1,300,000 Euro instead of 1,800,000 Euro) and otherwise the contested RAEWW Directives were upheld. Against the above Decisions of the Athens Administrative Court of Appeal, an Appeal has been filed by HEDNO SA before the Council of State. These appeals are heard before the Fourth Chamber of the Council of State at the hearing of 13.02.2024 (following successive adjournments at the hearing of 28.11.2023 and 17.10.2023).

9. Fine imposed by RAEWW for the Operation of NIIs PSOs

On 31.12.2018, HEDNO filed a Request for Review before RAEWW against RAEWW''s Directive 212/2018, which imposed a fine of EUR 700,000 on HEDNO for violations of the provisions of the PPA Code, in particular with regard to the Code's accounts. After the expiry of the three-month period from the date of filing of the aforementioned Request for Review, HEDNO has filed an appeal against RAEWW Directive No. 212/2018 and the tacitly rejected rejection of the relevant Request for Review by HEDNO SA before the Administrative Court of Appeal of Athens, with the hearing date for this Appeal having been initially set for 30.04.2020. This case was discussed after successive adjournments during the hearing of

30.09.2021 and the decision of the Athens Administrative Court of Appeal No. 263/2022 was issued on this appeal of HEDNO SA, by which the appeal of HEDNO SA was partially upheld and the amount of the fine imposed by RAEWW was reduced from EUR 700,000 to EUR 550,000. This Decision has become irrevocable.

10. Imposition of a fine of EUR 250,000 to HEDNO SA for failure to properly maintain registers of EE consumers and failure to properly comply with the procedure for the implementation of cut-off orders. RAEWW Directive 791A/2021:

Following a complaint filed by the Supplier Electricity Elpedison against HEDNO S.A., RAEWW issued Directive No. 791A/2021, by which an administrative sanction - fine of 250.000 Euro was imposed against HEDNO S.A. due to improper maintenance of EE consumer registers and improper compliance with the procedure for the implementation of cut-off orders sent to HEDNO SA by the complainant company Elpedison. Against this RAEWW Directive, HEDNO SA filed the Request for Review No. 322806/14.03.2022. Subsequently, on the tacit refusal of the aforementioned Request for Review, HEDNO lodged a relevant action (ref. No. ΠΡ 1083/2022) before the Athens Administrative Court of Appeal, the hearing date of which has been set for 15.10.2024 (13th Chamber).

11.Imposition of a fine of EUR 50,000 to DEDDIE S.A. for failure to properly comply with the procedure for the implementation of cut-off orders: RAEWW Directive 711/2022.

Following a complaint filed by the Supplier Electricity Elpedison against HEDNO S.A., RAEWW issued Directive No. 791A/2021, by which an administrative sanction - fine of 50,000 Euro was imposed against HEDNO S.A. due to improper compliance with the procedure for the implementation of cut-off orders sent to HEDNO SA by the complainant company Elpedison. Against this RAEWW Directive, HEDNO SA filed the Request for Review No. 339491/27.10.2022 which was explicitly rejected with the RAE Directive No. 934/2022. Against the said decision, HEDNO SA filed an action before the Administrative Court of Appeal of Athens, number ΠΡ275/27.03.2023, pending the appointment of a judge.

12. Imposition of a fine to HEDNO SA in the amount of EUR 1,000,000.00: RAEWW Energy Section E Directive -132/2023.

The Directive of the Energy Sector of RAEWW No. E-132/2023 imposed a fine of one million (€ 1,000,000.00) on HEDNO SA for the alleged infringements, mentioned in this administrative sanction, for the violation by HEDNO SA of the obligation to carry out with due diligence the obligations referred to in the grounds of this Directive relating to ensuring access to the network under conditions of equality and transparency and high quality standards arising from its status as an Electricity Distribution Network Operator in the exercise of its functions, with regard to the conduct of 21.10.2022 and 25.10.2022 procedures of Electronic Submission of Applications for the granting of an offer of connection to photovoltaic stations in the Saturated Networks of the Peloponnese and Crete.
Against the above decision of the Energy Sector of RAEWW, HEDNO SA filed (within 30 days from the issuance of the act) a Request for Review (ref No. I 360794/ 27.10.2023). RAEWW is obliged to issue a decision on the appeal within 3 months (a. 25 par. 1 Code of Administrative Procedure, i.e. until 27.01.2024). In case of explicit or implicit rejection of the relevant Request for Review by RAEWW, our company has the right to lodge an appeal before the Administrative Court of Appeal of Athens.

13. Municipal Tax Cases

Many municipalities across the country impose municipal fees, contributory or not, to HEDNO both during the construction of network projects and for other facilities of the Distribution Network (HEDN). DEDDEO has consistently challenged administratively and judicially the general legality of the imposition of such fees, and there has already been a tendency in case law to accept the positions of our company.
1. By decision number 1999/2022 of the Council of State (Section B 5-member), it was ruled that HEDNO SA is exempted from the use tax on public areas of municipalities and communities and their subsoil used by PPC in order to install, in their favour or under them, overhead or underground installations feeding wires and networks, such as poles and aboveground substations (KAFAO). The decisions of the Council of State (Section B, 5-members), Nos. 640/2021, 2341/2020, 1124/2020, 1860/2019, 1861/2019 and 2994/2019 ruled the same.
2. Furthermore, by Decisions No 1952/2022 and 1955/2022 of the Council of State (Section B 5-member), it was considered that a cleaning and lighting fee cannot be imposed for the occupied common airspace and underground network of PPC, which includes, inter alia, underground substations, in which electrical equipment is installed for the conversion and subsequent distribution of electricity to the inhabitants of the municipality concerned, because this use cannot be considered to resemble the ordinary or professional use of private property.
3.The State Council decisions Nos. 1954/2022 and 2028/2022 rejected as inadmissible (MATERIAL REASON) the Applications for Appeal of HEDNO SA against the Municipality of Athens and against the company’s acts of registration in the City’s money lists for municipal fees for the financial years 2014 and 2012 respectively. By the Council of State decisions Nos.

393/2023, 394/2023, 1953/2022, the Applications for Appeal of the Municipality of Athens against HEDNO SA and against the company's acts of registration in the City's money lists for municipal fees for fiscal years 2016, 2017 and 2013, respectively, were rejected as inadmissible (MATERIAL REASON).

14. Lawsuit against LAGIE - PPC recourse

In this action, LAGIE is claiming the total amount of 143.928. 898.14, as set out in the body of the application and in the statement of claim, for amounts of principal and interest on arrears arising from invoices issued by the applicant to the HEDNO and relating to the operation and clearing procedure of the market for the Non-Interconnected Islands (NIIs), both from the final periodic result (surplus or deficit) of the clearing of the market of Renewable Energy Sources (RES) of NIIs, including the Special Programme Photovoltaic systems and the corresponding debit entries, and from the alleged claims of the opponent regarding the Single Emission Reduction Fee (SDGGER) of NIIs. Three (3) additional interventions were made on behalf of LAGIE by RES producers and their associations. HEDNO S.A. appealed to the PPC as a procedural guarantor, which did not intervene and was limited to the refusal of the summons, in essence to the refusal of the indemnity obligation.

Proposals were lodged by the parties, while the court of law for the hearing of the action and the other documents was determined for 21.02.2018, when they were discussed. It is noted that HEDNO SA objected to partial repayment of the cable funds, in terms of capital, in the amount of EUR 107,304,987.29. In this case, the Athens Court of First Instance issued decision No. 1302/2019, which upheld the claim of LAGIE SA by the Court. In particular, the Court recognised the obligation of HEDNO SA to pay to LAGIE SA a total amount of EUR 48,855,212.74, with interest, from the contracts in question, while offsetting the costs incurred by the parties. The debt recognised consists of the following expenses: a) A debt of EUR 3,628,764.19 at legal interest from the last day that the defendant made its last payment for 28 disputed cases starting from 03/03/2015 until 01/02/2017, b) A debt of EUR 677,104.09 at legal interest from 04/05/2017 until full payment, c) A debt of 12. 080,734.95 euros for 9 legal cases starting from 28/06/2017 and ending on 08/09/2017 and d) A debt of 32,468,609.51 euros in legal interest from the time each of the invoices became due and payable until full payment (for five invoice cases, the first one starting on 18/01/2017 and the last one starting on 04/04/2017). The claim of HEDNO SA to PPC as a procedural guarantor was rejected by the Court. The aforementioned Decision No. 1302/2019 of the Athens Court of First Instance was appealed by HEDNO SA before the Athens Court of Appeal (GAK 15474/2021, EAK 990/2021 - 26.03.2021 Athens Court of First Instance), which was heard on 22.09.2022 before the 14th Three-Member Chamber of the Athens Court of Appeal, Decision No. 2643/2023 was issued by the Three-Member Court of Appeal of Athens, which upheld the appeal of HEDNO and dismissed the lawsuit of LAGIE (now DAPEEP).

15.Lawsuit by LAKON ATE/ELL, GREEK STATE, RAE, HEDNO, IPTO:

The opposing company LAKON SA, by its action No. 23290/2015 before the Athens Administrative Court of First Instance (Three-Member Chamber), requested that the defendants' obligation to pay to it "the amount of EUR 21,500,000" as indemnity for the compensation of property damage and moral damages caused, according to its claims, by unlawful acts and omissions, in particular by IPTO SA HEDNO SA and RAE which took place during the procedure for the granting to the applicant of an offer/reservations for connection to the Electricity Transmission System for a photovoltaic power station owned by the applicant in the Municipality of Gerontres in the Prefecture of Laconia. The action was discussed at the hearing of 15.01.2020 before the Three-Member Administrative Court of First Instance of Athens and decision No. 17299/2020 was issued, by which the action was dismissed (due to uncertainty). Subsequently, the opposing party filed the application No. ΑΓ 5700/2022 Action before the Athens Three-Member Administrative Court of First Instance, with the amount in dispute being € 11,010,000.00. The hearing of the new action has been set, after successive adjournments (on 13.12.2023, 25.10.2023, 24.05.2023 and 08.03.2023), for the hearing of 28.02.2024.

16. Action brought by L. HOTOS and AIK. Psarri Kranidi O.E. against DEDDIE SA

The opposing company filed a lawsuit against HEDNO SA before the Athens Three-Member Administrative Court, requesting the payment of the amount of 4,445,062.00 €, due to the alleged late signing of the Interconnection Agreement by HEDNO SA, due to which the opposing company claims the cancellation of its investment in the construction of a 0,9864 MW RES power plant. The action was discussed before the Three-Member Administrative Court of First Instance of Athens during the hearing of 25.11.2021 (adjourned from 14.10.2021) and the decision No. A630/2022 was issued by the Administrative Court of First Instance of Athens, rejecting - for material reason due to lack of jurisdiction - said action against HEDNO SA. Subsequently, the defendant filed, pursuant to Article 41 of Law 3659/2008, before the Athens Multi-Member Court of First Instance the action GAK/EAK 60237/1629/2022, with a deadline of 100 days for submitting motions, i.e. until 21.11.2022. Motions and addendum - rebuttal have been filed, and the formal discussion - trial date of the case has been set for 01.02.2024 before the Athens Court of First Instance.

17. Action against HEDNO and the Greek State:

A lawsuit was filed before the Nafplio Administrative Court of First Instance with registration number ΑΓ106/26.11.2021 against the Greek State and against HEDNO S.A., in which the applicant requests the payment of the amount of € 1,212,318.00 (otherwise also as a supplementary payment of € 1,119.480,40) as compensation for its pecuniary loss, as well as the amount of € 50,000 as compensation for the moral damage it suffered due to the filing of his application for connection for a photovoltaic power station with a capacity of 498,96Kw at the location "STAILIA" of the D.D. Iliokastro of the Municipality of Ermionis of the Prefecture of Argolida. This action was heard after two successive adjournments on 13.06.2023 and a decision is expected.

18. Actions brought by HEDNO against PPC and other suppliers for default interest on various debts for the years 2013, 2014, 2015, 2016 and 2017

-HEDNO brought an action against PPC S.A. before the Athens Multi-Member Court of First Instance for the arrears of accrued interest for the year 2013 from various causes related to the general operation of the electricity market and in the context of this relationship between the two companies totalling 1,972,979.43 euros. Proposals were submitted, as well as addition - rebuttal within the deadlines set by the current Code of Civil Procedure. The formal hearing of this case took place on 01.10.2020 and after the case was transferred (with GAK 54481/2022 and EAK 799/2022) to another composition of the same Court, the new formal hearing of the case was set for 10.11.2022, when the formal hearing took place and the decision of the Athens Court of First Instance No. 3775/2023 was issued, by which the action was partially accepted and the Additional Intervention was rejected.

-HEDNO brought an action against PPC S.A. before the Athens Multi-Member Court of First Instance for the arrears of accrued interest for the year 2014 from various causes related to the general operation of the electricity market and in the context of this relationship between the two companies totalling € 1,359,889.56. Motion/legalisation, as well as addendum/rebuttal have been filed and the file has been closed. The formal hearing of the case took place on 18.11.2021 and on said case the decision of the Athens Court of First Instance No. 417/2022 was issued, by which the aforementioned action of HEDNO against PPC SA was partially accepted. The above Decision has been appealed by both PPC and HEDNO, to the extent that each company is considered a losing party (i.e. for HEDNO in the part of the above Decision in which the action in question was dismissed and for PPC in the part of the above Decision in which the action in question was upheld). The relevant appeal of PPC has been set to be discussed on 16.11.2023, while the same appeal will be determined by the respective Appeal of HEDNO SA.

-HEDNO brought an action against PPC S.A. before the Athens Multi-Member Court of First Instance. Complaints for accrued default interest for the year 2015 from various causes related to the general operation of the electricity market and in the context of the relations between the two companies totaling € 5,016,821.78, a claim which was served on 31.12.2020. A motion / relevant legalisation, as well as an addendum/rebuttal has been filed and the file has been closed. The case was heard on 26/5/2022. On the aforementioned claim, the Athens Multi-Member Court of First Instance issued decision No. 3518/2023, which obliges the PPC to pay to the PPC the amount of € 4,687,897.01, of which part, namely € 236,882.48, legally due from the day following the service of the claim.

-HEDNO brought an action against PPC S.A. before the Multi-Member Court of First Instance of Athens, mainly for accrued interest in arrears in 2016 from various causes related to the general operation of the electricity market and in the context of the relations between the two companies, totalling 22,468,518.83 Euros, which was served in due time to PPC SA on 29/12/2021. According to the provisions of the Code of Civil Procedure, motion / HEDNO legalisation, as well as addendum/rebuttal have been filed. The formal trial date has been set for 01/2/2024 and a decision of the Court of First Instance is expected to follow.

-HEDNO brought an action against PPC S.A. before the Multi-Member Court of First Instance of Athens, mainly for accrued interest in arrears in 2017 from various causes related to the general operation of the electricity market and in the context of the relations between the two companies, totalling 16,910,176.34 Euros, which was served in due time to PPC SA on 27/12/2022. According to the provisions of the Code of Civil Procedure, motion / HEDNO legalisation, as well as addendum/rebuttal have been filed. The formal trial date has been set for 07/3/2024 and a decision of the Court of First Instance is expected to follow.

-HEDNO brought an action against PPC S.A. before the Multi-Member Court of First Instance of Athens, for accrued interest in arrears in 2018 from various causes related to the general operation of the electricity market and in the context of the relations between the two companies, totalling 44,757,093.22 Euros, which was served in due time to PPC SA on 27/12/2023. According to the provisions of the Code of Civil Procedure, motion / HEDNO legalisation, as well as addendum/rebuttal are pending. After the expiry of the deadlines for the above procedural acts, the determination of the formal jurisdiction and finally the issuance of a Decision of the Court of First Instance will be expected.

19. RES Producers of NIIs vs. against HEDNO

During the period, especially after RAEWW Directive No. 366A/2018, there has been an increase in the number of lawsuits brought by RES producers in NIIs against HEDNO with a request (not always exclusive) to claim interest on arrears due to late payment, by HEDNO, of their invoices for the electricity generated by their plants. It is noted that based on Article 12 of the relevant electricity sales contracts (the content of which is defined by regulation) the due date of repayment of these invoices, which should be repaid within 20 days from their submission to HEDNO (as the NIIs Operator), a contractual provision which was repeated in a contractual term of the current SEST (Fixed Price Operational Aid Contract) NIIs contracts (the content of which is also regulated). According to a non-exhaustive enumeration, the trial of 53 such pending lawsuits against HEDNO SA is pending, with the cable item relating to default interest amounting to the aforementioned lawsuits in the amount of approximately € 854,000.

20. Actions by small wind turbines:

The Council of State decision No. 303/2017 annulled the failure of the Greek State to issue the regulatory acts specifying the terms of connection of small wind turbines under Article 4 of Law 4203/2013, as well as the failure of HEDNO SA to connect a series of such wind turbines. By the end of 2017 and in the first half of 2018, a total of seventeen lawsuits were notified for a total amount of 9,086,572.44 euros, which the above RES producers are asking us to pay as compensation. Today, all of the above lawsuits have been heard and: a) decisions have been issued in a total of nine decisions rejecting the lawsuits, with a total value of approximately seven million Euros (€ 7,000,000.00), b) decisions have been discussed and are pending in another six, worth approximately one and a half million Euros (€ 1,500,000.00) and c) two others, worth approximately one million Euros (€ 1,000,000.00) have been postponed. In all cases, the State has been invoked as a procedural guarantor, as it was obliged to issue the relevant ministerial decision. In addition, a direct action has already been brought by HEDNO SA against the Greek State for our positive and consequential damages for a total amount of 3,628,079 euros, the hearing of which was postponed (due to late submission of the file by the opposing administration (Greek State)) for the hearing of 25.05.2023, when it was discussed and a decision is expected.

21. Action brought by IPTO (formerly DAPEPEP and HEDNO) against PPC SA:

IPTO, now HEDNO SA, (due to the substitution of IPTO SA in the context of quasi- ultimate succession in the management of the PSO Special Account in the Interconnected System as from 01.01.2018 and onwards) filed a lawsuit against PPC SA before the Athens Multi-Member Court of First Instance (file number 508791/2833/09.12.2016). Subsequently, the decision No. 1494/2021 of the Athens Court of First Instance was issued, by which the action was dismissed. IPTO/DAPEEP/HEDNO filed an appeal (EAK) 4119/2021 before the Athens Court of Appeal, which was discussed at the hearing of 13.10.2022. Subsequently, the 3173/2023 Decision of the Three-Member Court of Appeal of Athens (16th Liability Division) was issued, by which an expert opinion was ordered in order to separate the claims of DAPEEP/IPTO. In this action, HEDNO does not appear to have any claims. The expert has not yet been appointed.

22. Action brought by HERON THERMOELECTRIC SA against HEDNO

On 09.06.2020, before the Athens Multi-Member Court of First Instance, the company “HERON THERMOELECTRIC SA” filed the lawsuit, dated 3.6.2020, GAK (Gen.File.No.) 31356/2020 and EAK (Special.File.No.) 1004/2020, against HEDNO concerning incorrect, according to the applicant, calculations of electricity losses. The claim for the action amounts to € 2,366,585.92. In the context of the dispute in question, HEDNO has filed a Notice of Action - Application for additional intervention against IPTO SA and an ancillary action - application for compulsory intervention against RAE. Motion/legalisation, as well as addendum/rebuttal have been filed and the file has been closed. The formal judgment in the case in question has been set for 10.02.2022, at which point the action in question was discussed and subsequently the judgment under number 2509 / 12.09.2022 was adopted, which declared the inadmissibility of the action in question. The opposing party “HERON THERMOELECTRIC SA” resumed by summons (GAK 103044/2022 EAK 1265/2022) the discussion of the case in question, with the deadline for the filing of the parties’ submissions to the Athens Multi-Member Court of First Instance expiring on 18.01.2023. Apart from RAE, all the other parties, including HEDNO SA, submitted proposals - relevant and subsequent addition - rebuttal and the formal discussion - adjudicating the case has been set for 01.02.2024 before the Multi-Member Court of First Instance Athens.

23. Action brought by the company M. ISAILIDOU and CO. E.E. MAKRINA ENERGY 2 against HEDNO SA

Through this action (GAK 50921/2019 and EAK 620/2019) the company M. ISAILIDOU AND CO. E.E. MAKRINA ENERGY 2 is claiming the amount of 15,158,080.00 Euros, due to a positive and derogatory loss suffered by the alleged exceedance, by

HEDNO, of the four-month deadline for granting connection terms. The case was discussed before the Athens Multi-Member Court of First Instance on 08.10.2020 after adjournments and Decision No. 956/2021 was issued by the Athens Multi-Member Court of First Instance, which rejected - for a formal reason due to lack of jurisdiction - this action against HEDNO SA.

24. Action brought by the company AEOLIKOS STAMMOS AMANIS against HEDNO

The company AEOLIKOS STATHMOS AMANIS has filed the action, dated 24.03.2020, against us, with GAK 24797/2020 and EAK 805/2020, filed on 26.03.2020 before the Athens Multi-Member Court of First Instance, concerning the recognition of the validity of a contract of sale concluded under an earlier licensing regime and a claim for compensation. The valuation claim of the action amounts to € 496,075. Motion/legalisation, as well as addendum/rebuttal have been filed and the file has been closed. The action was discussed on 02.06.2022 and decision No. 1383/2023 was issued by the Athens Multi-Member Court of First Instance, rejecting the above action due to lack of jurisdiction of the civil courts.

25. Pending legal cases concerning the constitutionality of subparagraph X of Law 4254/2014

With the provisions of subparagraph X of Law 4254/2014 and in particular with the provisions of subparagraphs X.1 and X.3 of Law 4254/2014, on the one hand, a downward revaluation (downward revaluation) of the reference prices for the pricing of RES stations, which included (and included) the RES stations in operation at the time of the adoption of Law 4254/2014 (4th 2014), and on the other hand, the imposition of an obligation on RES producers to issue a credit invoice in favour of the Special RES Account of Article 143 of Law 4001 /2011, the value of which was calculated as a percentage of the annual turnover of each RES Station for the year 2013. Numerous RES producers both in the Interconnected System and in the NIIs have challenged in court, both before the Administrative and the Civil Courts, as unconstitutional the above provisions of Law 4254/2014, with the relevant involvement of HEDNO SA resulting from the status of HEDNO SA as the legal contractor of the RES producers in NIIS pursuant to Article 129, par. 2 of Law 4001/2011.

With regard to the aforementioned legal cases before the Council of State and the Ordinary Administrative Courts, the lack of jurisdiction of the Council of State and the Administrative Courts to deal with these legal cases has already been acknowledged in substance, and a decision of the Plenary Session of the Council of State has been issued in this regard (see. (see in particular, in this regard, the Supreme Court of Appeal, Plenary Session 1947/2021), and the few such cases pending before the Ordinary Administrative Courts are estimated with certainty (due to the aforementioned case law of the Council of State) that they will also be dismissed for lack of jurisdiction. With regard to the litigation before the Civil Courts, a significant (double-digit) number of such litigation is still pending both in the first and second instance, the total amount in dispute is approximately in excess of EUR 1,000,000. So far, all of these lawsuits against HEDNO have been dismissed (several of them for formal reasons e.g. lack of jurisdiction of the civil courts, vagueness of the lawsuit) and some of them due to the recognition of the constitutionality of the contested and above mentioned legislative provisions of Law 4254/2014. Finally, it is worth noting that in several cases these lawsuits accumulate in the same document the claim for funds due to the imposition of the Special Renewable Energy Tax of paragraph I. of Law 4093/2012 - similarly, the relevant involvement of HEDNO SA arises from the status of HEDNO SA as a legal counterparty of RES Producers in the NIIs pursuant to Article 129 par. 2 of Law 4001/2011 - but stressing that the constitutionality of the above legislative regulation has already been judged in particular by the 2408/2014 Decision of the Plenary Session of the Council of State, issued in the context of Pilot Procedure.

26. Action of farmers against HEDNO (Case of farmers in Kria Vrisi)

A number of farmers have brought an action, dated 26.6.2020, against us, GAK 41027/2020 and EAK 1324/2020, which was filed on 30.06.2020 before the Athens Multi-Member Court of First Instance, concerning issues of correct implementation of the prescribed licensing procedure (and in particular compliance with the terms of the Connection Offer). The main claim of the action, as regards the valuation part, amounts to € 300,000, and the subsidiary claim amounts to a compensation of € 815,815 to each of the applicants, thus in total for the six applicants amounts to € 4,894,890. Motion/legalisation, as well as addendum/rebuttal have been filed and the file has been closed. The (formal) hearing of the action was set for 24.03.2022 and the decision No 2310/2022 of the Athens Multi-Member Court of First Instance was issued rejecting the action. An appeal has already been filed by the opposing parties against said decision issued by the Court of First Instance, the hearing of which has been set for 06.02.2025 (after adjournment on 07.12.2023).

B. CIVIL CASES

1.Court decisions on civil liability of HEDNO SA from risk

A number of decisions have been adopted accepting that the civil liability of HEDNO SA, as operator of HEDN, is subject to the liability status from risk. Under this scheme, HEDNO is liable even if it is not responsible for the occurrence of the damage, if the damage is causally linked to the operation of the network (decisions of the Court of Justice Nos. 1904/2022 and 1503/2023). Liability from risk is formed as a specific form of tort liability that deviates from the general rule of tort liability. The generalization of this position in case-law may lead to an increase in the amounts paid as compensation in the event of damage to the network. However, court decisions have been issued where it is accepted that in the case of damage caused by a power cut, there is no strict liability, on the grounds that strict liability covers damage caused by the realisation of the risk inherent in electricity, and not damage caused by the fact that electricity is not supplied (power cut), since then the consumer does not come into contact with it, and therefore does not come into contact with the particular risk it poses. It is noted that many court decisions reject liability from risk and with the following reasoning: There is no general provision in Greek law in the form of a general clause, which provides for a general and uniform system of liability for risk. Instead, a case-by-case system of regulating individual cases is followed in the Civil Code and special civil laws, while many sources of risk remain unregulated, such as liability for damage caused by energy installations or the electricity distribution network, and therefore the injured party is not able to seek compensation for his damage on the favourable terms of strict liability, i.e. irrespective of fault, illegality and human conduct. Analogous application of the special grounds for liability for hazards to unregulated hazardous sources or hazardous activities, such as in the electricity distribution network, is not possible. A number of decisions have been adopted accepting that the civil liability of HEDNO SA, as operator of HEDN, is subject to the liability status from risk. Specifically: Decision No. 1792/2018 of the Single-Member Court of Appeal of Thessaloniki, decision No. 652/2021 of the Athens Court of Appeal, decision No. 12849/2020 of the Athens Court of First Instance, decisions Nos. 3123, 3124, 3125, 3127, 3128 and 3241/2022 Piraeus Single-Member Court of First Instance.

2. Action brought by 60 Traders based in Hydra against HEDNO (case of interruption of electricity supply in the island of Hydra:

Following a power outage on the island of Hydra, 62 traders on the island filed a claim for damages before the Magistrate's Court of Aegina, totalling EUR 930,000 (EUR 15,000 each). The decision of the Magistrate Court of Aegina No. 7/2022 was issued, which sentenced HEDNO to pay the amount of EUR 64,000.00. An appeal was lodged by HEDNO and the opposing parties. Both appeals were scheduled to be discussed on 18.09.2023, after which they were postponed to 10.03.2025.

3. BANK CLAIMS FROM ASSIGNED INVOICES

- Complaints have been brought before the Athens Multi-Member Court of First Instance against HEDNO by the Pancreta Cooperative Bank requesting the payment of the amount of EUR 3,114,453.04 and by the single-person SA QQUANT MASTER SERVICER MANAGEMENT OF RESPONSIBILITY AND REQUIREMENT of the amount requested EUR 645,861.93. The lawsuits concern assigned invoices of contractors performing network maintenance work, which were not paid to them due to the existence of numerous seizures in the hands of the third party HEDNO SA, damages, claims of the contractor's employees, etc. The action brought by Pancreta Bank was dismissed by decision No. 2392/2022 of the Athens Multi-Member Court of First Instance. In the other action, the deadline for submitting motions has not yet expired.

-For certain guarantees of the Bank that were not paid (Piraeus, Kallithea and Peristeri / Elefsina areas), despite the discount TOXOTIS and their forfeiture, a lawsuit was filed by our company against the Bank, and the decision No. 2789/2021 was issued by the Athens Multi-Member Court of First Instance, by which our action was accepted and the Bank is obliged to pay us the aforementioned amounts.- Against the above decision, the appeal No. 1834/2023 was filed by the Bank.

-For a guarantee of the Bank that was not paid (Lesvos area and worth approximately 460.000 euros) despite the discount of TOXOTIS and its forfeiture, a lawsuit was filed by our company against the Bank and a rejection decision No. 238/2021 was issued by the Athens Multi-Member Court of First Instance, after the repayment was accepted by offsetting with certain claims of TOXOTIS (worth 630.000 euros), which we did not know, against us - an appeal is currently being drawn up.

C. ACCIDENTS

1) POROS

On 8/20/2019, a helicopter crash occurred at the Poros-Galatas pass, where there are medium voltage cables. An action (main action) was brought by the relatives of one of the deceased-passengers against the company "i fly S.A.", which managed and operated the helicopter in question, for a sum of 2,777,973.00 euros. Subsequently, the company "i fly SA" brought to the Athens Multi-Member Court of First Instance a Notice of Judgment, Attention to Additional Intervention with a joint incidental claim for damages, with a request that HEDNO be obliged to pay whatever is awarded to it for the payment of the main claim. Also, the relatives of the second of the deceased passengers were brought against the company "i fly SA" before the Athens Multi-Member Court of First Instance for the same accident with the requested amount of

633,740.70 euros and then the company “i fly SA” exercised in the Multimember Athens Court of First Instance Notice of Judgment, Call for Additional Intervention with a joint incidental claim for damages, with a request that HEDNO be obliged to pay whatever is awarded to it for the payment of the main claim. No proposals have yet been submitted for the first action because the deadline for their submission has been extended. For the second action the submission of proposals took place on 25.01.2023. For the above actions the applicants have waived the application and the right.

D. FORFEITURE OF GUARANTEES

Contractor’s forfeiture from contract DD-206

By decisions of the Board of Directors of the Company, the contracting company TEXOTIS SA was excluded from the contracts for the execution of repeat network works, concluded after the tender ΔΔ-206, in the contracting areas Kallithea, Athens, Agrinio, Corinth, Karditsa, Piraeus, Peristeri-Elefsina, Chania and Lesvos, a discount that entails the forfeiture of letters of guarantee and performance bonds. The contractor has applied for injunctive relief and injunctions have been granted in some of these cases and only for the suspension of the forfeiture of the guarantees and not for the other consequences of the forfeiture. The contractor filed in 2019 five lawsuits for a total amount of 18,549,355.00 euros and in 2020 four lawsuits for a total amount of 26,107,026.00 euros against the company, demanding the payment of damages and financial compensation. All nine (9) actions have been heard and nine (9) decisions have been issued by the Athens Court of First Instance, which respectively dismiss the above actions. It has brought 3 new lawsuits for the area of Corinth, Agrinio and Karditsa with simultaneous waiver of the 3 old lawsuits concerning the above areas. It has also appealed against the decision concerning the Piraeus Region, which has not yet been determined. Pending any appeal against the other judgments at first instance.

For certain guarantees of the Bank that were not paid (Piraeus, Kallithea and Peristeri / Elefsina areas), despite the discount TOXOTIS and their forfeiture, a lawsuit was filed by our company against the Bank, and the decision No. 2789/2021 was issued by the Athens Multi-Member Court of First Instance, by which our action was accepted and the Bank is obliged to pay us the aforementioned amounts.- Against the above decision, the appeal No. 1834/2023 was filed by the Bank.

For a guarantee of the Bank that was not paid (Lesvos area and worth approximately 460.000 euros) despite the discount of TOXOTIS and its forfeiture, a lawsuit was filed by our company against the Bank and a rejection decision No. 238/2021 was issued by the Athens Multi-Member Court of First Instance, after the repayment was accepted by offsetting with certain claims of TOXOTIS (worth 630.000 euros), which we did not know, against us - an appeal is currently being drawn up.

E. FIRES

1) Faraklo Neapoli, Laconia

A summons was served on executives of the Peloponnese Epirus Region Directorate who are accused of negligent fire. It is a large-scale fire that occurred in the summer of 2015. The case was tried in the Three-Member Misdemeanour Court of Gythio and decisions Nos. 103,104 / 2020 were issued, by which the executives were sentenced to 20 months suspended imprisonment. An appeal was lodged against the above decisions, which was heard before the Kalamata Trial Court of Appeal, despite the acquittal of the Prosecutor of Appeals, they were sentenced in the second degree to imprisonment with mitigating circumstances under article 84 par. 2a PC of 18 months. For the annulment and disappearance of the appellate decision, an appeal was brought before the Supreme Court in due time and in accordance with the law. It was discussed and rejected.
In terms of civil damages, chronologically 2 lawsuits have been filed against HEDNO SA for a total amount of 1,475,985.06 euros. A 3rd lawsuit was brought before the Gytheio Court of First Instance with a claim amount of 6,895,436.24 euros, which was notified to HEDNO on 16.04.2021. Subsequently, on 6.10.2021, another 3 lawsuits were served for the above fire totalling EUR 1,671,551.00. In January 2022, the applicants waived two (2) of the above claims for a total amount of EUR 496,216, and one of them was adjudicated for a total amount of EUR 1,057,034. Then 2 more lawsuits for the aforementioned cause of a total amount of EUR 341 216.44 (EUR 183,000.00 the first and EUR 158 216.44 the second). Also filed were the claims Nos. 46 and 47/2022 for damages in the amount of the first 328,216.44 euros and the second 303,800 euros. In all cases that were pending in the Court of First Instance of Gythio, HEDNO motions have been filed and we have been properly represented. It should be noted that two non-final decisions of the civil court have already been issued (and others will follow) which postpone the progress of the trial until the final decision of the Criminal Court referred to above.

2) Vamvakopoulo, Chania

13 lawsuits have been filed with a total amount of EUR 6,500,000.00, this is a large-scale fire that occurred in Vamvakopoulo, Chania. The executives have been convicted for the above reason and a second appeal has been lodged

against the decision of the criminal court, which was dismissed by the Supreme Court. The actions that were postponed until a final judgment in the criminal proceedings have been referred for reconsideration, and those that were dismissed at first instance have been appealed. Pending the hearing of the above actions and appeals.

3) Lefkada

- 4 lawsuits have been filed for a total amount of EUR 2,987,753.33 for damages suffered by the applicants as a result of a fire that broke out in the centre of Lefkada on 8.8.2016. In particular: The first action was dismissed under decision No. 6/2023 of the Multi-Member Court of First Instance of Lefkada, as the appropriate court fee was not paid, since the relevant claim was converted from a counterclaim to a declaratory one. The applicants' view on the unconstitutionality of the obligation to pay a court fee despite the conversion from an affirmative to an affirmative declaration was not accepted. The second action was dismissed by virtue of the decision number 7/2023 of the Court of First Instance of Lefkada as the corresponding court fee was not paid since the relevant claim was converted from a counterclaim to a declaratory one. The applicants' view on the unconstitutionality of the obligation to pay a court fee despite the conversion from an affirmative to an affirmative declaration was not accepted. As to the third action, the Court deferred consideration of the action pursuant to its Order No. 5/2023 until the criminal prosecution of our district manager employee during the time period at issue is fully concluded. A decision on the fourth action is awaited.

4) Litigation of "KTIMA S.& V. GKOLEZAKIS IKE" against HEDNO and PPC before the Athens Court of First Instance:

Through this action, the applicant company requests the total amount of EUR 248,128.76, as compensation for property, positive and consequential damage as a result of a fire caused by the network on 20.7.2016 at the location "MEGAS KAMPOS", Fytia Xiromeros, according to the particulars set out in the action. The case will be discussed on 26-9-2024. Exoneration of executives in criminal proceedings .

5) Chios

-2 lawsuits have been filed, for a total amount of EUR 6,862,664.00, for damages suffered due to a fire caused by the network on 25.07.2016. In particular, the first action was heard on 4-5-2022 and the action was dismissed by virtue of the decision of the Chios Court of First Instance No. 6/2023, as the opposing parties did not submit any motions. The second action was heard on 4-5-2022 and the action was dismissed by virtue of the decision of the Chios Court of First Instance No. 7/2023, as the opposing parties did not submit any motions.

6) Action against HEDNO before the Athens Court of First Instance,

by which the applicant requests the amount of 67,015 euros as compensation for damages suffered due to a fire caused by the network on 25.07.2016, according to the particulars described in the action. The decision is pending.

7) Eastern Mani and Kalamos

A) It concerns a fire, which occurred on 1.7.2017 in the Area of Eastern Mani. As regards the criminal part, a decision was issued, which found the employees of HEDNO SA not guilty. Two (2) actions have been brought for a total amount of EUR 29,750. B) It concerns a fire that occurred in the area of Kalamos, Attica, on 13.8.2017. As for the criminal aspect, the case was put on file as unknown perpetrators by order of the Athens Prosecutor's Office. One (1) lawsuit has been brought against EUR 195,000.

8) Fire in DARIZA

A total of nineteen (19) actions for compensation have been brought against HEDNO SA for the fire, on 20.8.2012, at the DARIZA site, for a total amount of more than 15,000,000 euros. The development of the case so far is as follows:

(A) Ten (10) actions were partially upheld by the Kalavria Magistrate's Court and the same number of appeals were filed by HEDNO, of which:

1) For eight (8) appeals, by non-final (identical) decisions of the court, an expert examination was ordered, after which:

(a) six (6) appeals filed by HEDNO SA were upheld with decisions No. 3123/2022, 3124/2022, 3125/2022, 3127/2022, 3128/2022 and 3241/2022 of the Single-Member Court of First Instance of Piraeus (as Court of Appeal), which ruled that there was no liability of HEDNO SA for tort, and which partially upheld the actions accepting the subsidiary basis of the actions on the liability of HEDNO SA in tort. Appeals were lodged by HEDNO, which are being heard before the Supreme Court in the case of 1.4.2024 (3 of them), 22.4.2024 (one of them) and 20.5.2024 (3 of them).

(b) two (2) appeals were cancelled (due to the death of the applicants) and, following calls by the heirs, were discussed at the hearing of 8.1.2024 and the decisions of the Court of Justice are expected.

2) One (1) appeal was discussed - and the decision of the Piraeus Court of First Instance (as Court of Appeal) No. 552/2023 was issued, which ruled that there was no liability of HEDNO SA in tort, and partially upheld the action by accepting the subsidiary basis of the action on the liability of HEDNO SA in tort.

3) One (1) appeal was discussed and the decision No. 4169/2023 of the Piraeus Court of First Instance (as the Court of Appeal) was issued, which ruled that HEDNO is not liable for the fire, neither in tort nor in endangerment.

(B) One (1) action was dismissed by the final decision of the Athens Court of First Instance No. 2513/2022, which ruled that the HEDNO is not liable for the fire, neither in tort nor in endangerment. An appeal has been filed by the applicant, which is being heard before the Athens Court of Appeal on 7.3.2024.

(C) One (1) action was dismissed due to vagueness by decision No. 45/2018 of the Kalavria Magistrate's Court, which was appealed by HEDNO. At the same time, one (1) new (identical) action was brought, with 2 additional applicants, on which the issuance of a final decision was suspended until the final judgment of the hearing of the above appeal of HEDNO SA. The aforementioned appeal of HEDNO SA was rejected by the final decision No. 3126/2022 of the Single Member Court of First Instance of Piraeus (as Court of Appeal). Following this, the applicants lodged a call for a new court hearing of their new action, which was discussed at the hearing of 17.10.2023 and the Court's decision is expected.

(D) One (1) action was dismissed by decision No. 1967/2019 of the Single-Member Court of First Instance of Piraeus due to the applicants' default of appearance. Prior to the hearing, one (1) new (identical) action was brought by the applicants, on which the final decision was suspended until the conclusion of the trial of the above initial action. On the decision No. 1967/2019 of the Single-Member Court of First Instance of Piraeus, an appeal was lodged by the applicants, which was upheld by the final decision No. 608/2022 of the Piraeus Court of Appeal, which ruled that HEDNO was not liable for the fire, neither in tort nor in endangerment, and dismissed the action. An appeal has been filed against it by the applicants, which will be heard on 22.4.2024.

(E) Two (2) actions were dismissed by decisions Nos. 14/2019 and 15/2019 of the Court of Justice of the Peace of Kalavria due to the applicants' default of appearance. Prior to their discussion, the applicants brought two (2) new (identical) lawsuits, on which the final decision was suspended until the end of the trial of their two (2) initial lawsuits. On the above decisions, two (2) appeals were also lodged by the applicants, which were accepted in the absence of HEDNO SA (it was deemed inappropriate the declaration to be presented), by decisions Nos 83/2020 and 82/2020 of the Single-Member Court of First Instance of Piraeus (as Court of Appeal) on which two (2) default of appearance proceedings were brought by HEDNO, which were rejected by decisions Nos 1218/2023 and 1219/2023 of the Single Member Court of First Instance of Piraeus (as Court of Appeal). Against the decisions Nos 1218/2023 and 83/2020, as well as against the decisions Nos 1219/2023 and 82/2020, two (2) appeals have been filed by HEDNO, which are being discussed before the Supreme Court at the hearing of 9.12.2024. In addition, the Supreme Court has granted a suspension of the execution of the above decisions 83/2020 and 82/2020.

9) Action against "HEDNO SA":

By the action, filed under number MT/202/2018, the applicants claimed the total amount of EUR 370,903.35, for causing damage to the dairy of their deceased husband and father, due to a fire, which they attribute to the fault of HDENO SA. The above action was brought before the Single Member Court of First Instance of Rethymno, during the new Ordinary Procedure. The case was discussed and the final decision No. 186/2020 of the Single-Member Court of First Instance of Rethymno (Ordinary Procedure) was issued, rejecting the action of the opposing parties. On 08.10.2021 "HEDNO SA" was served with the appeal, Reference Number 347/20.09.2021, of the opposing parties against the aforementioned final decision No. 186/2020 of the Rethymno Single-Member Court of First Instance (Ordinary Procedure) and against "HEDNO SA", which has been determined to be discussed before the Single-Member Court of Appeal of Crete. The aforementioned appeal was discussed before the Single-Member Court of Appeal of Crete, on which the decision of the Single-Member Court of Appeal No. 181/2023 was issued, which essentially rejected the appeal of the parties against HEDNO S.A. There is a time-limit for the opposing parties to lodge an appeal.

10). Ag. Theodoroi, Corinth on 23-7-2018:

-Actions have been filed for a total amount of EUR 1,369,444.66 due to damage to technical equipment, machinery and tools of the company in homes, household goods, etc. In all of the above cases, the applicants claim in their lawsuit that the HEDNO failed to maintain the network, resulting in the low voltage cables becoming entangled with tree branches. No date has yet been set for the hearing of the actions.

F) DAMAGE

1) ALBENA ship case:

HEDNO has filed the action dated 10-01-2017 and with General Deposit Number 501 954/2017 and with Special Deposit Number 209/2017, which concerns damage, caused on 27.3.1998 by the fishing vessel refrigerator named ALBENA , registered in Bourgas, Bulgaria, which was owned by the company under liquidation under the name OKEANSKI RIBOLOV LTD, in the submarine power transmission cable in Kythira, owned by PPC S.A. and which was insured to the defendant mutual insurance cooperative. The action was discussed before the Multi-Member Court of First Instance of Athens (Ordinary Procedure (Liability division), and the following amount of money was claimed: EUR 3,254,330.57. The decision number 427/2019 of the Athens Multi-Member Court of First Instance has been published, which REMANDED this case to the competent court, i.e. the Maritime Disputes Department of the Piraeus Multi-Member Court of First Instance. Subsequently, the case was discussed at the Piraeus Multi-Member Court of First Instance and the decision number 1266/2020 of the Piraeus Civil Court was published, which suspended the discussion of the lawsuit of HEDNO SA until the opposing appeals filed by both parties to the case at the Athens Court of Appeal since July 2019, concerning the decision No. 427/2019 of the CCP as there are legal issues to be investigated.

2). “HEDNO S.A.” (as a ultimate successor to PPC SA) against the GREEK STATE:

PPC S.A. requested the amount of EUR 139,139.55, as compensation from the tortious liability of the protected bodies of the Greek State, due to damage to the distribution network and in particular for the damage to the submarine of the interconnecting cable Paxos - Continental coast No. 2, by the anchoring of the Navy ship “PFA LYKOUDIS” and due to illegal acts and omissions of the appointed organs of the Greek State. This action was forwarded to “HEDNO SA” in accordance with Law 4001/2011 to attend the discussion of this matter, as the ultimate successor of PPC SA. The date of the hearing of this action before the Athens Administrative Court of First Instance was set for 15.12.2017, when the case was postponed to 04.05.2018. This case was postponed again on 05.10.2018, when it was discussed. Decision No 4317/2019 of the Administrative Court of First Instance of Athens was issued (Section 15 Tripartite), which rejected the above action of HEDNO S.A. Against the aforementioned decision and against the opposing Greek State, the decision was made on 24.06.2019 and with the Input Number ΕΦ1659 / 24.06.2019 (at the Administrative Court of First Instance of Athens) and from 03.07.2019 and with the ABEM file Number: ΕΦ2139 / 03.07.2019 (in the Administrative Court of Appeal of Athens) Appeal of “HEDNO SA” against the Greek State, which was discussed on 04.02.2020 before the Court of Appeal of Athens (Section 2, Three-Member Liability division). Decision No 2799/2020 of the Three-Member Administrative Court of Appeal of Athens (Section 2 of the Three-Member Court of Appeal) was issued, which upheld the appeal of "DEDDIE S.A. ", annulled the decision of the Three-Member Administrative Court of First Instance of Athens under number 4317/2019, upheld the action and partially accepted it, recognising the obligation of the Greek State to pay to HEDNO SA the amount of 139,139.55 with interest. On 06.07.2021, the total amount of EUR 211,654.44 (EUR 139,139.55 capital + EUR 72,514.89 interest) from the Navy Fund was paid to "HEDNO SA". The No. 151/2021 (in the Administrative Court of Appeal of Athens) and 539/2021 (in the Court of Appeal) of the Greek State against HEDNO S.A. and the aforementioned decision No 2799/2020 of the Three-Member Administrative Court of Appeal of Athens before the Council of State. Following successive adjournments by the Council of State, the aforementioned Appeal has been scheduled to be heard at the hearing on 13.05.2024 (First Chamber - 5-member composition).

G) EMPLOYMENT RIGHTS

1. The appeal from 16.02.2023 of the HEDNO against e-EFKA (former TSMEDE) for the annulment of the decision no. 64787 / 16.12.2022 of the debt certificate. The aforementioned contested act of the Head of the Fourth Pension Division of e-EFKA confirmed to the Company the total amount of EUR 15,350,240.50, as differences in personal contributions of main pension sector and employer contributions as well as contributions on gifts Easter, Christmas and holiday allowance for the period from 1.5.2012 to 31.12.2016. The discussion of this appeal is expected to be determined in November 2023. The requests for suspension made by HEDNO were accepted. The above appeal was discussed on 24.11.2023 and we are awaiting a decision.

2.Action of employees against HEDNO: Through this action, the applicants claim approximately EUR 117,637.27, due to an illegal reduction of their remuneration due to their retroactive inclusion in the YVAE (heavy duty work). This action was discussed on 15.12.2021. Decision No. 94/2022 of the Athens Court of First Instance, by which the applicants' action was dismissed, was issued. Similarly, decision No. 600/2022 was issued, which rejected their action. In addition, decision No. 529/2022 was issued, which postponed the hearing of the action until the decision of the Supreme Court. The total number of lawsuits with the same legal cause is approximately 17 in total. Within 2022, another 10 lawsuits were filed for the same legal reason. Of the above lawsuits, 4 have been discussed and we are awaiting both the adoption of these decisions and the discussion of the remaining lawsuits.

3. Action against HEDNO: Through this action, the applicants are claiming the total amount of 233,864.48, due to illegal and abusive withholding of solidarity contributions, cuts in remuneration, abolition of allowances and gifts. Decision 1059/2019 was issued rejecting the action, an appeal was lodged which will be discussed on 1.11.2024. A second action, in which the applicants are claiming the total amount of EUR 96,000, due to the unlawful abolition of Christmas, Easter and holiday allowances for the years 2016-2018. The decision No. 195/2021, in which the action was partially accepted, was discussed and upheld. An appeal was filed by HEDNO on 6.10.2021 against the applicants, against which the decision No. 2233/2023 of the Single-Member Court of First Instance of Athens was issued, rejecting the applicants' action.

4. Action against HEDNO: By the present action, the applicants seek the total sum of EUR 1,506,120.00 for the unlawful and abusive abolition of the meter's allowance. It was issued Decision No. 200/2022 of the Athens Magistrate's Court, which rejected the applicants' action. On 04.05.2022, the appeal of the defendants against HEDNO SA was filed with EAK 1874/2022, which has been determined to be discussed on 24.10.2025 before the Single-Member Court of First Instance of Athens.

5.Action against HEDNO SA: Through this action, the applicant is claiming the total amount of EUR 1,768.50, on account of the unlawful reduction of his remuneration as a result of his retroactive inclusion in the YVAE scheme. Decision No. 2190/2019 was issued, accepting the action. The HEDNO appealed against the above decision of 16.12.2019. Decision No. 926/2021 was issued, which rejected our appeal. An appeal was lodged by HEDNO on 16.07.2021 and we await the decision.

6.Action against HEDNO: Through this action, the applicants are claiming the total amount of EUR 116,914.78 for unpaid rest days off for the years 2009-2014. Decision No. 173/2023 was issued by the Magistrate's Court of Agrinio, upholding the action in part. An appeal from the judgment at first instance was brought by both sides with a date for discussion

7. Action against HEDNO SA: By the said action, the applicant seeks the total sum of EUR 12,020.00 for wages owed due to the culpable and unlawful failure to appoint her to the post of Director of the Internal Audit Department and the sum of EUR 40,000 as financial compensation for the non-material damage suffered by her as a result of the above. Decision No. 582/2022 was issued, by which the action was dismissed. The applicant lodged the appeal dated 24.06.2022 and the decision No. 2397/2023 was issued by the Athens Court of Appeal, rejecting the appeal of the applicant against HEDNO.

H) ACCIDENTS:

H1) EMPLOYEES OF HEDNO SA:

Two actions have been filed against HEDNO SA with a total amount of EUR 790,000.00 as compensation for non-pecuniary damage as a result of an accident at work. The first action was discussed and the judgment No. 1020/2022 of the Single-Member Court of First Instance was delivered, dismissing the action. An appeal was lodged by the applicant against which the 4388/2023 decision of the Athens Court of Appeal, which rejects the above appeal. The second action, apart from the Company, is directed against the Director of the Kavala Area of HEDNO SA and the responsible security technician of the Kavala Area of HEDNO SA. Decision No. 357/2023, declaring the hearing of the action inadmissible and rescheduling the hearing for 23.4.2024.

H2) CONTRACTORS HIRED BY HEDNO S.A.

1. 6 actions have been brought against HEDNO SA for a total amount of EUR 7,106,162.69 in financial compensation as a result of an accident at work.

2. 2 lawsuits have been filed against HEDNO SA, with the applicants claiming the total amount of EUR 2,050,000.00 (EUR 1,450,000.00 in the first and EUR 600,000.00 in the second) as financial satisfaction due to mental anguish for the death of their relatives - employees of the company "AKTOR ATE" (LEADERS OF CONTRACTOR), as a result of an accident at work, which took place on 01.04.2021 in Gymnos, Evia. The above actions are directed against the Director of the Chalkida Area of "HEDNO SA", against the supervising foreman of the project, as well as the supervising engineer, against employees of "HEDNO SA". A third action was brought by an employee of the company "AKTOR ATE" (HIRED CONTRACTOR), seeking compensation of EUR 200,000 for the injury he suffered as a result of the above-mentioned industrial accident. The Court of First Instance has decided on 27.10.2022 in the Single Member Court of First Instance of Chalkida (Labor Disputes Procedure). The above actions were postponed for 23.03.2023. They were cancelled.

An action was also brought on 10.10.2022 by TZELA BRUKA, father of the deceased Aleks Bruka, an employee of the company "AKTOR SA". By this action he seeks the sum of EUR 200,000.00 as compensation for emotional distress for the death of his child. This action was scheduled to be heard in 2023 before the Chalkida Court of First Instance. It was cancelled

In addition, the action of 18.10.2022 was brought by the family of the deceased Georgios Totskas, an employee of the company “AKTOR SA”. By said action, the applicants seek the total amount of EUR 1,150,000.00 as compensation for emotional distress for the death of their relative. This action was scheduled to be heard on 23.3.2023 before the Single-Member Court of First Instance of Chalkida. It was cancelled

**** It is noted that in 2020 there were 2 more work accidents in Xanthi and Amaliada, for which no lawsuits have been filed.

H3) THIRD PARTIES ACCIDENTS:

1. 7 actions have been brought against HEDNO SA for a total amount of EUR 10,838,283.80, of which the amount of EUR 5,358,283.80 due to injury or death of a third party.

I) APPEALS AGAINST TENDERING PROCEDURES

Against the call for tender No 519102, concerning the “PROCUREMENT OF FIELD EQUIPMENT, ADVANCED METERING INFRASTRUCTURE SYSTEM (AMI SYSTEM) AND METER DATA MANAGEMENT SYSTEM (MDM SYSTEM)”, in which seven (7) groups of bidders participated in the first phase of the tender procedure and four (4) of them qualified for the second phase, by means of decision No. 978/22.12.2022 of the Board of Directors of HEDNO SA, a pre-litigation appeal, dated 02.01.2023, was filed by the economic operator “Landis+Gyr AG” against its exclusion from the Second Phase on the grounds of not meeting the qualitative selection criteria was brought.

37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Trade and other receivables and liabilities with related parties as at 31/12/2023 and 31/12/2022 are as follows:

	31/12/2023	
	Trade and other receivables	Liabilities
PPC SA	94,871	0
PPC Renewables SA	0	-6,381
Athens Water Supply and Sewage Company (EYDAP)	0	-47
HELLENIC POST OFFICE (ELTA)	35	0
ELTA COURIER	0	-48
ETVA	0	-4
EYATH	1	0
OSY	0	-1,149
AIA	27	0
GAIAOSE	9	0
OKAA (Central Markets and Fishery Organizations)	0	-5
Total	94,943	-7,634

	31/12/2022	
	Trade and other receivables	Liabilities
PPC SA	34,684	0
PPC Renewables SA	0	-6,243
Athens Water Supply and Sewage Company (EYDAP)	0	-41
HELLENIC POST OFFICE (ELTA)	408	0
ELTA COURIER	0	-49
ETVA	0	-6
EYATH	1	0
AIA	23	0
GAIAOSE	1	0
Total	35,117	-6,339

(Amounts in EUR thousand)

The accrued trade and other receivables and liabilities with related parties for the fiscal year ended on 31/12/2023 and on 31/12/2022 are as follows:

	31/12/2023	
	Accrued receivables	Accrued Liabilities
PPC SA	209,138	-140,889
PPC Renewables SA	26	-599
HELLENIC POST OFFICE (ELTA)	78	0
AIA	22	0
Total	209,264	-141,488

	31/12/2022	
	Accrued receivables	Accrued Liabilities
PPC SA	139,948	-66,692
PPC Renewables SA	14	-531
HELLENIC POST OFFICE (ELTA)	467	0
AIA	18	0
Total	140,447	-67,223

The transactions with related parties for the fiscal year ended on 31/12/2023 and on 31/12/2022 are as follows.

	01/01/2023-31/12/2023	
	Invoices to	Invoices from
PPC SA	1,644,014	-1,435,844
PPC Renewables SA	38	-7,165
ARKADIKOS ILIOS 1	17	0
ILIAKO VELOS 1	8	0
SOLARLAB	91	0
VOLTERRA DOUKAS S.S. S.A.	27	0
VOLTERRA KOUKOULI S.S. S.A.	24	0
KPM ENERGY	74	0
Athens Water Supply and Sewage Company (EYDAP)	26	-73
HELLENIC POST OFFICE (ELTA)	3,040	-1,235
ELTA COURIER	0	-9
ETVA	0	-62
EYATH	43	-6
STASY	0	-2
OSY	5	-4
AIA	247	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
HELLENIC PUBLIC PROPERTIES CO. (HPPC)	1	-1
Total	1,647,655	-1,444,402

(Amounts in EUR thousand)

	01/01/2022-31/12/22	
	Invoices to	Invoices from
PPC SA	1,374,156	-975,558
PPC Renewables SA	80	-8,163
Lignitiki Megalopolis SA	44	0
Lignitiki Melitis SA	32	0
Athens Water Supply and Sewage Company (EYDAP)	89	-51
HELLENIC POST OFFICE (ELTA)	9,566	-1,590
ELTA COURIER	0	-35
ETVA	0	-5
EYATH	6	-5
STASY	4	-1
OSY	2	-8
AIA	222	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-11
ILIAKO VELOS 1	91	0
Hellenic Saltworks	2	0
Total	1,384,294	-985,427

The invoices to PPC SA concern the majority of invoices for network utilization fees, network projects, PSOs and energy sales to NIIs. This amount includes an invoice of € 2.3 million for the recovery of study costs in the fibre optic network as well as an invoice of € 3.7 million for PPC's participation in the construction costs of the fibre optic network, which will be recognised in revenue over 35 years following the accounting treatment of participations (Note 3.1.10)

The invoices from PPC SA mainly concern purchases of energy from its thermal power stations in the NIIs, in exchange for PSO and additional services of PPC SA to HEDNO SA. The invoices from PPC Renewables relate to energy purchases in the NIIs.

In the context of its business activity, HEDNO SA carries out transactions with a large number of companies under state control, whether for profit or not (provision of services, sales of energy, receipt of services, etc.). All transactions with State-controlled companies are carried out on commercial terms.

Management remuneration

The remuneration of management members - members of the Board of Directors and General Directors - is as follows.

	31/12/2023	31/12/2022
Remuneration of Board Members		
Executive Directors’ fees	193	155
Executive Directors’ fees	315	104
Compensation / extraordinary remuneration	201	90
Employer contributions	80	38
Total	789	387

	31/12/2023	31/12/2022
Remuneration of the Deputy Managing Director and General Directors		
Payroll	699	749
Compensation / exceptional remuneration	851	458
Employer contributions	121	106
Other Benefits	1	1
Total	1,672	1,314

In the comparative information, the payroll of the General Directors fund appears different in relation to the published in the purpose of proper display.

38. MANAGEMENT OF FINANCIAL RISK

38.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The foreign exchange risk consists in the probability that the fair value of the cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are mainly carried out in Euro and therefore the Company is not exposed to foreign exchange risk. However, the Company's management continuously monitors its exposure to potential foreign exchange risks and assesses the need to take appropriate measures.

(ii) Risk of interest rate fluctuations

The Company is exposed to the risk of rising interest rates as it has entered into loan agreements with floating interest rates, which are linked to Euribor, and may affect the Company's cash flows and income statement.

The strong inflationary pressures resulting from the energy crisis and the recent geopolitical turmoil in Ukraine and the Middle East have affected the performance of the global and national economies. Since July 2022, central banks have been gradually raising interest rates in an attempt to curb rising inflation. Given that these measures have worked to some extent, but have also led to a recession in the global economy, no further increase in interest rates is expected, while financial markets are already anticipating a gradual easing of interest rates within 2024.

Given the uncertainty that remains, in order to hedge the interest rate risk arising from floating rate loan contracts, the Company has entered into OTC derivative contracts (Interest Rate Cap) that allow the Company to hedge against a positive 6-month Euribor rate while paying a premium.

(b) Credit risk

The Company is exposed to credit risk related to its trade receivables, while the general economic climate with the significant increases in electricity prices has a negative impact on liquidity. With regard to the timing of the collection of receivables, the Company closely monitors those receivables that are overdue and takes all necessary measures to address this risk. The timing of repayment of the receivables regarding the operation of the Energy market is determined by RAEWW. In addition, under the current regulatory framework, the Company receives guarantees from electricity suppliers to mitigate credit risk. On 01/10/2022, the Company insured, for the first time, part of its credits for proven insolvency of the debtor with the insurance company Atradius Credito y Caucion SA with an annual contract. On 01/10/2023 the Company extended for an additional year the relevant insurance coverage by signing a new credit insurance contract with the insurance company Atradius Credito y Caucion SA.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations when required. The Company actively manages liquidity risk in order to ensure that it has sufficient cash to meet its short-term and long-term commitments. Bank overdrafts and bank facilities, both restricted and unrestricted, are used to manage this risk. Ultimate responsibility for liquidity management rests with the Board of Directors, which has established an appropriate liquidity management framework to ensure that the Company's short, medium and long term funding needs and other liquidity management needs are met. The Company manages liquidity risk by maintaining adequate reserves, bank and borrowing facilities, available bank facilities and by systematically monitoring projected and actual cash flows.

The following table analyses the Company's financial liabilities as at 31/12/2023 and 31/12/2022, grouped by maturity date, as calculated according to the time remaining from the Balance Sheet date to the contractual maturity date. The amounts shown in the table are the contractual cash flows.

(Amounts in EUR thousand)

31/12/2023

MATURITY OF FINANCIAL LIABILITIES	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade Payables	376,108	0	0	376,108
Other current liabilities	112,167	0	0	112,167
Lease liabilities	13,933	22,914	10,258	47,106
Loans and Borrowings	336,115	621,920	1,011,078	1,969,113
	838,323	644,834	1,021,336	2,504,494

31/12/2022

MATURITY OF FINANCIAL LIABILITIES	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade Payables	209,213	0	0	209,213
Other current liabilities	93.761	0	0	93.761
Lease liabilities	11,388	20,708	8,399	40,495
Loans and Borrowings	218,085	736,225	668,515	1,622,824
	532,447	756,933	676,914	1,966,293

Lease liabilities and loans do not correspond to the amounts in the statement of financial position, as they relate to contractual (undiscounted) future cash flows, which include both principal and future interest that will accrue in the respective year.

Other current liabilities do not correspond to the amounts in the statement of financial position as they only include financial liabilities. They do not include customer advances, contractual obligations and insurance contributions.

38.2 Capital Management

The Company's objectives in managing capital are to ensure its ability to continue as a going concern and to maintain an ideal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may increase or decrease borrowings, issue shares, adjust the amount of dividends to shareholders or return capital to shareholders. The Company monitors capital based on the financial leverage ratio. This ratio is calculated by dividing net borrowing by total capital employed. Net borrowings include interest-bearing loans and non-current and current lease liabilities, less cash and cash equivalents. Total capital employed is calculated as total equity as shown in the balance sheet plus net borrowings.

	31/12/2023	31/12/2022
Non-current lease liabilities	26,958	23,672
Current lease liabilities	12,563	10,194
Loans and borrowings	1,345,790	1,259,276
Current loans and borrowings	291,312	185,863
Minus: Cash and cash equivalents	-196,055	-187,405
Net debt	1,480,568	1,291,600
Total equity	1,291,756	1,239,363
Total capital employed	2,772,324	2,530,963
Leverage Index	53,41%	51,03%

38.3 Determination of fair values

The Company uses the following hierarchy for the recognition and disclosure of financial instruments fair value per valuation technique:

Level 1: negotiable (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: other techniques for which all inputs having a significant effect on the recorded fair value are observable, either directly or indirectly.

(Amounts in EUR thousand)

Level 3: techniques that use inputs that have a significant effect on the recorded fair value and are not based on observable market data.

During the year there were no transfers between Levels 1 and 2, nor transfers in and out of Level 3 for fair value measurement.

Below is a comparison, by category, of the carrying and fair values of the Company's assets and liabilities reflected in the statement of financial position as at 31/12/2023.

	31/12/2023	
	Book Value	Fair Value
Property, plant and equipment & intangible fixed assets	5,078,116	5,078,116
Derivative financial instruments	6,813	6,813
Total	5,084,929	5,084,929

	31/12/2022	
	Book Value	Fair Value
Property, plant and equipment & intangible fixed assets	4,859,952	4,859,952
Derivative financial instruments	11,607	11,607
Total	4,871,559	4,871,559

Management has estimated that cash, short-term deposits, accounts receivable and other receivables, inventories, accounts payable and other current liabilities approximate their carrying amounts, primarily due to their short-term maturities.

The fair value of Level 3 property, plant and equipment and intangible assets is measured at the Company by independent valuers every 3-5 years to ensure that the fair value does not differ significantly from the net book value.

The last valuation of property, plant and equipment was carried out on the basis of data as at 31/12/2019. The comparison of the values resulting from the work of the independent valuers with the net book value of the fixed assets resulted in a net surplus of approximately € 3 million, which was recorded directly as a credit in Equity net of deferred tax. The Company performs an internal assessment to identify whether there are any conditions or significant indications of impairment of its assets and no such eventuality arose in fiscal year 2023.

The fair value of other financial assets and financial liabilities is determined by discounting future cash flows using either directly or indirectly observable inputs and is included in Level 2 of the fair value hierarchy.

During the fiscal year ended 31/12/2023 there were no transfers of financial assets between hierarchy levels.

39. RECLASSIFICATIONS

The comparative data in the line "Payroll" of General Directors in note 37 amounting to € 749 thousand is presented increased by € 53 thousand in relation to the previous financial statements, as the inclusion of the Christmas Bonus during the previous financial year had been omitted.

Finally, amount of € 70 thousand was reclassified from the line " Third-party services " to the line " Other third-party services" of note 7, without however changing the amount of the fund " maintenance and third party services" presented in the Statement of Comprehensive Income. This reclassification regarding capitalized maintenance costs was aimed at a more proper display of the individual elements of the above fund.

40. SUBSEQUENT EVENTS

Bond loan with Eurobank

The Company, within the framework of the joint bond loan it has concluded with Eurobank in the amount of up to € 660 million, proceeded with a third disbursement of € 140 million on 21/02/2024. Consequently, the total amount drawn from this specific loan agreement amounts to € 440 million.

On April 2, 2024, the Company's BoD approved the issue of two new bond loans with National Bank of Greece SA and Alpha Bank SA for the refinancing of the loan with Black Sea Trade & Development Bank amounting to € 160 million, which has been repaid in a single payment on May 15, 2024. The aim of the refinancing is to safeguard the cash liquidity of the subsidiary in the current year, as well as to optimize long-term cash flow planning through a repayment schedule in instalments with a long-term horizon. The bond loans in question were signed on May 13, 2024. Each bond loan amounts to € 80 million with a tenor of 7 years. The bond loans were both issued on May 14, 2024, with the disbursements of which the Black Sea loan repayment was completed on May 15, 2024.

ANNEX - ACCOUNTING DISAGGREGATED FINANCIAL STATEMENTS

In accordance with the provisions of Law 4001/2011

and approved by the Waste, Energy and Water Regulatory Authority

approved methodology of Accounting Disaggregation.

(Amounts in EUR thousand)

TABLE A HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA
ACCOUNTING DISAGGREGATED INCOME STATEMENT PER ACTIVITY

	2023				2022			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHER	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHER	TOTAL HEDNO
INCOME:								
Revenue from Contracts with Customers	1,070,940	4,100	5	1,075,046	814,335	2,441	0	816,776
Other income	15,943	208	2,603	18,755	12,963	1,490	1,373	15,826
TOTAL INCOME	1,086,883	4,308	2,608	1,093,801	827,298	3,931	1,373	832,602
EXPENSES:								
Personnel cost	266,187	2,564	43	268,794	260,233	2,192	32	262,457
Provision for retirement benefits	-7,287	-31	-1	-7,319	-441	0	0	-441
Network Usage Expenses	0	0	0	0	0	0	0	0
Maintenance and third parties services	95,666	135	253	96,054	73,005	135	160	73,300
Consumption of Materials	33,320	-134	31	33,217	26,294	187	34	26,515
Third party fees	87,494	801	2,100	90,395	69,063	579	852	70,494
Provisions for doubtful debts	-91	-0	-0	-91	-625	-10	-3	-638
Predictions for risks	-5,746	-27	-17	-5,790	-15,628	-31	-10	-15,669
Miscellaneous expenses	51,290	243	4	51,552	36,919	201	27	37,147
Depreciation	323,580	104	5	323,689	313,719	99	2	313,820
Taxes - fees	5,109	30	1	5,139	5,187	24	3	5,214
OPERATING RESULT	237,362	622	177	238,161	59,573	555	276	60,404
Finance income	8,498	35	23	8,556	12,194	52	16	12,262
Finance expense	-62,632	-256	-166	-63,055	-46.884	-188	-59	-47,131
PROFIT FOR THE PERIOD BEFORE TAX	183,228	401	33	183,662	24,883	419	233	25,535

(Amounts in EUR thousand)

TABLE B
HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA
ACCOUNTING DISAGGREGATED STATEMENT OF FINANCIAL POSITION PER ACTIVITY

	2023				2022			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHER	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHER	TOTAL HEDNO
ASSETS								
Non-current assets								
Property, plant and equipment	5,047,389	5,620	12,079	5,065,089	4,844,582	4,170	8,009	4,856,761
Intangible assets	12,974	22	31	13,027	3,182	4	5	3,191
Right-of-use assets	39,874	0	95	39,969	32,593	0	54	32,647
Deferred property tax	0	0	0	0	0	0	0	0
Other receivables	156	0	0	157	37	0	0	37
Derivative financial instruments	7,007	8	17	7,031	11,578	10	19	11,607
Total non-current assets	5,107,400	5,650	12,223	5,125,273	4,891,972	4,184	8,087	4,904,243
Current assets								
Inventory	334,939	0	801	335,740	239,540	0	396	239,936
Trade and other receivables	143,611	124,010	640	268,260	108,382	84,677	319	193,378
Accrued and Other receivables	212,292	126,493	810	339,595	131,403	92,995	371	224,769
Cash	142,375	53,212	468	196,055	135,262	51,834	309	187,405
Total current assets	833,217	303,715	2,718	1,139,650	614,587	229,506	1,395	845,488
Total Assets	5,940,617	309,365	14,940	6,264,923	5,506,559	233,690	9,482	5,749,731
LIABILITIES AND EQUITY								
Equity:								
Share capital	987,764	1,087	2,364	991,215	988,737	844	1,634	991,215
Legal reserve	7,401	16	18	7,435	6,423	107	11	6,541
Special Reserves	137,643	49	329	138,021	161,722	58	267	162,047
Retained earnings	209,310	-54,870	369	154,809	-99,681	179,109	131	79,559
Total equity	1,342,118	-53,717	3,080	1,291,480	1,057,201	180,118	2,043	1,239,362
Non-current liabilities:								
Deferred tax liability	290,104	286	694	291,084	304,583	-340	503	304,746
Benefits to personnel	57,410	518	138	58,067	60,813	482	101	61,396
Liabilities from derivative financial instruments	217	0	1	218	23,627	6	39	23,672

(Amounts in EUR thousand)

Lease liabilities	26,884	11	64	26,958	0	0	0	0
Loans and borrowings	1,341,104	1,476	3,209	1,345,790	1,256,025	1,175	2,076	1,259,276
Consumer contributions and subsidies	2,024,462	72	4,840	2,029,373	2,036,513	50	3,364	2,039,927
Other non-current liabilities	23,580	1,458	60	25,098	21,918	10,326	53	32,297
Provisions	33,514	336	81	33,930	40,028	277	67	40,372
Total non-current liabilities	3,797,275	4,157	9,087	3,810,518	3,743,507	11,976	6,203	3,761,686
Current liabilities:								
Trade and other payables	298,845	76,366	897	376,108	143,292	65,575	345	209,213
Various creditors	174,048	19,529	463	194,039	3,012	162,179	273	165,464
Short Term Lease liability	12,528	5	30	12,563	10,174	3	17	10,194
Current portion of non-current borrowings	200,596	90,021	695	291,312	140,631	0	232	140,863
Income tax payable	41,762	94	100	41,956	25,860	451	43	26,354
Loans and borrowings	0	0	0	0	44,926	0	74	45,000
Other taxes and insurance liabilities	21,042	19,093	96	40,230	15,388	16,025	52	31,465
Accrued & Other liabilities	52,404	153,819	493	206,717	322,704	-202,772	198	120,130
Total current liabilities	5,731,308	364,236	14,571	1,162,925	705,987	41,461	1,234	748,683
Total Liabilities and Equity	10,870,700	314,675	26,738	6,264,923	5,506,695	233,555	9,480	5,749,731

NOTES TO THE ACCOUNTING DISAGGREGATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

As it follows from the provisions of the European Directive 2009/72 EC, as well as the provisions of Law 4001/2011 which transposed the relevant European Directive into national law, accounting separation is the splitting of the single financial statements (Statement of Financial Position & Statement of Comprehensive Income) of an integrated electric company into individual financial statements for each of its activities.

According to paragraph 4 of article 130 of Law 4001/2011, "....HEDNO SA shall keep separate accounts for the distribution network management activity, for the Isolated Microgrids and the Non Interconnected Islands".

Paragraph 2 of Article 141 of the same law provides that 'the Integrated Undertakings shall keep separate accounts for each of the activities of production, transmission, distribution, supply to eligible customers and supply to non-eligible customers, as well as for the provision of public utility services, just as they would be required to do if these activities were carried out by different undertakings, in order to avoid discrimination, cross-subsidisation and distortion of competition. These accounts shall clarify the revenues derived from the ownership of the Transmission System and Distribution Network. These undertakings keep consolidated accounts for other activities, which do not fall within the electricity sector. The accounts shall comprise a statement of financial position and a statement of comprehensive income and a profit and loss account for each separate activity."

Also, in the letter of the Energy Regulatory Authority (RAEWW) 0-61945/31.07.2015 it is clarified that "According to the provisions of Law 4001/2011 and in particular article 130, par. 4 and article 141, paragraph 2 on the keeping of separate accounts, HEDNO SA, as the Operator of Distribution Network and the Electricity Systems of the Non-Interconnected Islands, should keep accounts of the Statement of Financial Position and Statement of Comprehensive Income, in principle separately for each of these two activities, as well as separately for its regulated and non-regulated activities as Distribution Network Operator".

The accounting principles followed in the preparation of the separate financial statements are those presented in the company financial statements. The methodology applied by the Company in the preparation of the accounting segregated financial statements has been approved by the 121/2017 decision of the Energy Regulatory Authority.

2. ACCOUNTING SEGREGATION METHODOLOGY

The methodology followed for the preparation of the Accounting Segregated Financial Statements is divided into the following distinct phases.

- Determination of activities for which separate financial statements are drawn up
- Processing of financial system (ERP) data for activity-based reporting
- Quantification of income - expenses to be transferred between activities
- Preparation of a segregated Income Statement
- Preparation of a segregated Statement of Financial Position of activities.

2.1 Definition of activities for which separate financial statements are drawn up

The activities for which the accounting segregation is made are as follows.

- Network Operator

It concerns the operation, maintenance and development of HEDN.

- Operator of Electrical Systems (HS) of Non-Interconnected Islands (NIIs)

It concerns the activities of Production Management and Market Operation of NIIs.

- Other activities

They concern the construction and sale of projects outside HEDN, the works and expenses carried out for the optical fiber network belonging to PPC and other services to third parties.

2.2 Processing of financial system (ERP) data for activity-based reporting

In the Company's accounting system, cost centres and profit centres are the operating entities in which the items in the Statement of Financial Position and Statement of Comprehensive Income are recorded. In order to prepare separate financial statements, the following steps are performed.

- An investigation and grouping of cost and profit centres shall be carried out in order to identify the limits and relationships between activities and to relate cost and profit centres to activities.
- The aggregates of the accounts per profit centre are reconciled with the Company's aggregate balance.
- The following is the grouping of the balance sheet accounts into sections of the Statement of Financial Position and Statement of Comprehensive Income, in accordance with the Company's financial statements.

2.3 Quantification of income - expenses to be transferred between activities

The operating expenses of the NII electrical systems Operator and the return on its asset base are recovered by transferring revenue from NUT revenue, which is initially credited to the accounts of the profit centre of the Network Operator. This income transfer constitutes an internal pricing of the NIIs Operator to the Network Operator.

2.4 Preparation of a segregated Income Statement

At the end of each fiscal year, a separate Income statement is prepared for each of the three activities - the Network Operator, the Operator of NIIs ES and the Other Activities.

The income statement items are divided into:

- Direct income and expenses, comprising the direct debits and credits to the income statement of the relevant cost centres of the corresponding activity
- Indirect income and expenses, comprising debits and credits to the accounts of the cost-benefit centres of the Administration (Central Departments)

Out of the Central Departments, the ones related to network operator's activities (i.e. Materials, procurement & transportation departments, Network Departments, Network Users Departments, Network Major Installations Departments, Grid Operations Departments , the activity of the Network Operator of the Islands Management Department etc.) deal only with the Network Operator's activity and, therefore, are charged only to the Activity of Operator of NIIs ES.

The balances of the profit and loss accounts, which have been retained in the remaining shared Central Departments, are then allocated to the activities, with the organic costs of each activity - which consists of the groups of accounts for staff remuneration, consumption of materials, third party fees, third party benefits and maintenance, taxes, provisions, depreciation and miscellaneous organic costs). The personnel related profit centers (management and training) are excluded from the above process as the relevant expenses are allocated on the basis of payroll costs

2.5 Preparation of a segregated Statement of Financial Position of activities

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

The Statement of Financial Position of each activity is prepared on the basis of the distinct cost centres and the grouping of accounts mentioned above. The use of the SAP/ERP business and accounting system ensures the integrity and consistency of the desired segregation of duties.

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

- Direct, which includes direct debits - credits to the accounts of the relevant profit centres of the corresponding activity
- Indirect income and expenses, comprising debits and credits to the accounts of the cost-profit centres of the other departments, not included in the above category (direct). It is noted that for the purpose of preparing the Statement of Financial Position, the profit center related "Other Activities" is combined with the other profit centers being allocated to the two main activities .

Of the Central Departments, the Materials, procurement & transportation departments, Network Departments, Network Users Departments, Network Major Installations Departments (NMIDs), Grid Operations Departments (GODs) and the activity of the Network Operator of the Islands Management Department deal only with the Network Operator's activity and, therefore, are charged only to the Islands Management Department.

The balances of the other accounts of the Statement of Financial Position of the other listed Central Departments – (i.e.GRD, DNY, DPLT, GDADD, GDSMM, GDOU, GDANPO, GDEAI, DYAE, DPE, DLE, DTP etc.) - are shared in the activities of the Network Operator and the NIIs ES Operator, with a key that matches the nature of the account being shared. The keys used are property, plant and equipment and intangible assets, short-term assets, inventories, provisions, payroll and current liabilities.

The Status of Financial Position of other activities is derived as a percentage from the Statements of Financial Position of the two main activities - Network Operation and NIIs ES Operation - based on the annual turnover of the activities.

It is noted from the fiscal year 2022 and onwards, the “Other Activities” include the profit center of the Fiber Optics network. The materials dismantled from the optical fibre network for the year 2023 amounts to € 149 mil. According to the aforementioned allocation process, the amount of € 149 mil. is not included in Other Activities’ inventory line as the Statement of Financial Position does not include the amounts debited and credited directly in the particular profit center but, it is calculated as a percentage of the other two main activities (Network Operator & Operator of NIIs ES), based on the allocation rules approved by RAAEW.

2.6 Accounting Segregation Basis

Note that the accounting segregated financial statements are derived from the Company’s accounting circuit and in accordance with its books and financial statements, together with the relevant allocation sheets to the individual activities and the necessary adjustments.
In addition, it is clarified that:

- The negative retained earnings in the activity of NIIs caused from the existing difference of the open balances of receivables and liabilities.