HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2020 – 31/12/2020
based on the International Financial Reporting Standards,
as endorsed by the European Union

ANNUAL FINANCIAL REPORT

CONTENTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS
HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
FOR THE FISCAL YEAR 01/01/2020 – 31/12/2020

Dear Shareholders,

At the end of the ninth financial year (01/01/2020 - 31/12/2020) of the company Hellenic Electricity Distribution Network Manager SA (‘HEDNO SA’ otherwise ‘the Company’), we have the honour to submit to you the financial statements for the year in question, together with our comments thereon, in accordance with the Company's Articles of Association.

The financial statements of HEDNO SA for the financial year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

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

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

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

The Company has 7 branches nationwide and 219 tax warehouses.

CURRENT STATUS

Operating Framework

Given the split-off of the electricity distribution division and its absorption within a 100% subsidiary of PPC SA, a new operating environment for the domestic electricity market was created.

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

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

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

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

Responsibilities of the Operator

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

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

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

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

- Management of the Special Account for Services of General Interest (SGI) in the Greek Territory from 1 January 2018 onwards.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2020	
ACCOUNT INFLOWS	
INITIAL DEPOSIT (DOD 0002445 EX 2017)	476,000,000
PLUS IPTO BALANCE	8,574,066
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4264/20.11.2019)	59,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
TOTAL INFLOWS	**805,254,756**
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728
ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072
ACCOUNT DEFICIT 31/12/2020	104,416,901
TOTAL OUTFLOWS	**885,868,094**
ACCOUNT BALANCE	**-80,613,338**
PLUS SETTLEMENTS 2012 - 2017	1,867,707
LESS ADDITIONAL SETTLEMENTS 2012 - 2016 (RAE O-76750/12.04.2019)	21,954,985
PLUS SETTLEMENT SOCIAL DOMESTIC TARIFF - EAP 2017 (RAE 435/2019)	17,875,007
LESS ADDITIONAL SETTLEMENTS 2014 - 2016 (RAE 832/12.04.2019)	21,664,978
LESS SUPPLEMENTARY COMPENSATION 2013 (RAE 854A/2019)	994,139
LESS SUPPLEMENTARY COMPENSATION 2014 - 2016 (RAE 200/2020)	5,767,413
PLUS FINAL SETTLEMENT OF SGI FOR THE NON INTERCONNECTED ISLANDS 2017 RAE 1254/2019*	72,204,790
PLUS FINAL SETTLEMENT OF SGI FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2017	3,083,249
CURRENT BALANCE OF SGI ACCOUNT	**-35,964,100**

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

In accordance with the provisions of Article 36 of Law 4508/2017, the Company was appointed administrator of the special account established for the reconnection of electricity supplies to low-income consumers, who have been disconnected from the electricity supply network due to overdue debts so that their energy needs can be met, as determined by a joint ministerial decision (Government Gazette, Series II, 474/14.02.2018). The amount received by HEDNO in the special account from the State Budget amounts to EUR 30.3 million, and it is made available for the aforementioned purpose.

Activities of the Operator

The main activities of HEDNO SA are as follows.

- Network development, either by own means or via contractors
- Strengthening, improvement and modernisation of the Network
- Construction of distribution centres and 150kV lines
- Network exploitation
- Network operation
- Network inspection and maintenance
- Fault restoration
- Consumption metering
- Provision of services to users
- New network connections for consumers and RES producers
- Relocation of electricity supply poles and cables
- Expansion of capacity for existing connections
- Ensuring the reliable and economical operation of the autonomous island electrical systems within the context of HEDNO SA's responsibilities pursuant to Article 129 of Law 4001/2011 and the specific regulatory framework thereof under RAE decision 39/2014 (Government Gazette, Series II, No 304/11.02.2014)

Dividend policy

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

Net profits shall be distributed as follows:

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

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

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

Proposal for distribution of profits

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

Important data for 2020

The most important data regarding the operation of HEDNO SA as manager of the Hellenic Electricity Distribution Network for the fiscal year 1 January 2020 to 31 December 2020 are the following, taking into account any reclassifications for the purposes of comparability.

- The total revenues of the Company for 2020 amounted to EUR 900,063 (2019: EUR 898,688).
- The total assets of the Company in 2020 amounted to EUR 943,449 (2019: EUR 973,179).
- Personnel remuneration subsequent to reductions arising from the application of Law 3833/10, Law 3845/10 and Law 4024/11 amounted to EUR 278,432 (2019: EUR 287,106), of which the sum of EUR 41,094 (2019: EUR 44,324) corresponds to network projects and the amount of EUR 237,338 (2019: EUR 242,782) to exploitation.
- The number of employees (regular staff) at the end of 2020 reached 5,820 persons (2019: 5,997).

- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 50,613 (2019: EUR 123,197).
- Profits before taxes amounted EUR 26,031 (2019: EUR 99,362).
- The EBITDA margin is 5.62% (2019: 13.71%).

Progress of network usage charges under recovery

Based on the required revenues determined by RAE Decision 1515/2020, the sum under recovery in 2020 amounted to EUR 42.36 million, the burden of which was divided between the Network Owner, PPC SA in the amount of EUR 39.39 million and the Network Operator, HEDNO SA, in the amount of EUR 2.97 million.

The cumulative amount under recovery as of 31 December 2020 reached the sum of EUR 139.5 million the burden of which was divided between the Network Owner, PPC SA, in the amount of EUR 141.8 million and to the benefit of the Network Operator, HEDNO SA, in the amount of EUR 2.3 million.

Progress of network development activities and projects

Given that these networks are strategic infrastructures of key importance for the productive and economic reconstruction of our country, in 2020 HEDNO continued to make progress with its modernisation plans, laying the foundations for its digital transformation.

Development & exploitation of networks

In 2020, distribution facilities were expanded by 808 km in the medium voltage (MV) networks and by 661 km in the low voltage (LV) networks, and 538 more medium/low voltage transformers were installed, while at the same time 2,800 switching systems became operational.

Thus the MV network now extends over 113,358 km and the LV network has reached 128,211 km in length, while the number of transformers installed in the network amounts to 165,290.

The active users of the distribution networks amounted to 7,593,412, of which 12,668 are medium voltage users.

The level of investments in distribution activity reached approximately EUR 174 million, of which EUR 5.4 million pertains to important public works.

New connection service times

The average service time (studies and construction installation works) for ordinary new user connections was 32 days, while for connections requiring network intervention works it is 63 days, and for alternative network change requests it is 79 days.

Environmental Matters

The Company takes due care to improve its environmental performance. During 2020, 2,088 km of twisted cables were installed in the low voltage network, as part of the plan to introduce their general use in place of naked conductor cable, with obvious positive effects for the environment.

Impact of the COVID-19 pandemic

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

In this context, the Company, which reviews the progress and impact of the virus on a daily basis, has taken and continues to take the necessary protective and preventive measures on behalf of its employees, with emphasis, inter alia, on the adoption of teleworking for a very large percentage of its workforce.

Simultaneously with the above, HEDNO SA immediately implemented a Business Continuity Plan (BCP), which ensures, as far as possible, the continuation of its work in cases of emergency and force majeure, with a focus on the smooth and efficient operation of all of the critical infrastructure that it manages.

As part of the BCP, which is adapted and updated on a daily basis, a Crisis Management Team has been set up to address all operational and functional problems arising from the spread of the virus, ensuring, as far as possible, the smooth supply of electricity throughout the country and efficient service to the public.

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

The positive economic environment that prevailed in early 2020, was abruptly overturned with the emergence and spread of COVID-19 and its designation as a pandemic. Within a short period of time, the economic environment became highly fluid and growth prospects deteriorated on a global scale. For Greece, the sudden deterioration of the economic climate poses substantial challenges, while it remains difficult to accurately estimate the consequences of weakened economic activity due to the spread of the virus at this stage, since this naturally depends on the duration of the outbreak.

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

With regard to the impact of the consequences on the financial activity of HEDNO SA in 2020, the main points are as follows.

- Although the company showed an increase in investments by 15% compared to the previous year, the investments for the year 2020 were 22% less than the initial budget of the enterprise.
- The expenses of the Company within the context of safety and hygiene measures against the COVID-19 pandemic up to 31 December 2020 amounted to EUR 8.45 million.
- Total operating costs did not change significantly, and neither did the Company's revenue from network usage charges.

Main risks - Uncertainties

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

Unaudited tax years

The Company has not undergone tax audits for the fiscal years 2015 to 2020 inclusive, which are not yet time-barred. The tax certificates of HEDNO SA obtained by the respective audit company for the years 2015 – 2019 were issued without reservation.

The task of carrying out the work necessary for the issuance of the tax certificate for the year 2020 has been entrusted to the certified auditors of the company Ernst & Young (Hellas) SA, and it is already underway. The Company's Management does not expect to incur significant tax liabilities on completion of the work in question, other than those already recorded and reflected in the financial statements.

In the course of preparation of the financial statements for the year ended 31 December 2020, the corresponding accounting differences have been calculated, and the Company estimates that no special provision needs to be made for this fiscal year.

Interest rate risk

The Company is not at risk due to fluctuating interest rates, given the absence of loan liabilities.

Commodity price risk

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

Credit risk

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

Liquidity risk
Liquidity risk is associated with the Company's need for adequate financing to support its operation and development. The Company manages the liquidity risk through the monitoring and planning of its cash flows, and takes appropriate action to ensure, as far as possible, that credit limits and cash and cash equivalents are sufficient. Monitoring of the Company's cash and liquidity takes place on a daily basis. The Company has zero borrowing, which allows it to review the possibility of obtaining a short-term loan or using working capital to cover its immediate cash needs.

In this context, the Company has secured lines of financing from four (4) banks (EUR 10 million from two banks, and EUR 7 million and EUR 0.5 million respectively from the remaining two), through open revolving account credit facilities, which have not however been used to date.

Risk due to lack of insurance cover
The Company does not insure materials and spare part inventories. Taking into account the dispersion of a total of 219 tax warehouses across Greece (of which 14 have an inventory value of more than EUR 1.5 million, while the maximum value held in any warehouse is EUR 19.1 million), we consider that the Company faces limited risk for a potential significant loss that could have a corresponding impact on its profitability.

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

Civil liability risks are not insured, but a respective study has been completed which the Company commissioned from a recognised firm, for the purpose of insuring against risks to facilities and civil liability, and decisions are pending on the general insurance practices that are to subsequently be followed.

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

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

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

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

In the first half of 2020, RAE decision 461/2015 was in force, which extended the validity of decision 665/2013. The amount paid to beneficiaries amounted to EUR 140 thousand.

On 1 April 2020, the RAE issued a new decision regarding this matter, Ref. No 1151 A/2019, amending the HEDNO guaranteed services to consumers program, which enters into force on 1 July 2020. The amount for the second half of 2020 will be paid to consumers in 2021.

Risk arising from rising Network maintenance and operating costs - failure to achieve efficiency targets
There is a risk of rising Network maintenance and operation costs, as a result of which the Company's ability to meet its efficiency targets cannot be guaranteed.

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

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

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

HEDNO SA is an ex lege universal successor of the electricity distribution division of PPC SA, in accordance with Article 123 of Law 4001/2011. It is a 100% subsidiary and an affiliated company of the former, within the meaning of Article 32 of Law 4308/2014. In the context of the existing share structure of PPC SA, given that the Greek State directly and indirectly owns 51% of its share capital, the PPC continues to be regarded in certain respects as a company belonging to the Greek public sector.

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

It is noted that the Company, in terms of staff recruitment, until the enactment of Law 4643/2019 (Government Gazette, Series I, No 193/03-12-2019), was subject to the restrictive regulations of Law 4389/2016, as well as Law 4057/2015 with regard to the required approval from the Ministerial Council 33/2006. As a result, there were particular difficulties (procedural, scheduling, and operational) associated with personnel recruitment.

Strike action by personnel

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

Organisation and management risk

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

The Company has not yet established a specific and distinct organisational structure for risk management. To date, executives are involved in the process of identifying and prioritising risks, in order to recommend the planning and approval of specific procedures and policies for risk management to the Board of Directors.

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

Other non-financial information for 2020

Total number of employees	5,820
Number of female workers	1,480
% of female employees	25.43%
Number of employees with collective labour agreements	5,781
% of employees with collective labour agreements	99.33%
Total number of workplace accidents involving employees	58
Total number of fatal workplace accidents involving employees	0
Number of cases of irrevocable court decisions in cases of human rights violations in the workplace	0
Number of irrevocable criminal court rulings on matters relating to the criminal offences of corruption, abuse of power, embezzlement, theft, breach of trust, bribery, extortion, fraud, forgery, false testimony or falsification of documents, use of false statements, and breach of confidentiality	0
Donations - Sponsorships	EUR 200,081,15
System Average Interruption Frequency Index (SAIFI) - Average annual number of outages per customer	1.6
System Average Interruption Frequency Index (SAIFI) - Average annual number of outages in minutes per customer	Approximately 114 minutes/customer

Labour matters

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

The Enterprise Collective Bargaining Agreement (ERC) with Company personnel is valid until 29 July 2021. Its general regulations provide for the insurance of personnel under a Group Health Insurance Program for the duration of the Enterprise Collective Bargaining Agreement, subject to the provisions of Article 31 of Law 4024/2011 as applicable at the given time. The group contract entered into force on 1 March 2019 and expired on 28 February 2021. The Company also covers its executives via special liability insurance against third parties.

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

Recruitment in 2020
By decision of the competent Committee of PYS 33/2006 (DIPAAD / Φ.ΕΓΚΡ.195 / 26624 / 5.12.2016), the recruitment of 158 people was approved, with a private law employment relationship of indefinite duration in the Company, of various categories, as follows.

Graduate Engineers	UNIVERSITY GRADUATES	95
Technicians	SECONDARY EDUCATION	38
Technological Engineers	Technological Educational Institute (TEI)	10
Economists	UNIVERSITY GRADUATES	10
Computer Scientists	UNIVERSITY GRADUATES	5
		158

In 2020, in accordance with the terms of the Supreme Council for Civil Personnel Selection (ASEP) Call for Applications 7K/2018, the following staff were hired.

Graduate Engineers	UNIVERSITY GRADUATES	42
Technicians	SECONDARY EDUCATION	30
Technological Engineers	Technological Educational Institute (TEI)	4
Economists	UNIVERSITY GRADUATES	1
Computer Scientists	UNIVERSITY GRADUATES	1
		78

During 2020, recruitment also took place due to workplace accidents pursuant to Article 6(7) of Law 2244/1994, as follows.

Number of persons recruited	Cat./Specialisation	Description of Category/Specialisation
1	T1/A	CERTIFIED ELECTRICAL ENGINEER (GRAD.)
1	T4/A	COMPUTER NETWORK TECHNICIAN (SECONDARY ED.)
1	ΔO2/A	PRIVATE SECTOR EMPLOYEE-WORKER (SECONDARY ED.)

Departures in 2020

During 2020, 410 employees left the Company.

By virtue of Decision No 472/7-3-2019 of the Board of Directors of the Company, it was decided to approve the granting of voluntary retirement benefits with payment of EUR 15,000 in compensation to employees who decided to resign after completing at least 25 years of continuous service with the PPC Group, independent of the consent of the company given their consent, together with the establishment of full pension rights. The entry into force of the decision was set as 27 April 2018.

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

By virtue of Decision No 1254/9-6-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration meeting the following conditions up to 31 December 2020: a) who had established the right to a full primary pension based on legislation currently in force and who had also reached the age limit of 64 years; b) who had completed their 67th year of age, and who had at least 15 years total service in PPC SA and HEDNO SA. Employees meeting the above criteria were offered the incentive of a net sum of EUR 7,000, if they decided to leave voluntarily before 31 December 2020.

By virtue of Decision No 2602/29-10-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration meeting the following conditions up to 31 December 2020: a) who had established the right to a full primary pension based on legislation currently in force and who had also reached the age limit of 63 years; b) who had completed their 67th year of age, and who had at least 15 years total service in PPC SA and HEDNO SA. Employees meeting the above criteria were offered the incentive of a net sum of EUR 20,000, if they decided to leave voluntarily before 31 December 2020.

Lastly, by virtue of Decision No 3316/18-12-2020 of the Board of Directors of the Company, it was decided to commence the process of terminating employment contracts for personnel employed under contracts of indefinite duration meeting the following conditions up to 31 December 2021: a) who had established the right to a full primary pension according to the information held by the Company and who had also reached the age limit of 62 years; b) who had completed their 67th year of age, and who had at least 15 years total service in PPC SA and HEDNO SA. Employees meeting the above criteria are offered the incentive of a net sum of EUR 20,000, if they decided to leave voluntarily before 31 December 2021.

It is noted that the number of employees meeting the above conditions who are estimated to be leaving within 2021 amount to 289 persons.

Articles 3 to 9 of Law 4643/2019 (Government Gazette, Series I, No 193/03-12-2019) have regulated issues pertaining to personnel, remuneration and the procurement policy of HEDNO SA. Furthermore, under Article 11, the special tariff for electricity consumption for personnel was adjusted as of 1 January 2020, such that the resulting discount on electricity consumption charges does not exceed 30%.

<u>Main data pertaining to the implementation of strategic projects for 2020</u>

Modernisation of the Attica Networks Control Centre

This project was completed in accordance with the Action Plan as described below:

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

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

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

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

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

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

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

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

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

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

- The creation of the Attica Regional Division Disaster Recovery Control Centre for Distribution Networks (CCDN) at the Nea Ionia substation was also completed.

<u>Establishment of the Control Centre for Island Networks</u>

This project is in progress, as foreseen by the Action Plan.

- Installation of RTUs in HV/MV substations is in progress (93%), as are installations in Autonomous Power Plants/Local Power Plants (APP/LPP) (8%).

  Specifically, 31 HV/MV substations have joined the Central Control System (CCS) (24 via RTUs and 7 directly via IEC 104 protocol) out of a total of 33 substations. Two (2) autonomous power plant substations (Lesvos and Chios) (with RTU installation) have also joined the CCS, out of a total of 24 substations. Integration of the Atherinolakos substation and completion of integration of the Rodini substation (50% complete) are pending.

- Integration of 5 coupling substations in the CCS (Chania I-1, I-2 and I-3 with installation of RTUs) and the Palaio Iraklio client MV BKII 482 were completed. Integration of the IOY and the new Ikaria coupling substations in the CCS are pending.

- The updating of the MV electronic network diagrams in the SCADA-DMS, has however been delayed due to lack of resources forthcoming from both the regions and the TALD.

- The Central Network Distribution Control Centre for the islands operates in 2 shifts (morning and evening) with the object of monitoring HV/MV alarms.

<u>Modernisation of network control in the rest of the country</u>

The project is in progress and specifically the following items in the Action Plan:

- Via Strategic Project STE1, 3 full central control systems for the Regional Divisions of Macedonia/Thrace, Peloponnese/Epirus, and Central Greece, and one Disaster Recovery Central Control System for the Attica Regional Division were procured, installed and put into operation. The new EFACEC SCADA-DMS is similar to that of the Regional Division of Attica. It has all the DMS applications and has been in operation since January 2020.

The central control systems are installed on virtual servers at the Information Technology and Telecommunications Department data centre.

- To date, 15 of the planned 42 installations and 18 of 30 RTUs have been replaced in an equivalent number of substations in the Regional Divisions of Macedonia/Thrace, Central Greece, and Peloponnese/Epirus.

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

- The Regional Distribution Network Control Centre for the Regional Division of Macedonia - Thrace has incorporated the MV networks of P. Katerini within its operation, using the old SCADA. (The networks of the 3 regions of Thessaloniki were already operating under its control). It monitors the most important alarms in all of the HV transformer and HV/MV substations in the Regional Division of Macedonia - Thrace. Implementation of AutoCAD schematic diagrams has commenced in the 4 regions mentioned above. Their completion rate today is at approximately 20%.

- The Regional Distribution Network Control Centre for the Regional Division of Peloponnese/Epirus has not yet been completed due to lack of resources. The AutoCAD schematic diagrams have been implemented at a level of 80% in the Patras area and 5% in another 8 Areas. In the context of the introduction of a uniform nomenclature for MV data, the work of capturing and registering the existing identification details of MV network data has been completed, in accordance with the instructions of the administrative division, using the new web application developed for this purpose by the Regional Division of Peloponnese/Epirus.

- The Regional Distribution Network Control Centre for the Regional Division of Central Greece oversees the operation of the MV networks of the Makrakomi and Amfissa areas using both the old and the new SCADA from the Lamia headquarters. AutoCAD MV operational diagrams have been implemented for all the areas. Lamia and Amfissa have schematics. The rendering of the new nomenclature in the network data field for the Headquarters of the Lamia Region, as well as for the Amfissa Region and the branch agencies of Makrakomi, Atalanti and Karpenisi, has been completed.

Upgrade of remote control peripheral equipment in the networks

The project is in progress and specifically, 3 of the 4 equipment procurement tenders foreseen in the Action Plan, as follows.

- **2000 Remote Controlled Load Switches**
  The award of the contract for the supply of 2000 remote controlled load switches was approved by the minutes of the Board of Directors' meeting held on 26 November 2018. On 19 April 2019, the materials supply contract was signed with the contractor company JOONGWON Co., Ltd. The first compatibility/ functionality tests for the new load switches were successfully performed during the week 27-31 May 2019, and the first material type tests in accordance with the contract took place during August 2019, at an accredited laboratory (KERI) in Korea. The type and series tests were completed with a two-month delay, due to the impact of the COVID-19 pandemic, at the end of May 2020. The first partial delivery of the load switch supply contract took place in July 2020 and as part of the first delivery and acceptance phase and pilot installation, five (5) have been installed. At the same time tests and adjustments are being carried out on the control units and the telecommunication equipment so installment in the network can proceed. Additional pilot installations are scheduled for the networks of the Regional Division of Central Greece at the beginning of 2021.

- **820 Remote Controlled Automatic Reset Switches**
  The award of the contract for the supply of 820 remote controlled automatic reset switches (T/X DAE) was approved by the minutes of the Board of Directors' meeting held on 22 March 2019. The draft contract and the tender file were approved by the Court of Auditors on 17 October 2019. The tender for the supply of 820 remote controlled automatic reset switches was completed with the signature of the contract on 11 December 2019. The materials series tests, which were delayed due to the COVID-19 pandemic, are underway, and delivery is expected by June 2021.

- **750 Remote Terminal Units (RTUs)**
  The tender for the supply of 750 RTUs was published on 24 September 2018 No 507806. The unsealing took place on 31 May 2019, after the fifth consecutive extension for submission of bids until 22 March 2019 (with an initial unsealing date of 29 October 2018), due to requests from the prospective suppliers.

The technical evaluation of the tender was completed and the committee considered all of the bids to be technically unacceptable. The technical findings were approved by the Operations General Manager as of 23 December 2019. The Materials, Procurement & Transportation Department (DYPM) sent a report recommending cancellation of the tender to the Board and this will be followed by re-announcement of the tender, given that there were no appeals from the participants against the rejection of their bids. The second announcement will be posted with a delay, due to a new change in the tender procedure, abolition of Law 4412, and implementation of the HEDNO Projects, Purchases and Services Regulation (KEPY).

- **830 Fault Passage Indicators (FPIs) & 1470 Remote Terminal Units (RTUs)**
  The announcement of the first tender for the supply of 830 Fault Passage Indicators (FPIs) & 1470 Remote Terminal Units (RTUs) was published on 29 June 2018, the deadline for submission of bids being 19 October 2018. The evaluation of the sub-files of participation documents and technical offers was completed on 12 February 2019. The Commission concluded that none of the bids submitted by prospective suppliers could be regarded as technically acceptable. The minutes of the meeting cancelling the tender were ratified by the Board on 5 July 2019. The Invitation to Tender documents were updated and the new tender was published on 27 February 2020 with a deadline for submission of bids until 27 April 2020. Following an extension, due to difficulties in gathering documents due to the COVID-19 pandemic, the unsealing of tender bids took place on 29 May 2020. On 15 December 2020, the financial offers were unsealed and the procedure for appointment of a provisional contractor was implemented.

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

The project is in progress as far as 2 of the 3 tenders as per the Action Plan are concerned, as follows:

- The tender for the selection of contractors for the digitisation of MV & HV networks was published on 14 September 2018 and ended on 29 October 2018. The technical evaluation of the bids was completed by the competent committee on 15 April 2019, and the minutes of the meeting were sent to the Materials, Procurement & Transportation Department (DYPM) for final review. On 18 June 2019, DYPM and the Legal Department (DNY) completed the elaboration of the minutes with regard to the technical evaluation of the bids, which were duly signed by the Operations General Manager on 5 August 2019. After the publication of the results of the technical evaluation, 3 appeals were made to the Authority for the Examination of Preliminary Appeals (AEPP), which were rejected by the Authority, on 10 October 2019. Subsequently, the same companies submitted appeals against AEPP and HEDNO to the Council of State requesting suspension of the tender. On 18 November 2019, the Council of State issued a decision accepting 2 of the 3 applications. Based on the above decision of the Council of State, provisions have been made to continue the tender procedure for the 3 Regional Divisions of the Peloponnese/Epirus, the Islands and Macedonia Thrace, while for the other 2, Attica and Central Greece, a new court date has been set for 24 March 2020, to hear appeals for cancellation of the tender from the appellant companies.

  On 16 January 2020, the committee proceeded with the unsealing of the financial bids for each of the 3 abovementioned regions where the joint bidder, the association of companies 'EGNATIA GROUP PC - CYIENT EUROPE LIMITED', was selected. On 28 January 2020, the minutes of the meeting to evaluate financial bids were issued, and were duly approved by the Board of Directors on 30 January 2020. The submission of the supporting documents from the provisional contractor is awaited.

- The invitation to tender for the supply of office equipment (PC, plotters, scanners) was published on 15 February 2019, setting a new deadline for submission of bids for 12 April 2019, after extension of the initial deadline of 27 March 2019. The second stage of the tender procedure, the financial evaluation, has already been completed and the company SPACE HELLAS SA emerged as the preferred bidder.

- The invitation to tender for the supply of Coordinate Imaging Equipment (GNSS) was published on 28 February 2019, setting a new deadline for submission of bids for 18 April 2019, after extension of the initial deadline of 26 March 2019. The review of the participation documents and the technical evaluation of the bids by the competent committee have been completed. The committee recommended the cancellation of the tender and its re-announcement by the DYPM took place on 6 March 2020 with a deadline for submission of bids of 30 March 2020.

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

With regard to this project, the tender for the supply and installation of a User Service Information System is in progress. Specifically, the above invitation to tender was published on 3 August 2018 with an initial deadline of 20 September 2018. A total of 6 supplements to the tender announcement were issued, which amended its terms and gave extensions for the submission of tenders. The final date for submission of bids was 4 February

2019. An offer was finally submitted by the association of companies 'INTRASOFT INTERNATIONAL SA - OTE SA'. The evaluation of the technical bid was completed with the submission of the findings of the technical evaluation on 31 July 2019, together with the financial evaluation by the competent committee. On 30 January 2020 the Board of Directors of the Company approved the selection of the association of companies 'INTRASOFT INTERNATIONAL SA - OTE SA' as provisional contractor. To date, the collection and verification of the provisional contractor's supporting documents remains pending. A tender is also pending for selection of a technical support consultant for the purpose of implementing a new Customer Service Information System.

Installation of Remote Customer Service Systems

The development and operation of the Remote Customer Services Centre for the reporting of power outages by customers has been completed. By December 2018, all 59 administrative districts of HEDNO SA had joined the Centre.

Network Development Scheduling Upgrade

With regard to this project, the tender for the supply and installation of new Network Development Scheduling software is in progress. Specifically, the tender was published on 22 May 2019 with an initial deadline for submission of bids of 15 July 2019. At this stage, requests for extension of the deadline were submitted by the participants, which was set for 10 September 2019. The evaluation of the supporting documents for the bids has been completed and submission of the respective minutes by the competent committee is awaited.

Development of Non-Interconnected Islands infrastructure as part of the implementation of the Non-Interconnected Islands Operating Code

Development of the Non-Interconnected Islands infrastructure, in line with application of the Non-Interconnected Islands Operating Code

- **Development of infrastructure for a central Energy Control Centre (ECC) in Athens and a local Energy Control Centre in Rhodes**
  This concerns coverage of the operational needs of the non-connected electricity supply system of the island of Rhodes and includes the design, procurement and installation of hardware and software and the provision of services to build and commissioning into operation, and support during the certification process from an independent body within the guaranteed good operation period of the ECC in the three-year maintenance after final delivery and acceptance thereof. An invitation to tender has been announced, and is in the completion phase.

- **SCADA infrastructure development in 27 Non-Interconnected Islands (NII) Electricity Systems**
  This involves plans to develop production monitoring and management systems for the NIIs, which includes the installation of SCADA systems in 27 NII Electricity Supply Systems. A respective contract has been signed following a tender procedure and the project is underway. By December 2020, monitoring and control systems have been installed and are operating in 16 Electricity Systems, on the premises of each of the 16 APP/LPPs, 11 wind farms, and 42 photovoltaic power plants.

- **Development of methodological infrastructure for the NIIs**
  This sub-project includes 1) the development of algorithms, methodologies and tools required to comply with the provisions of the NII Code and the current institutional framework, 2) the determination of the remuneration methodology for conventional generating units, 3) the Methodology of the Capacity Assurance Mechanism and the issue of the manuals indicated in the Code. The implementation of Daily Energy Planning in 14 Electricity Systems in the NIIs was put into pilot operation as part of the implementation of the transitional stage of the NII Code (without the presence of the Energy Control Centre and the NII IT System).

- **Development of the NII IT System**
  The information system for the non-interconnected islands (NII ITS) is in progress and involves the development of appropriate computer applications and information systems for the execution of all transactions with all participants in the NII Market as well as market clearing, in application of the NII Code and of the institutional framework. The clearing of electricity transactions is carried out via applications managed by HEDNO, as the NII Operator until completion of the NII IT System. The NII IT System is in development in stages and during the transitional stage it is based on monthly reports and/or estimated (provisional) data, and can also be identified in the NII IT System set up in full implementation of the NII Code.

- **Development of metering infrastructures in the NIIs** the implementation of this project, which concerns the procurement and installation of metering transformers in the Medium/Low Voltage panels of generating units to the Network side and the installation of the meters, in APPs and LPPs was carried out by PPC SA, while the procurement of remotely-operated energy metering devices and telecommunications equipment was carried out by HEDNO. The installation of the metering devices has been completed in all APPs and in 6 LPPs, and it is in progress in the remaining LPPs. Regarding the measurement of energy injected into the Grid from the thermal units in the substations of Crete and Rhodes, and more specifically, in the substations of Linoperama and Chania, the metering scheme utilises the existing metering infrastructures of each unit in HV, in order to keep the essential implementation costs down, while at the Atherinolakko and Soroni steam power stations it includes the installation of new voltage transformers at the HV portals of the units. The supply of equipment and installation as part of the implementation of the project in steam power stations was carried out by HEDNO. The installation of the metering devices has been completed at the Linoperamata, Chania, Atherinolakkos steam power plants and the solar thermal energy (STE) plant in South Rhodes, and it is already underway at the Soroni steam power plant. The project is expected to be completed during 2021.

Development of 'Smart Islands'; Pilot Project and promotion of its expansion

The object of the project concerns the selection of 3 prospective Electricity Systems for implementation of the Smart Island Project (Symi, Astypalea and Megisti), through a synthesis of RES and storage technologies, achievement of the minimum desired level of RES penetration, and determination of a maximum allowed bid price in the tender procedure.

As regards the Astypalea electricity system, as has been announced, a memorandum of cooperation was signed between Greece and Volkswagen AG for a large-scale, green technology, innovative investment by Volkswagen in Astypalea under the name 'Smart & Sustainable Island'.

On the basis of investment program, the intention is to essentially transform Astypalea into an autonomous 'green island' using clean energy from RES to fully supply electricity.

The issuance of a relevant Ministerial Decision and the preparation of the relevant tenders by the RAE in cooperation with HEDNO is awaited.

Low Voltage Customer Telemetering; Pilot and promotion of its expansion

This project has been partially suspended and specifically:

- The tender process of the pilot project has been suspended for a considerable time due to multiple appeals by the participants to the Council of State.
- At the same time, actions are being taken through a separate new tender to expand the existing MV Telemetering Centre by 230,000 metering points in order to include the 224,000 LV 'smart' meters obtained under an independent procurement. The tender in question was completed with selection of the company 'PROTASIS' as provisional contractor and the relevant Contract to carry out the procurement was duly signed on 8 October 2019.

Reorganisation of the supply chain

This project is comprised of three (3) initiatives which are in progress, as foreseen by the Action Plan.

Action 1 - 'Reorganisation of HEDNO Regional Warehouses'

The tender which had the aim of locating suitable premises, initially in Athens and Thessaloniki, for use as HEDNO Central Warehouses, based on the supply chain reorganisation study was deemed unfruitful. Updating of study data is pending so that the tender can be re-held during 2021.

Action 2 - 'Development of Supply Chain Processes'

Approval of the tender announcement is pending with regard to determination of project needs as far as materials standards are concerned, the reorganisation of contracting procedures and technical support requirements for the software, the study required for replacement of materials delivery/acceptance software and the certification of services/contracts, and the Business Intelligence (BI) system support (development of reports and performance indicators, and data control functionality).

Action 3 - 'Supply of equipment and services for HEDNO SA telematics vehicles'

By virtue of Decision No 1423 taken by the Board of Directors on 9 July 2020, the results of Tender No 515901/3.6.2019 were approved for the supply of equipment and services for HEDNO SA telematics vehicles with the association of companies 'OTE - INTRAKAT - BYTE' being selected as provisional contractor for assignment of the procurement in question at a total price of EUR 4,183,437.67. The contract is currently with the Court of Auditors. Within five 5 months of its signature, the Company shall assign the procurement of equipment for 1,400 vehicles to the Contractor. The rate of delivery by HEDNO SA and installation by the Contractor will range between 280-350 vehicles per month.

Creation of an Information Management System (IMS)

The object of the project concerns the development of a unified Information Management System (IMS), for the integrated data management of all IT/OT systems of the Company. The object of the project is the integration of business and information systems, as well as a data platform supporting both IT and OT systems that is capable of providing a holistic and complete picture of company data and is also able to offer reporting, machine learning, artificial intelligence and analytics capabilities.

With regard to this project, the updating of the tender announcement to select a contractor for the supply, installation, maintenance and expansion of the IMS is in progress.

Significant Related Party Transactions

Receivables/liabilities pertaining to related parties as of 31 December 2020 are the following.

	31/12/2020	
	Receivables	**Liabilities**
PPC SA	178,809	0
PPC Renewables SA	0	(8,917)
Lignite Megalopolis SA	610	0
Lignite Melitis SA	37	0
Total	**179,456**	**(8,917)**

	31/12/2019	
	Receivables	**Liabilities**
PPC SA	281,381	0
PPC Renewables SA	0	(2,906)
Lignite Megalopolis SA	369	0
Lignite Melitis SA	128	0
Total	**281,878**	**(2,906)**

It is noted that the remainder of the receivables of PPC SA, and only in this case, includes respective obligations, so that the balance of the related party is shown as settled.

Transactions with related parties for the year ended 31 December 2020 are as follows.

	2020	
	Invoicing to	**Invoicing from**
PPC SA	1,784,735	(1,673,252)
PPC Renewables SA	492	(14,521)
Lignite Megalopolis SA	364	0
Lignite Melitis SA	93	0
Total	**1,785,684**	**(1,687,773)**

	2019	
	Invoicing to	**Invoicing from**
PPC SA	2,135,017	(1,891,132)
PPC Renewables SA	64	(12,913)
Lignite Megalopolis SA	135	0

Lignite Melitis SA	95	0
Total	**2,135,311**	**(1,904,045)**

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

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

MEMBERS OF THE BOARD OF DIRECTORS OF HEDNO SA				
FULL NAME	**LOCATION**	**OCCUPATION**	**START OF TERM OF OFFICE**	**END OF TERM OF OFFICE**
Nikolaos Bakatselos	Chairperson	Entrepreneur	17/10/2019	16/10/2022
Anastasios Manos	Managing Director	Naval Architect Mechanical Engineer	17/10/2019	16/10/2022
Sokratis Vertellis	Member of the Board of Directors	Attorney-At-Law	17/10/2019	16/10/2022
Ioannis Dimitriadis	Member of the Board of Directors	Electrical Engineer	17/10/2019	21/05/2020
Christina Lappa	Member of the Board of Directors	Attorney-At-Law	17/10/2019	16/10/2022
Aikaterini Onoufriadou	Member of the Board of Directors	Economist	17/10/2019	16/10/2022
Elias Padouvas	Member of the Board of Directors	Electrical Engineer & Economist	17/10/2019	16/10/2022
Dimitrios Santixis	Member of the Board of Directors	Civil Engineer	17/10/2019	21/05/2020
Konstantinos Masouras	Member of the Board of Directors	Employee Representative	28/06/2019	27/06/2022

As of 31 December 2020, the Board of Directors of the Company consisted of 7 members, since members of the Board Ioannis Dimitriadis and Dimitrios Santixis resigned on 21 May 2020.

Management Remuneration

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

	31/12/2020	**31/12/2019**
Directors' fees		
- Non-executive Directors' fees	134,300	189,553
- Non-Executive Directors' fees	154,020	76,647
- Compensation/extraordinary fees	54,590	225,221
- Employer contributions	64,279	56,012
Total	**407,189**	**547,433**

Remuneration of General Managers		
- Regular earnings	325,715	166,716
- Compensation/extraordinary fees	140,157	0
- Employer contributions	99,165	43,947
- Other benefits	556	0
Total	**565,594**	**210,663**

Subsequent events - Sale of HEDNO shares

It is noted that during the first quarter of 2021 the process of selling 49% of the company's shares continues normally as planned by the parent company with the official opening of a call for expressions of interest by potential investors. All procedures are expected to be completed within 2021.

Athens, 18/03/2021
For the Board of Directors

The Chief Executive Officer

Anastasios Manos

INDEPENDENT CERTIFIED AUDITOR-ACCOUNTANT'S REPORT

To the Shareholders of the Hellenic Energy Distribution Network Operator SA

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hellenic Energy Distribution Network Operator SA (the Company), which comprise the statement of financial position as of 31 December 2020, the income and comprehensive income statements, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the attached financial statements constitute an appropriate presentation, in all material aspects, of the financial position of the Hellenic Energy Distribution Network Operator SA (the Company) as at 31 December 2020, and of its financial performance and its cash flows for the year that ended on the above date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for the opinion

We have conducted our audit in accordance with the International Auditing Standards (IAS), as transposed into Greek legislation. Our responsibilities under those standards are further described in the section of our report entitled 'Auditor's responsibilities for the audit of the financial statements'. We are independent of the Company, during the whole period of our appointment, in accordance with the Code of Ethics for Professional Auditors established by the International Ethics Standards Board for Accountants, as transposed into Greek Legislation, as well as the ethical requirements related to the audit of financial statements in Greece, and we have fulfilled our ethical obligations in accordance with the requirements of the applicable legislation and the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The management is responsible for other information. The other information is included in the Management Report of the Board of Directors, which is referred to in the 'Report on Other Legal and Regulatory Requirements' but does not include the financial statements and the audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance regarding it in our opinion.

With regard to our audit of the financial statements, it is our responsibility to read the other information and thus to consider whether the other information is materially inconsistent with the financial statements or the knowledge we have acquired during our audit or otherwise appears to be materially incorrect. If, based on the work we have carried out, we reach the conclusion that there are material errors in this information, we are obliged to report this fact. We have nothing to report regarding this issue.

Other Issues

The Company's financial statements for the previous fiscal year ended 31 December 2019 were audited by a different audit firm. For the fiscal year in question, the Certified Public Auditor and Accountant issued an audit report with a concurring opinion on 15 April 2020.

Responsibilities of the management with regard to the financial statements

The management is responsible for the preparation and fair presentation of these financial statements, in accordance with International Financial Reporting Standards, as adopted by the European Union, and for those safeguards that the management thinks are necessary to enable preparation of financial statements free of material misstatements due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue its activities, disclosing where applicable, any issues related to its continuation as a going concern and the use of the going concern accounting basis, unless the management either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

Auditor's responsibilities in auditing the financial statements

Our objectives are to obtain reasonable assurance as to whether the Financial Statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditor's report presenting our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement when such a misstatement exists. Misstatements may result from fraud or error and are considered material when, individually or collectively, they could reasonably be expected to affect the financial decisions of users taken on the basis of these financial statements.

As a duty of the audit, according to IAS as transposed into Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the bypassing of internal control safeguards.
- We understand audit-related internal safeguards with a view to designing audit procedures appropriate to the circumstances, but not to expressing an opinion on the effectiveness of the Company's internal audit safeguards.
- We assess the appropriateness of the accounting principles and methods used and the reasonableness of accounting estimates and the respective disclosures made by the management.
- We reach a decision on the appropriateness of management's use of the going concern accounting principle, based on audit evidence obtained as to whether there is material uncertainty about events or circumstances that may indicate material uncertainty with regard to the ability of the Company to continue its business activities. If we conclude that there is material uncertainty, we are required to draw attention to the relevant disclosures of the financial statements in the auditor's report or to indicate if these disclosures are not sufficient to alter our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may result in the Company ceasing to operate as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect underlying transactions and events in a manner ensuring their reasonable presentation.

Among other issues, we notify management of the planned scope and timing of the audit, as well as of significant audit findings, including any material deficiencies in internal safeguards that we identify during our audit.

Report on other legal and regulatory issues

Board of Directors' Management Report

Taking into account that the management is responsible for drawing up the Management Report of the Board of Directors, pursuant to Article 2(5) (Part B) of Law 4336/2015, it is noted that:

a) In our opinion the Board of Directors' Management Report has been drawn up in accordance the current legal requirements of Article 150 of Law 4548/2018 and its contents correspond to the attached financial statements for the fiscal year ended 31 December 2020.

b) Based on the information we have acquired during our audit regarding the Hellenic Energy Distribution Network Operator SA and its operating environment, we have identified no material misstatements in the Board of Directors' Management Report.

Separate Financial Statements

The management is responsible for the preparation of separate financial accounting statements for the Company in accordance with the regulations laid down by the provisions of Article 141 of Law 4001/2011 and Decision No 121/2017 taken by the Regulatory Authority for Energy (the RAE) and for those internal safeguards deemed necessary by management in order to enable the preparation of a separate statement of financial position as at 31 December 2020, as well as a separate income statement for the period from 1 January 2020 to 31 December 2020, per activity, that are free from material misstatement, whether due to fraud or error. The methodology for preparation of the separate financial statements is described in Note 2 of the relevant Annex to the financial statements.

In our opinion, the separate financial statements of the Company as at 31 December 2020, as presented in the relevant annex to the financial statements, have been prepared in accordance with the provisions of Article 141 of Law 4001/2011 and Decision No 121/2017 by the Regulatory Authority for Energy (the RAE). As a result, these separate financial statements may be unsuitable for any other purpose.

Athens, 7 April 2021

Andreas Hatzidamianou
SOEL Reg. No.: 61391

ERNST & YOUNG (HELLAS) CHARTERED AUDITORS ACCOUNTANTS SA
8B, Cheimarras St., Marousi
151 25 Athens
SOEL Reg. No.: 107

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2020 – 31/12/2020
based on the International Financial Reporting Standards, as endorsed by the European Union

FINANCIAL STATEMENTS

The attached financial statements are those approved by the Board of Directors of HEDNO SA on 18 March 2021 and they shall be published and posted online at www.deddie.gr .

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

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
COMPREHENSIVE INCOME STATEMENT
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020

Amounts in EUR thousand

	Note	2020	2019
Revenue from contracts with customers	4	729,583	745,045
Other income	5	170,480	153,643
Total operating income		**900,063**	**898,688**
Personnel remuneration	6	282,040	208,477
Provision for retirement benefits	6	958	(4,763)
Network usage costs	7	271,412	291,595
Maintenance and third party services	8	126,085	113,148
Consumption of materials	9	99,581	89,177
Third party fees	10	41,911	34,748
Provisions for doubtful receivables	11	(1,586)	2,019
Provisions for risks	11	2,037	13,887
Miscellaneous expenses	12	24,499	24,319
Depreciation and amortisation	13	22,365	21,627
Taxes - duties	14	2,513	2,884
Total operating expenses		**871,815**	**797,118**
Operating profit		**28,248**	**101,570**
Financial income	15	417	483
Financial expenses	16	(2,634)	(2,691)
Profit before taxes		**26,031**	**99,362**
Income tax	17	(5,682)	(29,356)
Profit after taxes		**20,349**	**70,006**
Other comprehensive income/(losses) not classified in fiscal year results			
Actuarial gains/(losses)	26	12,742	(21,667)
Goodwill from revaluation of fixed assets	18	0	3,134
Deferred tax in other comprehensive income	17	(3,058)	3,576
Other comprehensive income after taxes		**9,684**	**(14,597)**
Fiscal year comprehensive income after taxes		**30,033**	**55,049**

The accompanying notes on pages 28 to 83 form an integral part of these financial statements.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020

Amounts in EUR thousand

	Note	31/12/2020	31/12/2019 (Reformed)
ASSETS			
Non-current assets			
Tangible assets	18	33,022	28,370
Intangible assets	18	2,041	2,109
Right-of-use asset value	19	54,587	62,294
Deferred tax receivables	17	53,990	55,041
Other long-term receivables		21	20
Total non-current assets		**143,661**	**147,834**
Current assets			
Inventories	20	172,863	149,468
Income tax receivables	17	0	6,204
Receivables	21	290,881	284,521
Accrued receivables	22	257,261	372,247
Cash and cash equivalents	23	78,783	12,905
Total current assets		**799,788**	**825,345**
Total assets		**943,449**	**973,179**

LIABILITIES AND EQUITY			
Equity			
Share capital	24	37,552	37,552
Statutory reserves	25	5,089	1,589
Goodwill from revaluation of fixed assets	18	42,427	42,921
Results brought forward		121,150	117,399
Total equity		**206,218**	**199,461**
Long-term liabilities			
Employee benefits	26	89,688	112,558
Right-of-use asset financial liabilities	19	42,056	49,556
Other long-term liabilities	27	20,718	10,587
Provisions	28	44,783	40,460
Total long-term liabilities		**197,245**	**213,161**
Short-term liabilities			
Trade and other liabilities	29	231,329	213,440
Sundry creditors	30	90,094	57,568
Income tax liabilities	17	2,349	0
Other tax and insurance liabilities	31	26,799	31,180
Accrued and other liabilities	32	189,415	258,369
Total short-term liabilities		**539,986**	**560,557**
Total Liabilities and Equity		**943,449**	**973,179**

The accompanying notes on pages 28 to 83 form an integral part of these financial statements.

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020

Amounts in EUR thousand

	Note	Share Capital	Ordinary Reserve	Goodwill Adjustment Fixed Assets	Results brought forward	Total Equity Capital
Balance as at 31/12/2018		**37,552**	**1,589**	**40,833**	**27,440**	**107,414**
Changes in accounting principles and restructuring	34				36,996	36,996
Balance 31/12/2018 (restructured)		**37,552**	**1,589**	**40,833**	**64,436**	**144,410**
Profit after taxes					**70,005**	**70,005**
Other comprehensive income after taxes	17, 18, 26			3,134	(18,091)	**(14,957)**
Total comprehensive income 31/12/2019				3,134	51,914	**55,048**
Sales of fixed assets	18			(1,046)	1,046	**0**
Other movements					3	**3**
Balance 31/12/2019 (restructured)		**37,552**	**1,589**	**42,921**	**117,399**	**199,461**
Profit after taxes					20,349	**20,349**
Other comprehensive income after taxes	17, 26				9,684	**9,684**
Total comprehensive income 31/12/2020					30,033	**30,033**
Sales of fixed assets	18			(495)	495	**0**
Transfer to statutory reserves			3,500		-3,500	**0**
Distribution of dividend for the fiscal year 2019					(23,276)	**(23,276)**
Balance 31/12/2020		**37,552**	**5,089**	**42,426**	**121,151**	**206,218**

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
Cash flows from operating activities			
Profit/(Loss) before taxes		26,031	99,362
Adjustments for			
Depreciation of fixed assets	13	22,365	21,627
Credit interest	15	(417)	(483)
Provisions	11	451	15,906
Depreciation of tangible assets	18	13	52
Debt and other interest	16	2,634	2,691
Changes in income tax	17	862	(12,246)
Unused provisions	28	38,551	(94,427)
Increase / (decrease) in commercial and other short-term receivables	21	(4,774)	40,009
Increase / (decrease) in inventory	20	(25,019)	(5,713)
Increase / (decrease) in accrued receivables	22	33,761	(155,370)
Increase / (decrease) in other long-term liabilities	19, 27	10,131	10,587
Increase / (decrease) in trade and other liabilities	29, 30, 31	49,334	(67,046)
Increase / (decrease) in accrued liabilities	32	(36,407)	125,007
Net cash flows from operating activities		**117,516**	**(20,044)**
Cash flows from investment activities			
Interest collected	15	417	483
Increase / decrease of long-term receivables		1	0
Purchase of property, plant and equipment	18	(12,115)	(3,965)
Net cash flows from investment activities		(11,697)	**(3,482)**
Cash flows from financing activities			
Interest payments	16	(87)	(95)
Payments from lease liabilities	19	(16,578)	(15,824)
Payment of dividends	33	(23,276)	0
Net Cash flows from financing activities		**(39,941)**	**(15,919)**
Net increase / (decrease) in cash and cash equivalents		**65,878**	**(39,445)**
Cash and cash equivalents available at year start	23	**12,905**	**52,350**
Cash and cash equivalents available at year end	23	**78,783**	**12,905**

The accompanying notes on pages 28 to 83 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY

The company HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, hereinafter the Company' or 'HEDNO SA', was founded on 24 September1998 with the original name KOZEN HELLAS SOCIETE ANONYME COMPANY FOR THE DESIGN, DEVELOPMENT, CONSTRUCTION AND EXPLOITATION OF ELECTRICITY AND HEATING AND/OR COOLING COGENERATION UNITS. Subsequently, by virtue of Decision No 2547/03.02.2003 by the Prefect of Athens, approval was given to change the name of the company to 'RHODES PUBLIC POWER CORPORATION, SOCIETE ANONYME COMPANY FOR THE DESIGN, CONSTRUCTION, OPERATION AND EXPLOITATION OF POWER PLANTS IN RHODES'.

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

Finally, on 17 February 2012, by decision of the Extraordinary General Meeting of the Company's shareholders, its Articles of Association were amended in terms of name and purpose. From that date onwards, the name of the Company has been the HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, and its distinctive title is 'HEDNO SA'. The Company's object is to exercise its powers and perform the duties of Operator of the Hellenic Electricity Distribution Network (EDNO), in accordance with legislation currently in force. In particular, the object of the Company is to secure on economical terms, the essential human, technical, material and financial resources for the operation, maintenance and development of HEDNO, with the aim of ensuring its reliable, efficient and safe operation, as well as its long-term ability to meet reasonable needs for electricity, taking due care of the environment and energy efficiency.

The registered head offices of HEDNO SA are located on the corner of 20, Perraivou Street & 5, Kallirrois Street, PC 117 43 Athens, Greece.

The financial statements of the Company are included in the consolidated financial statements of the parent company PPC SA, via the full consolidation method, which as of 31 December 2020, had direct participation amounting to a percentage of 100% in its share capital.

2. INSTITUTIONAL FRAMEWORK

Changes in the institutional framework of the electricity market

On 2 August 2011, the Greek Parliament passed Law 4001/2011 proposed by the Ministry of Environment, Energy and Climate Change (YPEKA) 'on the Operation of Electricity and Gas Energy Markets, for Exploration, Production and Transmission Networks of Hydrocarbons and other provisions' thus incorporating the provisions of Directives 2009/72/EC and 2009/73/EC into National Law.

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

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

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

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

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

The Hellenic Electricity Distribution Network Operation Code

The Management Code of the Hellenic Electricity Distribution Network (HEDNO) was approved by virtue of RAE Decision No 395/2016, which was published in the Government Gazette, Series II, No 78/20-1-2017. The Management Code of the Electricity Distribution Network (hereinafter referred to as the 'HEDNO Code' or the 'Network Code') regulates the rights and obligations of the Electricity Distribution Network Operator (hereinafter referred to as the 'HEDN Operator' or the 'Operator'), Network Users and Suppliers, and issues related to the development, operation, network access, the services provided by the Network Operator and the financial consideration payable for said services, as specifically mentioned in Article 128 of Law 4001/2011. The details of application of the provisions of the Code, as well as the necessary procedures and methodologies governing the calculations required for its implementation, are defined in the Implementation Manuals. To date, manuals of Meter Representation and Periodic Settlement, Electricity Theft, Metering and Measurements, as well as the Network Operation Manual, have been issued and are in force.

In addition, by virtue of its Decision No 1431/2020, the RAE established the Methodology for Calculating the Required Revenue for the Hellenic Electricity Distribution Network, which introduces significant changes in comparison to the methodology followed by the RAE to that date with regard to the calculation of the revenue, such as separating operating expenditure into controlled and uncontrolled expenditure, introducing a savings factor on controlled operating expenditure ('efficiency factor') and, at the same time introducing an incentive mechanism to reduce energy losses in the Network (RAE Decision 1432/2020), introduction of energy quality and quality of service incentives, fixed returns based on the weighted average capital cost (WACC) formula over the entire duration of the Regulatory Distribution Period (RDP), the possibility of designating specific investments as 'Investment Projects of Major Importance', which will be given priority, etc. In accordance with RAE Decision No 1431/2020, the duration of the first RDP is set at 4 years, from 2021 to 2024. It is noted that, based on the new Methodology, starting from the second RDP, the Allowed Revenue of the HEDN will also include costs corresponding to the reasonable cost of the Network Operator in order to cover total energy losses in the Distribution Network.

Responsibilities of the HEDN Operator

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

1. In addition to the prescriptions of HEDN Management Licence, HEDNO SA as Operator is obliged in particular to ensure:

- The reliability and safety of the HEDN, while taking appropriate measures to protect the environment.
- The maintenance of a technically sound and cost effective Network.
- Adherence to the technical specifications and requirements for the design, operation and maintenance of the Network, and the achievement of performance targets for distribution activity, in terms of losses, supply reliability, voltage quality and customer service quality, as defined in the HEDN Management Code.

- Facilitation of access to the HEDN for the holders of generating licences, as well as of producers who are exempt from the obligation, suppliers and customers, in accordance with the terms, conditions and tariffs that are determined in the HEDN Management Code.
- Connection to the HEDN for those who request it, in accordance with the terms, conditions and tariffs set out in the HEDN Management Code.
- The supply, installation, maintenance, good operation and replacement of metering devices installed in the HEDN, in accordance with the provisions of the HETS Grid Code (formerly the HETS Management Code), the HEDNO Management Code, and the terms of the HEDN Management Licence, as well as the collection of relevant measurements.
- Provision of information to HEDN users and the HETS Operator with the information required for effective access to the Network, as set out in the HEDN Management Code.
- Abstention from any form of discrimination between HEDN users or categories of users, especially in favour of undertakings affiliated with it.
- Cooperation with the System Operator, the Athens International Airport Network Operator (AIA) and the Closed Distribution Network Operators for the preparation and implementation of appropriate communication and cooperation protocols, in order to ensure the proper and smooth operation of the networks under their responsibility and the functioning of the market.
- The design, planning and implementation of the further development of the HEDN, having examined the possibility of taking energy efficiency/demand management measures and/or the possibility of decentralised generation that could replace the need to upgrade or replace electricity distribution infrastructure.

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

3. HEDNO SA publishes the methodology for calculating Network connection fees, unit cost values and other necessary information regarding the method by which connection fees are calculated. The relevant invoices are approved by RAE in accordance with the provisions of Article 140(1).

4. HEDNO SA shall pay an annual fee to the HEDN Owner in return for concession of the management of the HEDN, as approved by the RAE in accordance with the provisions of Article 22 of Law 4001/2011. The contents of the Concession Agreement currently in force with regard to the management of the HEDN between the PPC SA and HEDNO SA for the years 2019 and 2020 was concluded on 2 November 2020 and have been notified to the RAE.

Responsibilities of HEDNO SA with regard to the management of the Electrical Systems of the Non Interconnected Islands

1. The operation of the electricity systems of the Non Interconnected Islands (NII), which includes management of production, the operation of the market and the systems on these islands (pursuant to Article 129 of Law 4001/2011 Government Gazette, Series I, No 179/22.8.2011) shall be performed by HEDNO SA. Pursuant to the provisions of Article 123, in order to carry out this activity, HEDNO SA is obliged to obtain an operating licence for the electricity systems of the Non Interconnected Islands within three (3) months from the completion of the separation procedure. This licence is to be granted by the RAE, subsequent to the application from HEDNO SA submitted to the RAE under Ref. No 1180/17.7.2012 and which includes the NIIs. It is noted that RAE put forward the granting of the HEDN Management Licence to HEDNO SA for public consultation ,with a deadline expiring on 13 February 2014. The licence determines, inter alia, the following:

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

The license was approved under RAE Decision No 83/2014, but it does not pertain to the NIIs. A new application for a Management Licence for the NIIs was submitted by HEDNO SA to the RAE in July 2017, but its approval is pending. Until the issuance of the respective licence, management of the systems in the NIIs remains under the provisions of the Non Interconnected Islands Management Code and other regulatory texts related to this activity.

2. In addition to the provisions set out in the operating licence, as referenced in the paragraph above, HEDNO SA is obliged to:

- Monitor and ensure the reliable, cost-efficient and safe operation of the generating units on the Non Interconnected Islands, and at the same time take the necessary measures to limit any potential impact on the environment.
- Undertake the development, technical integrity and the economical operation of generating units in the NIIs, in order to serve demand.
- Abstain from any form of discrimination between producers in the NIIs, especially in favour of undertakings affiliated with it.
- Prepare production development programmes for the Isolated Microgrids, before 31 March each year. These are then submitted for approval to the RAE, with duly reasoned supporting documentation. These programmes shall include estimates relating to the evolution of the demand for electricity and the availability of existing generating capacity, plans to replace existing generating facilities and install new ones, as well as plans to connect with other Non Interconnected Islands. Future demand estimates shall include an energy-saving plans and load demand management measures. The time periods covered by these programmes are determined by an RAE decision, and their duration may not exceed a period of more than 7 years. The same decision shall also determine how these programmes are to be made public.
- Prepare statements for the NIIs before 31 March of each year, which shall present estimates of potential production capacity that could be connected to the HEDN, the need for interconnection with other Non-Interconnected Islands or Isolated Microgrids, and the demand for electricity. The time periods covered by these estimates are determined by an RAE decision, and their duration may not exceed a period of more than 7 years. The same decision shall also determine how these estimates are to be made public.
- Take care to ensure that suitable premises are available for installation of new generating capacity, expansion of existing capacity and/or installation of components to support and expand distribution by HEDN to the Non Interconnected Islands and Isolated Microgrids.
- Enter into contracts with the licence holders for the injection and absorption of energy and the provision of Ancillary Services to the Distribution Network of the Non Interconnected Islands, and fees payable to producers of such energy and shall keep the necessary accounts relating to fees payable to said producers, the charging of customers and suppliers for energy absorption, as well as for other credits and debits of the special accounts provided for under applicable legislation, in accordance with the specific provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII).
- Conclude contracts for the sale of electricity generated by RES or HECHP facilities, in accordance with the provisions of Article 12 of Law 3468/200 and Operating Aid Contracts in accordance with Law 4414/2016 as in force, given that the generating facilities are connected to the NII distribution network and they are making the payments as provided for in these contracts. The amounts payable to counterparties shall be collected in accordance with the provisions of Article 143 of Law 4001/2011, as in force.

3. Management of production in the Non Interconnected Islands shall be undertaken in accordance with the provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII). This Code entered into force by virtue of RAE Decision No 39/2014, (Government Gazette, Series II, No 304/11.2.2014) and was subsequently amended by Decision No 330/2015 (Government Gazette, Series II, No 2221/15.10.2015) Article 237; Decision No 238/2016 (Government Gazette, Series II, No 3286/13.10.2016) Articles 14 and 15; and by RAE Decision No 215/2018 (Government Gazette, Series II, No 1148/29.3.2018) Articles 152 and 155; while Annex II was added by virtue of RAE Decision No 429/04.03.20 (Government Gazette, Series II, No 2004/25.5.2020) with the object of:

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

4. Provision was made for implementation of the NII Code to take place gradually over a transitional phase lasting 5 years, taking into account European Commission Decision No 2004/536/EU of 14 August 2014, which granted a derogation from the provisions of Directive 2009/72/EC with regard to the NII market.

5. Regulations, calculations and special approvals required for implementation of the Electrical System Operation Code for Non Interconnected Islands are determined by decision of the RAE, subsequent to a recommendation by HEDNO SA based on the time schedule of the NII Code.

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

7. Following the issuance of RAE Decision No 625/30-10-2014, as published in the Government Gazette (Government Gazette, Series II, No 3305/10-12-2014), Articles 72 of the Electricity Transaction Code observed by the Market Operator, and Article 175 of the IPTO Code observed by the System Operator, were amended with the object of harmonisation with Article 178 of the NII Code, with regard to RES and HECHP in the NIIs. Accordingly, as of January 2015, HEDNO SA as NII Operator conducts all transactions with Market Participants, in accordance with the provisions of the NII Code and the relevant Accounts (Article 170).

8. The energy market opened in Crete as of 21 June 2016, in Rhodes as of 1 January 2017 and as of 1 January 2018 in all other NIIs, where 16 Load Representatives are active in the NII Market. Subsequent to the settlement of June 2016 and after, HEDNO SA, as NII Operator, conducts transactions as per the NII Code with all Participants in the NII Market.

9. With regard to ETMEAR, HEDNO SA charges Load Representatives based on consumption by their customers in the NIIs and carries out the necessary transfers of funds to the Special Account maintained by DAPEEP, based on the NII Code and the new Law 4414/2016 (Government Gazette, Series I, No 149/09.08.2016), so that the Company's L-Z account is balanced after settlement is complete.

Management of the Special Services of General Interest (SGI) Account

The management of the Special Account of the Public Utility Services (SGI) is determined by Articles 55 & 56 of Law 4001/2011, and by the System Operations and Non-Interconnected Islands Codes, as in force.

Until June 2016, the sole beneficiary of the SGI for the NIIs was PPC SA, as the only active supplier operating in the NIIs until that time, while all of the Load Representatives in the NIIs became beneficiaries in stages, commencing on 21 June 2016, 1 January 2017 and 1 January 2018 respectively. The IPTO was the Special Account Administrator for SGI Services until December 2017.

In this context and after the entry into force of the Non Interconnected Islands Code in February 2014, the IPTO invoiced alternative suppliers of the interconnected system for SGI customers and was invoiced in an equivalent amount by the PPC SA, which was also the sole beneficiary of the SGI in the Non-Interconnected Islands until June 2016.

Article 179 of the Non Interconnected Islands Code clearly stipulated that HEDNO SA must remain neutral in the SGI transaction for the NIIs and any difference (debit or credit) would be settled through the IPTO's Special SGI Account.

Specifically, in accordance with Article 179 of the Non Interconnected Islands Code, the Company maintains a Special Account (L-H) for the NIIs SGI which is credited and debited such that it always appears balanced at the end of monthly and yearly settlements, via transfer of funds to or from the Special SGI Account.

The NIIs SGI Account is debited with the payments to Load Representatives in the NIIs with regard to the SGI consideration that they are entitled to, it is credited with the amounts they have received from their customers in the NIIs which are payable to HEDNO SA, while this is followed by transfers of funds from/to the IPTO in order to balance the account.

In accordance with Article 176 of the System Operation Code, any deficit or surplus of this account is taken into account in the calculation of the annual compensation for subsequent years. It is noted that the current unit charges of consumers to cover the SGI consideration (account inputs), were determined in 2012 by Law

(amounts in thousand EUR unless stated otherwise)

4067/2012 and were subsequently amended by Law 4508/2017, while the SGI outflows from the account are calculated on the basis of the excess cost of producers in the NIIs in relation to costs in the supply network, in accordance with RAE Decision No 14/2014. Under RAE Decision No 759/2020, (Government Gazette, Series II, No 2566/26.6.2020) the Social Domestic Tariff (SDT) as an SGI, is calculated as a SGI to load representative beneficiaries.

After the opening of the NIIs market on 21 June 2016, HEDNO SA showed, in the then fiscal year, only SGI transactions with alternative suppliers operating in the NIIs for the period July to December 2016 since the respective amounts pertaining to SGI transactions in the NIIs in 2016 between IPTO, PPC SA and HEDNO SA were not invoiced during the year, given that the accounting treatment that would result from the necessary adjustment based on regulatory provisions had not yet been finalised, nevertheless continuing to adhere to the principle of balancing the flows to and from the Company.

After the determination of the final amounts, in February 2017 HEDNO SA proceeded to invoice the PPC for SGI in the second half of 2016. The pricing for 2017 is carried out in full for all participants in the market of the Interconnected System and the NIIs.

Pursuant to Article 3 of Law 4501/2017 a paragraph was added to Article 36 of Law 4067/2012 which stipulates that '*By decision of the Minister of Finance the State Budget may cover, in whole or in part, the cost of providing Utilities, with corresponding credit as an inflow to the special management account for Services of General Interest (SGI) maintained by the competent operator, in accordance with Article 55(8) of Law 4001/2011 (Government Gazette, Series I, No 179)'*.

Subsequently, by virtue of Decision Ref. No ΔΟΔ 0002445 ΕΞ 2017/14.12.2017 of the Minister of Finance (Government Gazette, Series II, No 4487/19.12.2017) it was decided to cover these costs by deposit of the amount of EUR 476 million in the Special SGI Account (then held by the IPTO), as its administrator in accordance with the provisions of Article 55(8) of Law 4001/2011, for subsequent transfer of the consideration to beneficiaries.

Article 56 of Law 4508/2017 duly amended Article 55 of Law 4001/2011 and as of 1 January 2018 HEDNO SA became sole administrator of the Special SGI Account in Greece and the aforementioned amount of credit was transferred to it.

Within the current fiscal year, HEDNO received € 44.6 million and € 67 million on 30/01/2020 and 28/07/2020, respectively from the State Budget to cover the deficit of the Special Account of the SGI.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2020	
ACCOUNT INFLOWS	
INITIAL DEPOSIT (DOD 0002445 EX 2017)	476,000,000
PLUS IPTO BALANCE	8,574,066
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4264/20.11.2019)	59,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
TOTAL INFLOWS	**805,254,756**
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728
ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072

(amounts in thousand EUR unless stated otherwise)

ACCOUNT DEFICIT 31/12/2020	104,416,901
TOTAL OUTFLOWS	**885,868,094**
ACCOUNT BALANCE	**-80,613,338**
PLUS SETTLEMENTS 2012 - 2017	1,867,707
LESS ADDITIONAL SETTLEMENTS 2012 - 2016 (RAE O-76750/12.04.2019)	21,954,985
PLUS SETTLEMENT SOCIAL DOMESTIC TARIFF - EAP 2017 (RAE 435/2019)	17,875,007
LESS ADDITIONAL SETTLEMENTS 2014 - 2016 (RAE 832/12.04.2019)	21,664,978
LESS SUPPLEMENTARY COMPENSATION 2013 (RAE 854A/2019)	994,139
LESS SUPPLEMENTARY COMPENSATION 2014 - 2016 (RAE 200/2020)	5,767,413
PLUS FINAL SETTLEMENT OF SGI FOR THE NON INTERCONNECTED ISLANDS 2017 RAE 1254/2019*	72,204,790
PLUS FINAL SETTLEMENT OF SGI FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2017	3,083,249
CURRENT BALANCE OF SGI ACCOUNT	**-35,964,100**

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

The members of the Board of Directors and the administrative bodies of HEDNO SA do not hold any professional position or responsibility, nor do they have any interest or business relationship and do not receive financial benefit or benefit, directly or indirectly, which connects them with any company or Greek state body operating in the field of production, supply or transmission of electricity and natural gas, or with PPC SA or with any affiliated company other than HEDNO SA or the shareholders exercising control of the above companies. The fees of the above persons, which include all forms of remuneration and benefits, does not depend on the activities or the operating results of the of PPC SA as a vertically integrated enterprise, or any part thereof, beyond the activities and operating results of HEDNO SA (Article 26 of the Directive 2009/72/EC).

The above paragraph applies to all persons undertaking representation and management duties (Government Gazette, Series I, No 179/22-8-2011, p. 3855) by authorisation of the Board of Directors and to persons who are directly accountable to them for matters concerning the operation, maintenance, or development of the HEDN.

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

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

Development of HEDN

HEDNO SA has an obligation to secure the necessary human, technical, material and financial resources for the operation, maintenance and development of the Hellenic Electricity Distribution Network and, in general, for the effective exercise of its responsibilities and the proper execution of its duties. The necessary funds and resources for this purpose are determined exclusively by HEDNO SA and, subject to the provisions of the next paragraph, independently of the vertically integrated enterprise PPC SA and any part thereof.

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

Compliance Program and Compliance Officer

In order to avoid discriminatory behavior, discriminatory corporate practices and the distortion of competition in the exercise of its responsibilities, HEDNO is obliged to execute a compliance programme (Article 124(7) of Law 4001/2011).

The Compliance Programme was drawn up, as required by Article 124 (7) of Law 4001/2011, by the Compliance Officer in collaboration with HEDNO SA within 3 months of the legal and operational separation of the distribution division activity and was submitted for approval to the RAE on 17 July 2012. The RAE requested specific amendments in its letter Ref. No O-54046/13-2-2013, which HEDNO incorporated within the Compliance Programme, which was sent back to the RAE on 26 March 2013.

The RAE approved the HEDNO Compliance Programme by virtue of its Decision No 678/2014, which was duly notified to HEDNO on 9 December 2014, in its letter Ref. No O-60391. In parallel with this decision, the RAE requested that the Company submit details of the updated programme, in line with specific observations. HEDNO SA duly submitted an updated programme to the RAE on 31 March 2015.

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

By virtue of Decision No 4/9.4.2012 of the Board of Directors, Mr Nikolaos Patiris was appointed as Compliance Officer of HEDNO SA.
By virtue of subsequent Board of Directors' Decisions No 1475/2.8.2018 and No 1463/23.7.2020, Mr Markos Hampakis was appointed as Compliance Officer of HEDNO SA.

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

The Compliance Officer is responsible for
- monitoring implementation of the Compliance Programme and checking the compliance of HEDNO SA with it,
- as well as for preparation of an annual report and notification thereof to the RAE before 31 January each year. The report, which is published on the RAE's website within five (5) days of its notification, lists the measures taken with regard to implementation of the Compliance Programme and evaluates the adequacy of the measures and their implementation by HEDNO SA as far as achieving the objectives of the programme are concerned, and proposals are made by the Compliance Officer regarding the Compliance Programme and its execution.
- Quarterly reports are also submitted to the RAE regarding the execution of the Compliance Programme,
- and the RAE is notified of any violation with regard to the implementation of the Compliance Programme at the time that it is identified, and proposals will also be submitted for immediate action.
- A report is also submitted to the RAE in relation to the commercial and financial relations between the vertically integrated company PPC SA and HEDNO SA.

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

The Compliance Officer of HEDNO SA submitted the Annual Compliance Report for 2019 to the RAE, as required by Article 124(10) of Law 4001/2011, on 31 January 2020. The quarterly report for Q1 2020, was submitted to the RAE on 29 April 2020, the quarterly report for Q2 2020 was submitted on 16 July 2020, the third quarter report (Q3) of 2020 was submitted on 30 October 2020, and the report for the fourth quarter (Q4) of 2020 was submitted to the RAE on 29 January 2021.

Guaranteed Services Programme

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

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

Framework of preparation

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

Going concern principle

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

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

With regard to the impact of the consequences on the financial activity of HEDNO SA in 2020, this was not deemed to be significant, given that the non-competitive and regulated activity of the Company is a strengthening factor in the midst of an extremely difficult and uncertain environment.

Accordingly, despite the uncertainties created by the COVID-19 pandemic, the Management considers that there are no significant uncertainties that could cast doubt on the Company's ability to continue its operational activities. The Management considers that as of the date of approval of the financial statements, the Company has sufficient resources to continue its operational activity in the near future, i.e. for the next 12 months from the date of these financial statements.

3.1. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS OF MANAGEMENT

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

3.1.1. Income tax and recognition of deferred tax assets

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

Deferred tax assets include amounts pertaining to tax losses in previous years. Depending on the reason for which they arise, such tax losses are available for offset for a limited period of time from the time when they are incurred. The Company makes assumptions about whether these deferred tax assets can be recovered through estimated future taxable income in accordance with the approved business plan and budget of the company.

3.1.2. Estimates when calculating value in use

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

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

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

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

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

3.1.4. Forecasts of expected credit losses on trade receivables

The Company uses a table with which it calculates expected credit losses over the life of its receivables, thus applying the simplified approach provided for in the standard for the purpose of calculating expected credit losses. This table is based on past experience but is adapted in such a way as to reflect forecasts of the future financial circumstances of customers as well as the financial environment. On each financial statement preparation date, the historically derived percentages used are updated and estimates of the future financial situation are analysed.

The correlation between historical data, future financial conditions and expected credit risk requires substantial estimations to be made. The amount of expected credit losses depends to a large extent on changes in circumstances and forecasts of the future financial situation. In addition, past experience and forecasts of the future may not lead to conclusions indicative of the actual extent of future customer default. - Note 3.4.9.

For the year ended 31 December 2020, the Management has reviewed long-term information on its trade receivables and the financial environment, which have been affected by COVID-19 and has proceeded with the formation of additional provisions for impairment, as required - Note 21.

3.1.5. Post-Retirement Benefits

Electricity supply at reduced tariffs

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

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

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

It is noted that, pursuant to Article 11 of Law 4643/2019, the special tariff for electricity consumption by personnel was adjusted from 1 January 2020, such that the resulting discount on electricity consumption charges does not exceed 30%.

Provision for staff retirement indemnity

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

The above comprises a defined benefit plan in accordance with the provisions of IAS 19. The present value of the liability undertaken by PPC and its subsidiaries, calculated at the end of each year using actuarial methods, constitutes costs of previous service, for services provided in previous time periods. Details of the key assumptions and estimates for the above post-retirement benefits are included in Note 26.

3.1.6. Depreciation of tangible assets

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

The Company values tangible fixed assets at revalued amounts (estimated fair values), as determined by an independent appraisal firm every 3-5 years. Determining the fair values of property, plant and equipment requires assessments, assumptions and judgments regarding ownership, value in use as well as the existence of any financial, operational and physical depreciation of property, plant and equipment. Management makes estimates with regard to the total and remaining useful life of depreciable fixed assets which are subject to periodic review. The overall useful life of assets, as estimated, are listed below - Note 3.4.2.

3.1.7. Provisions for cases in litigation

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

3.1.8. Determination of lease term and differential borrowing rates

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

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

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

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

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

The Company estimates the accrued revenue from Network Usage Fees in order to ensure that this is properly reflected. This relates to electricity consumed in the Low Voltage (XT) network from non-monthly metered benefits in the respective year, which have not been invoiced until the end of the current fiscal year. - Note 22, in accordance with the following assumptions and calculations.

Since the cycle of actual metered consumption of XT is a four month period and the Company, as of the date of preparation of the financial statements, does not have the actual metering data of the first 4 months of the next fiscal year (X + 1) at its disposal, in order to be able to accurately determine revenue accrued for the current fiscal year (X0) and incorporate it into them, it proceeds to estimate these revenues from Network Usage Fees which relate to the quantities of electricity consumed in total and losses in the Network, according to official HEDNO data, as well as the average fee for electricity consumption.

3.2. BASIC ACCOUNTING PRINCIPLES

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

(amounts in thousand EUR unless stated otherwise)

3.2.1. Intangible assets

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

3.2.2. Tangible assets

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

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

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

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

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

Vehicles	15
Machinery	15-35
Software	5
Furniture and equipment	5-25

3.2.3. Leases (IFRS 16)

As of 1 January 2019 the Company monitors all active lease agreements in accordance with IFRS 16. IFRS 16 introduces a single model for accounting treatment from the side of lessee, with the exception of short-term and low-value leases, which require the lessee to recognise lease liabilities for future lease payments and right of use assets representing rights of use over leased assets owned by third parties. Determining whether a transaction involves a lease or not is based on the substance of the transaction at the date of the relevant contract, i.e. whether the performance of the transaction depends on the use of one or more assets or whether the transaction grants rights to use the asset in question.

Rights to use assets

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

For rights of use arising from IFRS 16, see Note 19.

Lease liabilities

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

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

For obligations arising under IFRS 16, see Notes 30 & 19.

Short-term and low value asset leases

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

Determination of the lease term

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

3.2.4. Impairment of Non-Financial Assets

On each balance sheet date, HEDNO SA evaluates the existence or otherwise of impairment of its assets. If there are indications, HEDNO SA will proceed to calculate the recoverable amount of the asset. The recoverable amount is calculated as the higher of fair value less costs of sale plus value in use. The recoverable value is determined on an individual asset level, unless the asset does not generate cash flows which are independent of those of other assets or groups of assets. When the book value of an asset exceeds its recoverable amount, then its value is deemed to have been impaired and is adjusted to the level of its recoverable amount. The value in use is calculated as the present value of future cash flows using a pre-tax discount rate which reflects the current estimates of the time value of money and the risks related to the specific asset. Fair value (after deduction of the costs of sale) is determined on the basis of the application of a valuation model, as appropriate. Impairment losses on an ongoing basis are recognised in the income statement unless the asset is measured at fair value, in which case the impairment loss is treated as a reduction in already recognised goodwill.

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

3.2.5. Financial instruments

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

(b) Financial assets at amortised cost

The Company values financial assets at amortised cost if both of the following conditions are met: a) The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Derecognition and impairment

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

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

Further disclosures regarding impairment of financial assets are also provided in note 3.2.4.

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

3.2.6. Measurement of fair value

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

• In the primary market for the asset or liability, or

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

The primary or most advantageous market must be accessible to the company. The fair value of an asset or liability is measured on the basis of all the assumptions that market participants make when valuing an asset or liability, given that market participants are acting in accordance with their own economic interests. Measurement of the fair value of a non-financial asset takes into account the capacity of market participants to generate financial benefits from using the asset for its highest and best use, or by selling it to another market participant who will use the asset for its highest and best use. The Company uses valuation techniques that are appropriate to the circumstances and for which adequate data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value was measured or disclosed in the financial statements are categorised within a hierarchy of fair values, based on the lowest entry level that is significant to measure fair value in its entirety, as described below:

- Level 1 - Listed (non-adjusted) prices in active markets for identical assets or liabilities;

- Level 2 – Valuation techniques for which the lowest level of input data which is material for fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level of input data which is material for fair value measurement is directly or indirectly observable.

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

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

3.2.7. Financial liabilities

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

3.2.8. Inventories

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

3.2.9. Trade receivables

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

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

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

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

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

(amounts in thousand EUR unless stated otherwise)

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

3.2.10. Cash and cash equivalents

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

3.2.11. Share capital

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

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

3.2.12. Current and deferred taxation

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

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

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

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

The deferred income tax is determined using the liability method based on temporary differences between the book value and the tax base of assets and liabilities as shown in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, which at the time of the transaction does not affect accounting or taxable gains or losses. The deferred tax is determined by the tax rates and laws that are in force at the date of preparation of the financial statements, and which are expected to be in force when the deferred tax assets are realised or deferred tax liabilities are settled.

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

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

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

3.2.13. Trade and other liabilities

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

3.2.14. Provisions

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

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

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

3.2.15. Offsetting of financial receivables and liabilities

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

3.2.16. Interest-bearing loans and credits

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

3.2.17. Defined benefit plan

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

3.2.18. Revenue recognition (IFRS 15)

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

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

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

Specifically, the transaction price is allocated to individual performance obligations based on the respective individual sales prices promised in the contract, the discrete good or service.
Revenue is recognised when the relevant performance obligations are fulfilled, either at a specific point in time (usually for promises relating to the transfer of goods to a customer) or over time (usually for promises relating to the transfer of services to a client).

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

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

Revenue from contracts with customers

- Revenues from Network Usage Fees

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

  It is also noted that in accordance with Article 129(2)(Item 8) of Law 4001/2011, HEDNO SA has become the established market operator for the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between electricity producers and final providers in the NIIs. These transactions pertain to the purchase and sale of electricity, as well as the settlement of other charges. The above operation has no impact on the results of the Company, since HEDNO SA is charged by an equivalent amount with regard to related cost. The aforementioned transaction is offset in the income statement without producing profit or loss.

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

- Revenue from sales of materials

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

- Revenue from reconnection fees and other consumer revenues

  These revenues are recognised on provision of the service to consumers.

- Revenue from consumer contributions and utilities

  These revenues are recognised on provision of the service to consumers.

- Revenue arising from RAE decisions regarding sub-recovery

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

Other income

- Revenue from network project sales

  Revenue is recognised according to the project completion percentage.

- Income from interest

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

3.2.19. Subsequent events

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

3.3. CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year apart from the following amended standards which the Company has adopted as of 1 January 2020.

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

- **First-time adoption of International Financial Reporting Standards**
  The IASB issued the revised conceptual framework for financial reporting on 29 March 2018. The conceptual framework defines an integrated set of concepts for financial reporting. These concepts help define standards, guide those responsible in developing consistent accounting policies, and support their efforts to understand and interpret standards. The International Accounting Standards Board has also issued an accompanying document, Amendments to References to the Conceptual Framework, which sets out the amendments to the standards that are affected in order to update the references in the revised conceptual framework. The purpose of the document is to support the transition to the revised IFRS conceptual framework for companies adopting the conceptual framework to develop accounting policies when no IFRS standard makes reference thereto. For those responsible for developing accounting policies under the conceptual framework, it applies to annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments regarding the definition of a Company (amendments to IFRS 3) to address the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply to business combinations for which the acquisition date is determined as falling within the first annual accounting period beginning on or after 1 January 2020 and the acquisition of assets occurring on or after the beginning of the same period, while earlier application is permitted.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors: 'Definition of material' (Amendments)**
  These amendments are effective for annual periods beginning on or after 1 January 2020, while earlier implementation thereof is permitted. The amendments clarify the definition of materiality and how it should be applied. The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition of materiality have been improved. The amendments ensure that the definition of materiality is consistent with all IFRS standards.

- **Interest rate benchmark reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
  In September 2019, the International Accounting Standards Board (IASB) issued amendments to standards IFRS 9, IAS 39 and IFRS 7, which complete the first phase of its tasks with regard to the consequences of the reformation of interbank lending rates in financial reporting. The amendments address issues arising from financial reporting in periods prior to the replacement of an existing reference rate by an alternative interest rate, and address the effects on specific hedging requirements of IFRS 9 'Financial Instruments' and IAS 39 Financial Instruments: Recognition and measurement'. The amendments provide for temporary facilitations applicable to existing hedging relationships which are affected by the interest rate benchmark reform, allowing the continuation of hedge accounting during the period of uncertainty prior to the replacement of an existing reference interest rate with one alternative, nearly zero risk interest rate. The amendments to IFRS 7 'Financial Instruments: Disclosures' also introduce additional disclosures regarding the uncertainty arising from the reform of reference rates. The amendments are effective, retrospectively, for annual accounting periods beginning on or after 1 January 2020. The second phase (draft standard) focuses on issues affecting financial reporting when an existing reference rate is replaced by a zero risk rate.

3.4. STANDARDS THAT HAVE BEEN ISSUED BUT ARE NOT APPLICABLE IN THE CURRENT ACCOUNTING PERIOD AND FOR WHICH THE COMPANY HAS NOT APPLIED EARLY ADOPTION

The following new standards, and the amendments and revisions to standards or interpretations, have been issued but are not applicable in the accounting period beginning on 1 January 2020.

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

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

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

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

- *IFRS 3 'Business combinations'*

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

- *IAS 16 Property, Plant and Equipment*

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

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

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

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

  The amendments have not yet been endorsed by the EU.

- **IFRS 16 Leases - IFRS 16 COVID-19 related rent concessions (Amendments)**
  The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020. Earlier application is permitted, including financial statements not yet approved for issue on 28 May 2020. The IASB amended the standard exempting lessees from applying the requirements of IFRS 16 with respect to lease amendment accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment provides practical enablement for lessees to account for any changes or reductions in leases arising as a consequence of COVID-19, based on the same method as that indicated under the requirements of IFRS 16, provided that the change or deduction is not considered to be an amendment to the lease, provided that all of the following conditions are met:

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

- **Interest rate benchmark reform - Phase 2 IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 (Amendments)**
  In August 2020, the International Accounting Standards Board (IASB) adopted amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work with reference to the impact of interbank interest rate adjustments on financial information. The amendments provide for temporary facilities that deal with the effects on financial reporting when an interbank lending rate is replaced by an almost zero-risk alternative interest rate. In particular, the amendments provide a practical facility by which the accounting treatment of changes in the basis for determination of the contractual cash flows of financial assets and liabilities, requiring the adjustment of the actual interest rate, as in the case of a change in the market rate. In addition, the amendments introduce facilities for extended continuation of the hedging relationship, including temporary relief from the requirement of discrete recognition of an almost zero-risk alternative interest rate, designated for hedging of a risk component. Amendments to IFRS 4 also allow insurance companies that continue to apply IAS 39 to receive the same facilities as those provided for in the amendments to IFRS 9. The amendments also introduce additional disclosures, in IFRS 7 'Financial Instruments: Disclosures', that allow users of financial statements to comprehend the implications of interbank lending reform on financial instruments and the entity's risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021, while earlier implementation thereof is allowed. The amendments do not require the entity to reformulate prior reference periods.

- **IAS 1 Presentation of Financial Statements and IFRS 2 Practice Statement: Disclosure of accounting policies (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier implementation thereof being permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Instructions and illustrative examples are also added to the Practice Statement to assist in applying the concept of materiality when making judgments about accounting policy disclosures.

- **IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates (Amendments)**
  Amendments take effect for annual reference periods beginning on or after 1 January 2023, with earlier application being permitted and applicable to changes in accounting policies and changes in accounting estimates carried out on or after the beginning of this period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify what changes in accounting estimates are and how they differ from changes in accounting policies and error corrections.

(amounts in thousand EUR unless stated otherwise)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers	**2020**	**2019**
Network Usage Fees - PPC SA	495,213	560,140
Network Usage Fees - Other Providers	214,625	166,514
Network Usage Fees - Electricity Theft	952	1,103
	710,790	**727,757**
Operator Settlement Charges	1,740,535	1,935,979
Operator Settlement Earnings	(1,740,593)	(1,936,029)
Total Network Usage Fees	**710,732**	**727,707**

	2020	**2019**
Sales of materials	8,004	8,225
Revenue from reconnection fees	2,534	2,692
Other revenues from consumers	3,132	3,540
Revenue from managerial costs of electricity theft	2,370	2,881
Revenues from concession agreement	2,811	0
Total other income	**18,851**	**17,338**
Total revenue from contracts with customers	**729,583**	**745,045**

The analysis of Network Usage Fees is as follows.

	2020	**2019**
Network Usage Charge Invoices (XXD) - PPC SA	497,856	557,998
Network Usage Charge Provision (XXD) - PPC SA	(6,427)	0
Settlement of previous years Network Usage Charges (XXD) - PPC SA	3,784	2,142
Network Usage Charge Invoices (XXD) - Other providers	210,250	166,268
Network Usage Charge Provision (XXD) - Other providers	3,679	0
Settlement of previous years Network Usage Charge (XXD) - Other providers	470	21
Network Usage Fees - Hybrid Generating Plants	9	8
Network Usage Duties - Electricity Theft	953	1,103
Network Usage Duties - Athens International Airport Network Operator (AIA)	216	217
Total	**710,790**	**727,757**

	2020	**2019**
Operator Settlement Charges		
Income from Participations - Grants	60,323	59,436
Revenue ETMEAR - PV Energy Market Settlement	69,799	79,735
Revenue from Public Services	699,973	681,650
Income from System Use Charges (XXS) - Electricity Theft	241	279
Non-categorised income attributed to domestic energy theft	1,219	3,436
RES Plant Power Supply Sales	138,857	156,759
Thermoelectric Plant Power Supply Sales	770,123	954,684
Total	**1,740,535**	**1,935,979**

(amounts in thousand EUR unless stated otherwise)

	2020	2019
Operator Settlement Earnings		
Income from Participations - Subsidies	(60,381)	(59,486)
ETMEAR Liabilities - PV Energy Market Settlement	(62,448)	(89,232)
SGI charges	(699,973)	(681,650)
System Use Charges (XXS) - Electricity Theft	(241)	(279)
Non-categorised charges attributed to domestic energy theft	(1,219)	(3,436)
Electricity cost (RES)	(146,208)	(147,262)
Thermoelectric Power Plant Purchases	(770,123)	(954,684)
Total	**(1,740,593)**	**(1,936,029)**

Under recovery for 2020

Based on the required revenues determined by RAE Decision No 1515/2020, the sum under recovery in 2020 amounted to EUR 42.36 million, the burden of which was divided between the Network Owner, PPC SA in the amount of EUR 39.39 million and the Network Operator, HEDNO SA, in the amount of EUR 2.97 million.

The cumulative amount under recovery as of 31 December 2020 reached the sum of EUR 139.5 million the burden of which was divided between the Network Owner, PPC SA, in the amount of EUR 141.8 million and to the benefit of the Network Operator, HEDNO SA, in the amount of EUR 2.3 million.

Operator Settlement Charges/Earnings

In accordance with Article 129(2) (8) of Law 4001/2011, HEDNO SA was established as the market operator for the electrical systems of the NIIs. Specifically, the Company operates as an intermediary between electricity producers and final providers in the NIIs. These transactions pertain to the purchase and sale of electricity, as well as the settlement of other charges. The above operation has no impact on the results of the Company, since HEDNO SA is charged by an equivalent amount with regard to related cost. The aforementioned transaction is offset in the income statement without producing profit or loss.

The main items for which the Company operates as an intermediary pertain to the purchase and sale of electricity, the Special Emissions Reduction Charge (ETMEAR) and utilities (SGI). The above transactions are expected to decrease with the upcoming interconnection of islands to the main distribution network, such as Crete.

Special Pollutant Emissions Reduction Duty (ETMEAR)

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

RES - THERMAL GENERATION

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

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

(amounts in thousand EUR unless stated otherwise)

Services of General Interest (SGI)

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

Electricity Theft

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

Concession Agreement

During fiscal year 2020, the Company entered into a contract with the Network Owner by which it assumes liability for part of the financial risks associated with the HEDN, which are potentially not covered by the annual consideration. The sum of EUR 2,811 pertains to the relevant invoiced amounts for the years 2019 and 2020, and is included under the item 'Revenues from Concession Agreement'.

5. OTHER INCOME

	2020	2019
Network project sales	162,028	147,920
Other income	8,452	5,723
Total	**170,480**	**153,643**

The item "Network project sales" includes an amount of € 161,199 thousand (2019: 146,080 thousand), corresponding to costs of network projects invoiced during the year and € 829 thousand (2019: 1,840 thousand), corresponding to costs of network projects that have been carried out but have not been invoiced during the year - change in project reserves.

It is noted that in the published financial statements for the year ended on 31/12/19, the amount related to the change of project reserves was presented in a separate item minus Operating Expenses. In the current year, this specific amount is included in "Sales of network projects" for greater accuracy in presentation.

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

	2020	2019
Contractors	61,653	50,789
Payroll	40,485	43,510
Materials	56,819	48,950
Other expenses	3,041	4,222
Total	**161,998**	**147,471**

(amounts in thousand EUR unless stated otherwise)

For the most part, the Company re-invoices its expenses in the framework of the network projects in the cost to PPC SA. However, in rare occasions, it also applies a minimum profit margin to these costs.

The increase in the "Other Income" item, among other things, is due to the fact that during the fiscal year 2020 the Company invoiced income amounting to € 1,048 concerning a contract with the Network Owner regarding the Owner's obligation to provide HEDNO with the financial resources required for the monitoring, control and acceptance of construction works at HEDN assigned by PPC to IPTO by 31/12/2020 - the above contract covers the 2012 - 2020 period.

6. PERSONNEL FEES

		2020		2019
Payroll		278,432		287,106
Network projects payroll	40,485		43,510	
Operating payroll	237,338		242,782	
HEDNO projects payroll	610	(610)	814	(814)
Overtime/Day off		245		287
Provision for staff departure allowance		958		(4,763)
Consequential employee benefits		6,494		(75,508)
Consequential HEDNO project benefits		(55)		(51)
Provision for leave not taken		(1,238)		(1,169)
Income from staff seconded to IKA		(1,228)		(1,374)
Total		**282,998**		**203,714**

The payroll of regular employees stood at € 263,049 thousand (2019: € 283,638 thousand), and that of temporary staff stood at € 6,517 thousand (2019: € 3,468 thousand) Also, the payroll includes staff compensation amounting to € 8,866 thousand regarding employees who left the Company until 31/12/2020.

It is noted that in the published financial statements for the year 2019, the provision for non-received licenses, as well as the income from seconded staff to IKA appeared in "Miscellaneous Expenses" and "Other Income / Expenses", respectively. In this year, these specific funds were deduced from “Personnel fees” for presentation and comparability purposes.

It is noted that the regular staff as at 31/12/2020 comprised 5,820 members (31/12/2019: 5,997) and the mean number of the temporary staff stood at 454 members (31/12/2019: 297).

Consequential employee benefits can be broken down as follows.

	2020	2019
Reduced electricity tariff	3,041	9,938
Reduced electricity tariff - Provision	(969)	(89,667)
Camps for children	81	305
Personnel insurance premiums	2,958	2,588
Nurseries	444	776
Other ancillary benefits	939	552
Total	**6,494**	**-75,508**

(amounts in thousand EUR unless stated otherwise)

7. NETWORK USAGE COSTS

	2020	2019
EP Distribution Network Usage Rent - Interconnected	239,312	254,665
EP Distribution Network Usage Rent - NII	34,045	36,384
EP Distribution Network Usage Rent - Electricity Theft	392	456
EP Distribution Network Usage Rent - Provision for Interconnected	(2,427)	0
EP Distribution Network Usage Rent AIA BoD	90	90
Total	**271,412**	**291,595**

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

8. MAINTENANCE AND THIRD PARTY BENEFITS

	2020	2019
Third-party allowances	82,162	71,713
Repairs- Maintenance	43,923	41,435
Total	**126,085**	**113,148**

Third party benefits are broken down as follows.

	2020	2019
Maintenance - High Voltage (IPTO)	8,880	10,145
Operating Leases	1,272	1,232
Electric Power	2,123	2,131
Network Project Contractors	61,653	50,789
Other third-party benefits	8,234	7,416
Total	**82,162**	**71,713**

The increase observed in the "Network Project Contractors" line is due to the increase in investments in 2020 compared to 2019.

9. CONSUMPTION OF MATERIAL

	2020	2019
Material conversion cost	7,161	7,062
Consumption - Network Projects	56,819	48,947
Consumptions - Exploitation Area	35,601	33,168
Total	**99,581**	**89,177**

The increase observed in the "Consumptions - Network Projects" line is due to the increase in investments in 2020 compared to 2019.

10. THIRD PARTY FEES

	2020	2019
Cleaning - Building security	3,818	3,037
Measurement Fees	5,840	5,785
Cuts & reconnection fees	3,250	3,745
Support costs - PPC SA	6,355	7,267

(amounts in thousand EUR unless stated otherwise)

Third-party studies	2,970	2,750
Other Third-party fees	19,678	12,164
Total	**41,911**	**34,748**

The increase in "Other Third Party Fees" results from the increase by € 1.9 million in fees for COVID-19 response services, by € 0.5 million for IT - Telecommunications Services, by € 0.8 million for General Services, by € 0.9 million for Design & Performance staff activities, by € 0.5 million for the supply of support materials,by € 0.8 million for Network Operation, by € 0.5 million for Maintenance and Metering activities of the Network and approximately another by € 1 million for various other expenses.

11. PROVISIONS

The amount - € 1,586 thousand regards a reversal of the provision for doubtful receivables and amounted to € 110 thousand for a new provision created against a reversal of € 1,696 thousand - Note 21.

In addition, the amount of € 2,037 (2019: € 13,887 thousand) is broken down as follows.

- Provision for slow-moving inventory € 818 thousand (2019: € 511 thousand)
- Provision for an impairment of the value of Materials X € 523 thousand (2019: € 3,846 thousand),
- Provision for the impairment of balance from Materials to be accepted € 283 thousand (2019: € 0)
- Provision for Litigations and claims € 4,323 thousand (2019: € 5,620 thousand)
- Reversal of the provision for VAT - € 3,910 thousand on detected and uninvoiced power supply theft (2019: € 3,910 thousand).

12. MISCELLANEOUS COSTS

	2020	**2019**
Travel costs	5,258	5,824
Travel Expenses	3,157	4,235
Materials of Instant Consumption	7,569	4,454
Research program expenses	630	0
Other expenses	1,615	1,713
Personnel food allowance	4,477	4,828
Extraordinary expenses	1,793	3,265
Total	**24,499**	**24,319**

13. DEPRECIATION AND AMORTIZATION

	2020	**2019**
Depreciation - Property, plant and equipment	6,486	5,083
Depreciation - Software Programs	1,032	2,324
Depreciation - Right-of-use asset value	14,847	14,220
Total	**22,365**	**21,627**

14. TAXES – DUTIES

	2020	**2019**
Taxes - Transportation Fees	373	359
Cleaning - Lighting fees	1,765	1,849
Stamp duty on Rents	276	275
Other taxes - duties	99	401
Total	**2,513**	**2,884**

(amounts in thousand EUR unless stated otherwise)

15. FINANCIAL INCOME

	2020	2019
Interest income from deposits	153	259
Discount rate income	64	72
Other financial income	200	152
Total	**417**	**483**

16. FINANCIAL COSTS

	2020	2019
Banking expenses	32	62
Lease Payment Interest - IFRS 16	2,547	2,596
Commissions paid for Letters of Guarantee	55	33
Total	**2,634**	**2,691**

17. INCOME TAX (CURRENT AND DEFERRED)

	2020	2019
Current income tax	7,689	5,781
Deferred Income Tax	(2,007)	23,575
Total	**5,682**	**29,356**

	2020	2019
Profit/(Loss) before tax	**26,031**	**99,362**
Nominal Tax Rate	24%	24%
Tax with nominal rate	6,247	23,847
Effect of change to tax rate	0	3,922
Non-tax deductible expenses	(565)	1,587
Income tax	**5,682**	**29,356**
	21.83%	**29.54%**

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

	31/12/2020	31/12/2019
Current income tax	(7,689)	(5,781)
Tax prepayment	5,340	11,985
Total	**(2,349)**	**6,204**

For the purposes of better presentation and comparability, the "Tax Prepayment" item is no longer classified within the "Receivables" line, and more specifically in "Other Receivables", but is offset against the current income tax and the result is recorded in the "Income tax receivable" and "Income tax liability" lines respectively of the Statement of Financial Position.

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

	31/12/2020	31/12/2019
Starting balance	**55,041**	**86,723**
Equity Credit/(Debit)	(3,058)	3,576
Equity debit (Adjustment – Note 34)	0	(11,683)
Credit/ (Debit) in the income statement for the year	2,007	(23,575)
Closing balance	**53,990**	**55,041**

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

(amounts in thousand EUR unless stated otherwise)

Deferred tax receivables	**31/12/2020**	**31/12/2019**
Materials - Spare parts	4,292	3,903
Trade Receivables	24,679	25,060
Provisions for liabilities & expenses	39,610	41,791
Network usage rent provision	7,229	7,811
Total	**75,810**	**78,565**

Deferred tax liabilities	**31/12/2020**	**31/12/2019**
Depreciation & adjustment of fixed assets	2,985	4,030
Provision for Network Usage Fees	18,835	19,494
Total	**21,820**	**23,524**
Net deferred tax receivables	**53,990**	**55,041**

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

	2020	**2019**
Materials - Spare parts	(390)	(891)
Trade Receivables	381	547
Provisions for liabilities & expenses	(293)	25,048
Depreciation & adjustment of fixed assets	(1,045)	(1,129)
Network usage rent provision	(660)	0
Debit/ (Credit) in the income statement for the year	**(2,007)**	**23,575**

The Company has not undergone tax audits for the fiscal years 2015 to 2020 inclusive, which are not yet time-barred. The tax certificates of HEDNO obtained by the respective audit Company for the years 2014 - 2019 were issued without reservation.

In the course of preparation of the 2020 annual financial statements, the corresponding accounting differences have been calculated, and no special provision is needed for the fiscal year 2020.

For the year 2020, EY conducts an audit in the context of the tax certificate based on the provisions of Article 65A of the Greek Code of Tax Procedures (Law 4174/2013) regarding the Annual Tax Certificate. The Company's management is not expecting any significant tax liabilities, upon completion of the tax audit, other than those recorded and presented in the financial statements.

(amounts in thousand EUR unless stated otherwise)

18. TANGIBLE AND INTANGIBLE ASSETS

	Buildings & Technical in-stallations	Machinery and other mechanical equipment	Means of transport	Furniture & Fixtures	PPE under construction	Total tangible assets	Software Programs	Total
Acquisition value as at 01/01/2020	735	633	16,019	22,433	2,881	**42,701**	12,668	**55,369**
Additions	8	0	0	2,237	2,012	**4,257**	936	**5,193**
Write-offs	0	0	(4)	(547)	0	**(551)**	(3,315)	**(3.866)**
Travel	75	0	0	0	(103)	**(28)**	28	**0**
	83	**0**	**(4)**	**1,690**	**1,909**	**3,678**	**(2,351)**	**1,327**
Advances for the Acquisition of Real Estate	0	0	0	0	6,922	**6,922**	0	**6,922**
Acquisition value as at 31/12/2020	**818**	**633**	**16,015**	**24,123**	**11,712**	**53,301**	**10,317**	**63,618**
Accumulated depreciation 31/12/2019	(1)	0	(125)	(14,205)	0	**(14,331)**	(10,559)	**(24,890)**
Accumulated depreciation - write-offs	0	0	3	535	0	**538**	3,315	**3,853**
Fiscal Year Depreciation	(106)	(19)	(4,494)	(1,867)	0	**(6,486)**	(1,032)	**(7,518)**
	(106)	**(19)**	**(4,491)**	**(1,332)**	**0**	**(5,948)**	**2,283**	**(3,665)**
Accumulated depreciation 31/12/2020	**(107)**	**(19)**	**(4,616)**	**(15,537)**	**0**	**(20,279)**	**(8,276)**	**(28,555)**
Net Book Value as of 31/12/2020	**711**	**614**	**11,399**	**8,586**	**11,712**	**33,022**	**2,041**	**35,063**

(amounts in thousand EUR unless stated otherwise)

	Buildings & Technical installations	Machinery and other mechanical equipment	Means of transport	Furniture & Fixtures	PPE under construction	Total tangible assets	Software Programs	Total
Acquisition value as at 01/01/2019	2,558	666	27,598	28,547	1,613	**60,982**	11,963	**72,945**
Additions	5	0	232	1,694	2,030	**3,961**	3	**3,964**
Adjustment	(1,836)	(33)	(11,688)	(6,866)	0	**(20,423)**	0	**(20,423)**
Write-offs	0	0	(123)	(946)	0	**(1,069)**	(48)	**(1,117)**
Travel	8	0	0	4	(762)	**(750)**	750	**0**
	(1,823)	**(33)**	**(11,579)**	**(6,114)**	**1,268**	**(18,281)**	**705**	**(17,576)**
Advances for the Acquisition of Real Estate	0	0	0	0	0	**0**	0	**0**
Acquisition value as at 31/12/2019	**735**	**633**	**16,019**	**22,433**	**2,881**	**42,701**	**12,668**	**55,369**
Accumulated depreciation 01/01/2019	(1,330)	(57)	(12,012)	(20,423)	0	**(33,822)**	(8,283)	**(42,105)**
Accumulated depreciation - write-offs	0	0	85	932	0	**1,017**	48	**1,065**
Fiscal Year Depreciation	(211)	(40)	(3,013)	(1,818)	0	**(5,082)**	(2,324)	**(7,406)**
Adjustment	1,540	97	14,815	7,104	0	**23,556**	0	**23,556**
	1,329	**57**	**11,887**	**6,218**	**0**	**19,491**	**(2,276)**	**17,215**
Accumulated depreciation 31/12/2019	**(1)**	**0**	**(125)**	**(14,205)**	**0**	**(14,331)**	**(10,559)**	**(24,890)**
Net Book Value as of 31/12/2019	**734**	**633**	**15,894**	**8,228**	**2,881**	**28,370**	**2,109**	**30,479**

(amounts in thousand EUR unless stated otherwise)

The advance payment of € 6,922 thousand given in the current year regards the company association of Intrasoft International SA and OTE SA and the implementation of the project for the supply and installation of the new customer service information system, described in page 14 of this report.

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

In 2020, an amount of € 495 thousand (2019: € 1,046 thousand) corresponding to the reserve for retired asset adjustment was transferred from the Goodwill reserve for asset adjustment to results carried forward.

19. LEASES

	Real estate	Other Equipment	Transportation Equipment	Total
RIGHT OF USE				
01/01/2020	**55,940**	**821**	**5,533**	**62,294**
Additions	5,061	4,757	34	9,852
Disposals	(2,350)	(229)	(133)	2,712
Depreciation and amortisation	(12,331)	(1,384)	(1,132)	(14,847)
31/12/2020	**46,320**	**3,965**	**4,302**	**54,587**
LIABILITIES				
01/01/2020	**56,895**	**836**	**5,555**	**63,286**
Additions	5,061	4,757	34	9,852
Disposals	(2,350)	(229)	(133)	2,712
Financial expenses	2,250	84	213	2,547
Payments	13,935	(1,455)	(1,188)	(16,578)
31/12/2020	**47,921**	**3,993**	**4,481**	**56,395**
LIABILITIES				
Current	11,656	1,545	1,138	**14,339**
Non-current	36,267	2,447	3,342	**42,056**
LIABILITIES				
Up to 12 months	11,656	1,545	1,137	**14,339**
1 to 5 years	31,716	2,447	3,341	**37,504**
Over 5 years	4,552	0	0	**4,552**

20. INVENTORIES

	31/12/2020	31/12/2019
Materials & Spare parts in Contractors' Warehouses	28,271	25,956
Materials, Spare parts & Consumables in HEDNO SA Warehouses	148,319	129,324
Provision for impairment of value of inventories	(17,885)	(16,261)
Purchases to be accepted	3,730	849
Total materials & spare parts	**162,434**	**139,868**

(amounts in thousand EUR unless stated otherwise)

Projects under development	10,429	9,600
Total inventories	**172,863**	**149,468**

The provision's movement is as follows:

	2020	2019
Starting balance	**16,261**	**11,904**
Provision – Slow-moving inventories	818	511
Provision – Impairment of the value of Materials X	523	3,846
Provision – Immovable materials to be accepted	283	0
Closing balance	**17,885**	**16,261**

The provision of € 818 thousand concerns slow-moving inventories, while the provision "Impairment of the value of Materials X" amounts to € 523 thousand on 31/12/2020, due to the fact that a percentage of these materials will be converted into materials B of equal value to X, and another percentage will be converted to waste materials C with a significantly lower value based on sale prices. The provision for the materials to be accepted of € 283 thousand regards a balance that is transferred from previous years and is not expected to be settled.

21. RECEIVABLES

	2020	2019
Receivables from PPC SA	132,669	187,368
Receivables from other providers	222,111	194,312
Provisions for doubtful receivables	(120,843)	(122,429)
Receivables from HEDNO SA	170	64
PPC Renewables SA Receivables	0	-190
Lignite Megalopolis SA Receivables	544	314
Lignite Melitis SA Receivables	14	109
Other receivables	56,216	24,973
Total	**290,881**	**284,521**

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

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

Other receivables

The increase in Other Receivables is mainly due to the incomplete coverage of the SGI deficit by the Greek State, amounting to € 36 million

The item Other Receivables includes an amount of € 2,491 thousand (2019: € 3,964 thousand) regarding the due contributions of the employees of category T4 / Electricians of the Network who have been retroactively subject to the Heavy & Unhealthy Occupations category. Moreover, this item includes an amount of € 8,735 thousand (2019: € 12,967 thousand), which regards purchases to be accepted for which the seller bears the risk of transport at the date of the Statement of Financial Position. In the published financial statements for the year ended on 31/12/19, the corresponding amount was indicated within the line "Inventories".

For the purposes of better presentation and comparability, the "Income Tax Prepayment" is no longer classified within "Other Receivables", but is offset against the current income tax and the result is recorded in the lines "Income tax receivable" and "Income tax liability" depending on the Statement of Financial Position.

(amounts in thousand EUR unless stated otherwise)

Provisions for doubtful receivables

The balance of the doubtful receivables provision € 120,843 thousand (2019: 122,429 thousand) includes an amount of € 117,414 thousand that regards customers HELLAS POWER, ENERGA, KENTOR, REVMA ENA, whose operation has been interrupted - € 18,012 thousand of this amount regards SGI transactions. The Company has brought legal remedies against them. In addition, an amount of € 2,588 (2019: € 2,478 thousand) regards a provision for various debtors and customers.

The provision's movement is as follows:

	2020	2019
Starting balance	**122,429**	**120,410**
Additional provision	110	2,198
Reversal of provision	(1,696)	(179)
Closing balance	**120,843**	**122,429**

22. ACCRUED RECEIVABLES

	31/12/2020	31/12/2019 Reformed
Accrued receivables - Thermal Power Plants	60,002	97,953
Accrued receivables - RES	9,041	12,827
Accrued receivables - NUF	60,176	55,765
Accrued receivables - ETMEAR	5,029	7,180
Accrued receivables - SGI	42,973	115,591
Prepaid expenses	334	332
Provision for NUC - IS income	78,477	81,226
Other income received	1,229	1,373
Total Receivables	**257,261**	**372,247**

Please note that the Provision for NUC - IS income derives from the adjustment of the balance as at 31/12/2019 - Note 34. The balances as at 31/12/19 have been adjusted based on note 34.

The accrued receivables regard invoices issued within 2021 - the part of the accrued and other receivables regarding related parties is listed.

	31/12/2020	31/12/2019
Accrued receivables from Thermal Power Plants	43,192	83,794
Accrued receivables from RES	6,396	10,508
Accrued receivables from NUF	42,077	41,554
Accrued receivables from ETMEAR	3,658	6,076
Accrued receivables from SGI	27,030	96,091
Provision for NUC - IS income	54,110	60,537
Other income received	433	537
Total	**176,896**	**299,097**

The table below shows the above amount per related party - the amounts are contained in the relevant lines of note 36.

(amounts in thousand EUR unless stated otherwise)

	31/12/2020	31/12/2019
PPC SA	176,807	299,022
PPC Renewables SA	1	1
Lignite Megalopolis SA	66	55
Lignite Melitis SA	23	19
	176,896	**299,097**

23. CASH ON HAND AND AT BANKS

	31/12/2020	31/12/2019
Cash	17	12
Sight deposits	63,766	999
Time deposits	15,000	11,894
Total	**78,783**	**12,905**

The interest income from sight and time deposits stand at € 152 thousand (2019: € 259 thousand) and are included in the "Financial Income" line in the Statement of Comprehensive Income - Note 15. All cash is expressed in Euros.

There is a significant increase in sight deposits mainly due to the collection of € 67 million in July 2020 in the context of the special SGI account – this amount was not paid to PPC SA to meet the Company's liability, but the two parties proceeded to offsetting the relevant receivables and liabilities between them. In addition, in the framework of strengthening the financial position of the company and given the unstable financial environment, it was decided to maintain a high level of liquidity for 2020 and onwards, so that the Company can meet its obligations immediately and at any time.

24. SHARE CAPITAL

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

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

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

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

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

1,109,775 registered shares of a nominal value of € 10 each, and the amount was fully paid in cash.

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

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

Thus, the share capital of the Company currently amounts to € 37,552,010 and is divided into 3,755,201 registered shares of a nominal value of € 10 each.

25. STATUTORY RESERVES

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

For the year 2020, the Statutory Reserves corresponding to 5% of net profits stand at the amount of € 1,017 thousand.

26. EMPLOYEE BENEFITS

Reduced tariff liability

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

Taking into account the specific data, it was estimated, as at 31/12/2019, that the reduction in the actuarial liability due to the change in the reduced tariff provision amounted to € 87 million for the Company. This change was designated as a negative past service cost, which according to IAS 19, was recognised in the Results for the year 2019.

The results of the actuarial study for the year ended on 31/12/2020 are as follows.

(amounts in thousand EUR unless stated otherwise)

Change in the liability of the Statement of Financial Position

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

	2019
Net liability at beginning of fiscal year	**127,187**
Benefits paid by the Company	(6,429)
Total charge in the income statement	(78,243)
Total amount to be recognised in other comprehensive income	12,742
Net liability at year end	**55,257**

Items of the Income Statement

Income Statement Items for the Year	2020	2019
Benefits paid by the employer	(2,023)	(6,428)
Expense to be recorded in the income statement	1,054	(83,238)
Total	**(969)**	**89,666**

Items of Comprehensive Income	2020	2019
Income to be recorded in Other Comprehensive Income	(19,032)	17,737
Total	**(19,032)**	**17,737**

Prices of Actuarial Study Assumptions

Valuation Date	Discount rate	Tariff Increase	PPC Group Profit Margin
31/12/2019	0.7%	0.00%	2020: 1.00% 2021+:5.60%
31/12/2020	0.51%	0.00%	2021:8.40% 2022:10.1% 2023:14.0% 2024+:15.8%

Liability for staff compensation

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

(amounts in thousand EUR unless stated otherwise)

The results of the actuarial study for the year ended on 31/12/2020 are as follows.

Date of valuation	Number of persons	Average Pensionable Salary	Average Value of Service Years	Actuarial Liability
31/12/2020	5,535	2,951	24	69,102

Change in the liability of the Statement of Financial Position

	2020	2019
Net liability at beginning of fiscal year	**57,300**	**58,134**
Current employment cost	546	442
Interest cost	377	930
Benefits paid by the employer	(4,311)	(8,580)
Cost of cut-backs/settlements/service termination	8,901	2,445
Actuarial Loss/ (Profit) - financial matters	2,165	4,613
Actuarial Loss/ (Profit) - period experience	4,124	(684)
Net liability at year end	**69,102**	**57,300**
Short-term part of the liability	**14,670**	**0**
Long-term part of the liability	**54,432**	**57,300**

The short-term part of the liability concerns the amount that is expected to be paid in the form of compensation within 2021, and derives from the employees who are expected to retire within 2021.

Income Statement Items for the Year	**2020**	**2019**
Current employment cost	546	442
Interest cost	377	930
Benefits paid by the employer	(4,311)	(8,580)
Cost of cut-backs/settlements/service termination	8,901	2,445
	5,513	**(4,763)**
Amount transferred to personnel fees	(4,555)	0
Total	**958**	**(4,763)**

Items of Comprehensive Income	**2020**	**2019**
Actuarial Loss/ (Profit) - financial matters	2,165	4,613
Actuarial Loss/ (Profit) - period experience	4,124	(684)
Total	**6,289**	**3,929**

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

(amounts in thousand EUR unless stated otherwise)

Sensitivity Scenarios for Financial and Demographic Cases	2020	2019
Discount rate plus 0.5% - Difference in PV of Liabilities	-4.60%	-4.60%
Discount rate minus 0.5% - Difference in PV of Liabilities	5.00%	5.00%
Salary Increase Case plus 0.5% - Difference in PV of Liabilities	0.30%	0.30%
Salary Increase Case minus 0.5% - Difference in PV of Liabilities	-0.50%	-0.50%

Prices of Actuarial Study Assumptions

	2020	2019
Discount rate	0.21%	0.70%
Inflation	1.10%	2.00%
Wage increase	2.00%	2.00%
Future pension raises	0.00%	0.00%
Service table (mortality-inability)	EVK 2000	EVK 2000
Turnover rate	0.00%	0.00%

27. OTHER NON-CURRENT LIABILITIES

	2020	2019
Guarantees	475	236
Grants	1,152	0
Non-recorded power theft energy reserve	18,767	10,036
Reserves for sanctions/NII A-C	324	315
Total	**20,718**	**10,587**

The amount of € 1,152 thousand regards amounts received by the European Union to subsidise research project expenditure, but the relevant expenditure has not been incurred.

28. PROVISIONS

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

	2020	2019
Starting balance	**40,460**	**34,840**
Additional provision	4,323	5,620
Closing balance	**44,783**	**40,460**

29. TRADE AND OTHER LIABILITIES

	31/12/2020	31/12/2019
PPC Renewables SA	8,917	(2,716)
IPTO SA	5,139	3,456
Suppliers - Main Contracts	153,583	130,332
DAPEEP SA	62,981	76,391
Other Liabilities	709	545
Total	**231,329**	**213,440**

(amounts in thousand EUR unless stated otherwise)

It is noted that especially for PPC SA, and only in this case, respective obligations are included in Receivables, so that the balance of the related party is shown as settled.

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

30. SUNDRY CREDITORS

	2020	2019
Sundry creditors	1,438	1,468
Changing Credits - SGI	0	8,185
Changing Credits - Vulnerable Consumers	3,446	0
Advances from customers	69,391	31,938
Short-term lease liabilities - IFRS 16	14,339	13,729
Advances from debtors	451	1,895
Bank credits	608	0
Extraordinary wages and salaries payable	421	353
Total	**90,094**	**57,568**

The increase observed in the line "Advances from customers" is due to an increase in the number of advance payments by customers for projects for the connection to the network of RES producers in 2020 compared to 2019.

31. OTHER TAXES AND INSURANCE CONTRIBUTIONS

	31/12/2020	31/12/2019
VAT	6,039	10,401
Payroll tax and other taxes withheld	5,783	5,374
Insurance contributions	9,298	9,915
RES/NEPPS taxes withheld	5,052	4,897
Other taxes - duties	627	593
Total	**26,799**	**31,180**

The change in the "VAT" item comes from the reversal of the provision of the previous year for a possible amount of VAT due on detected and uninvoiced electricity theft , amounting to € 3,910 thousand.

32. ACCRUED LIABILITIES

	31/12/2020	31/12/2019
Accrued staff costs	34,897	21,221
Uninvoiced liabilities - Energy /RES Settlement	63,070	100,245
Uninvoiced liabilities - SGI	44,273	60,118
Accrued period expenses	17,055	44,237
Network usage rent provision – Note 34	30,120	32,548
Total	**189,415**	**258,369**

(amounts in thousand EUR unless stated otherwise)

Accrued liabilities mainly regard invoices issued within 2021. "Accrued staff costs" include the provision of staff leave, rest, overtime and compensation, with an increase in 2020, as the amount of € 14,670 thousand was transferred to this item from long-term liabilities for the provision of staff compensation - for the part related to employees, who will leave within 2021.

Regarding the change in the uninvoiced SGI liability, it is noted that the amount for the year 2019 is increased as it includes the liquidation of the energy market and the SGI and RES for the year 2017.

The change in the "Accrued period expenses" item mainly derives from the reduction of the network rent in December 2020 by € 15.3 million compared to 2019, and from the reduction of ETMEAR that will be attributed to DAPEEP for December 2020 by € 6.7 million compared to December 2019.

Please note that the "Provision for network usage rent" item derives from the adjustment of the balance as at 31/12/2019 - Note 34.

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

	2020	**2019**
Uninvoiced liabilities - Energy /RES Settlement	59,957	94,808
Uninvoiced liabilities - SGI	31,695	47,719
Accrued period expenses	8,895	29,934
Network usage rent provision – Note 34	30,120	32,548
Total	**130,667**	**205,009**

The table below shows the above amount per related party - the amounts are contained in the relevant lines of note 36.

	31/12/2020	**31/12/2019**
PPC SA	130,667	205,009
PPC Renewables SA	0	0
Lignite Megalopolis SA	0	0
Lignite Melitis SA	0	0
	130,667	**205,009**

33. DIVIDEND

By virtue of decision no. 53/10-06-2020 of the General Meeting of the Company's shareholders, a dividend of € 23,276 thousand regarding 2019 profits was paid in 2020. The relevant amount was deducted from the Results Carried Forward of the year 2020.

34. ADJUSTMENTS OF FUNDS FROM PREVIOUS YEARS

Income from consumed and uninvoiced energy

At each balance sheet date, the Company used an estimation method to calculate the Network Usage fees related to the consumed and uninvoiced energy for the non-monthly metered supplies in the Non-Interconnected Network of the LV. This estimate was invoiced by HEDNO SA to the E/P providers and, then, the relevant settlement was taking place. This procedure was carried out on a monthly basis due to the specific obligations of the specific Directorate based on RAE and the additional role it plays in the NIIs energy market.

On the contrary, for the non-monthly metered LV supplies in the Interconnected Network, given the complexity, the significant number of supplies, but also the different obligations of the Company in the Interconnected Network and the invoicing method of the relevant Network Usage Fees, the Company was not formulating a corresponding provision for the recognition of accrued income up to the year ended on 31/12/2019.

(amounts in thousand EUR unless stated otherwise)

During the year ended on 31/12/2020, the Company redefined its Network Usage Fee income recognition method in the Interconnected Network, in order to reflect income that corresponds to consumed and non-metered electricity which has not yet been invoiced for these supplies.

In particular, taking into account that the cycle of consumption metering lasts four months and assuming that the metering is carried out in the middle of the month, i.e. on the 15th day, with regard to the non-monthly metered LV services, from all the metered energy quantities of the months of January, February, March and April of 2020 and 2019 the Company estimated those related to consumptions of previous years, i.e. of 2019 and 2018, respectively.

With regard to the estimate for the non-metered energy quantities in 2020, the methodology detailed in note 3.2.9 was used.

Until last year, the Company did not recognise the above income provision, and thus the profits carried forward of the year 2019 appeared significantly impaired. From the relevant calculations, the Company restated the comparative amounts of the prior periods in the financial statements for the year ended on 31/12/2020, as provided for by IAS 8 for the earliest prior period, i.e. 01/01/2019. It is clarified that the Company's calculations showed that this income provision did not differ significantly between years 2018 and 2019 and, therefore, this reformulation did not have an effect on the results of the comparative period that ended on 31/12/2019.

Consequently, the above treatment was evaluated by the Management of the Company in accordance with the provisions of IAS 8 and applying the valuation method described in Note 3.2.9 the Company Management reformulated the corresponding items of the Statement of Financial Position as at 31/12/2019. This correction has no cash dimension and it is clarified that the effect on Equity as at 31/12/19 remains the same as at 01/01/2019.

The table below presents the effect of the above reformulations of the Statement of Financial Position for the year 2019.

Effect on the funds in the Statement of Financial Position 31/12/2019

	31/12/2019 Published	Reformulation Effect	31/12/2019 Reformed
Deferred tax receivables	66,724	-11,683	55,041
Accrued receivables	291,021	81,226	372,247
Results carried forward	80,403	36,996	117,399
Other accrued liabilities	225,822	32,547	258,369

35. COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATED DISPUTES

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

Energa Power Trading & Hellas Power Cases for NUC:

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

The hearing date for these appeals has been now moved to 01.04.2021. Regarding the referral of the defendants before the Three-Member Court of Appeals for Felonies by virtue of ruling no. 358/2019 of the Athens Council of Appeal Court Judges, the first hearing was set for 24.02.2020. At the 24.02.2020 meeting, the discussion was suspended for 23.03.2020, and, then, the case was withdrawn from the docket due to the suspension of the operation of the Courts. Consequently, and as long as the suspension of the operation of the Courts will be lifted, the Court will set a new hearing date and will notify us accordingly.

Energa/Kentor and Hellas Power cases for SGI:

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

By virtue of decision 1115/2017 of 7.3.2017, the FirstThree-Member Criminal Court of Appeal for Felonies of Athens ordered the deposit in an interest-free account of the Deposits and Loans Fund and in the form of restricted money receivables against those convicted of the cash balance of bank accounts or of the cash contained in safety boxes: a) regarding Energa / Kentor accounts in Piraeus Bank, NBG, Alpha Bank, Eurobank and Credit Suisse Bank, the amount of € 47,544,495.12; (b) regarding Hellas Power accounts in NBG, Alpha Bank, Eurobank, Proton Bank , Clariden Leu Bank and Piraeus Bank, the amount of € 49,360,852.71; (c) regarding cash and accounts of Chrysalis, Energa, Ensiform and Onomana in the Cyprus Bank and USB Bank, the amount of € 23,525,553.43; (d) regarding Aloe Vera accounts in EFG Bank, with a restricted account of Aristides Floros and a restricted account of Achilleas Floros in the Piraeus Bank, Eurobank, Citibank, the amount of € 479,778.65. Based on the above decision, the deposit of the above total amount of € 120,910,679.91, as well as of "the balances of the other restricted accounts and of those for which restriction has not been lifted" was ordered, without any further reference in the excerpt of that decision, neither with regard to any cash nor with regard to the banks at which these amounts have been restricted. In addition, the return of € 58,198,303.63 to the Greek State as well as of € 29,813,721.36 to Local Government Organizations for Energa / Hellas Power debts was ordered according to the provisions of L. 4312/2014. Therefore, from the total of the remaining restricted accounts and the cash indicated in the above decision, an amount of € 88,012,024.99 will be returned to the Greek State and the Local Authorities once deposited, and the remaining € 32,898,654.92 will be attributed to IPTO and HEDNO SA for the SGI department and LAGIE, when the judicial decision on their receivables becomes res judicata. This is because by means of this decision the court rejected the request made by IPTO and LAGIE for the payment of the requested amounts, as it ruled that there is no res judicata for their claims according to Article 1 par. 3, sub. b. of L. 4312/2014. LAGIE has brought appeal no. 310/2017 against the above decision, requesting to receive the sums corresponding to its claims against Energa / Hellas Power - which amount to € 151,331,057.95 - as well as to receive the sums that are already restricted for its benefit by bank institutions. The First Five-Member Court of Appeals for Felonies of Athens has already issued a decision on the appeal. This decision is currently being engrossed and is expected to be available in the near future. Based on this decision, defendant no. 26, Vasileios Milionis, and defendant no. 4, Achilleas Floros, were acquitted, and it was judged that there has been no embezzlement against LAGIE - IPTO - HEDNO. If ratified by the Supreme Court, this decision has a substantial effect on the civil litigation, regarding the liability of natural persons and of the Energa/Hellas Power shareholders. It also has an effect on the return of the restricted amounts. The First Five-Member Court of Appeals for Felonies of Athens has already issued a decision on the appeal in the Energa/Hellas Power case. This decision is currently being engrossed and is expected to be available in February 2020. Based on this decision, defendant no. 26, Vasileios Milionis, and defendant no. 4, Achilleas Floros, were acquitted, and it was judged that there has been no embezzlement against LAGIE - IPTO - HEDNO. If ratified by the Supreme Court, this decision has a substantial effect on the civil litigation, regarding the liability of natural persons and of the Energa/Hellas Power shareholders. It also has an effect on the return of restricted and deposited amounts by virtue of the provisions of L. 4312/2014, given that it was judged that LAGIE - IPTO - HEDNO were not damaged by the criminal activity of those convicted in the Energa / Hellas Power case, of amounts under the provisions of L. 4312/2014, given that it was judged that LAGIE - IPTO - HEDNO were not damaged by the criminal activity of those convicted in the Energa / Hellas Power case.

Cases of autoproducers' SGI

In its capacity of SGI manager, HEDNO filed a lawsuit against MOTOR OIL, which was heard before the Athens Multi-member Court of First Instance during the hearing of 13.11.2019, resulting in the issue of decision no. 274/2020, which rejects the lawsuit due to lack of jurisdiction of the civil courts, and a lawsuit against ELFE, which was heard before the same Court during the hearing of 16.10.2019, with regard to their SGI debts for the years 2017-2018. Moreover, the Athens Multi-Member Court of First Instance issued decision no. 414/2019 rejecting the ELFE appeal as legally unfounded requesting that the fact that autoproducers are SGI exempt is recognised. ELFE brought an appeal against this decision. The Athens Three-Member Court of Appeals issued decision 6492/2020, rejecting the appeal. The Athens Multi-Member Court of First Instance issued decision no. 3651/2018 rejecting a respective declaratory action by ELFE. Similarly, by virtue of decisions no. 2534/2018 and 1068/2018 of the Athens Multi-Member Court of First Instance respective MOTOR OIL declaratory actions were rejected for formality reasons.

Reduced tariff and TAYTEKO cases:

HEDNO filed an application for annulment against RAE decision No. 196/2014 before the Council of State, to the extent that this decision did not include a) the corresponding expenditure to cover the burden of the Operator with part of the salary cost and the employer contributions of the seconded HEDNO SA staff to TAYTEKO; b) the cost for the provision of a reduced electricity tariff to the staff and retirees of the Company, amounting to EUR 11,33 million in the annual cost and in the required income of the HEDNO Operator for the year 2014. The Council of State referred the legal remedies for trial at the Athens Administrative Court of Appeals, where they were heard as appeals. With regard to the TAYTEKO case, the Athens Administrative Court of Appeal issued decision no. 354/2017, rejecting HEDNO SA's appeal on grounds of substance. An appeal was lodged under no. E1750 / 2017 whose hearing was postponed until April 20, 2021.

With regard to the reduced tariff case, the Athens Administrative Court of Appeals issued decision no. 2886/2017 accepting HEDNO's appeal. The decision is final and RAE, who must comply with it and take it into account when determining the Annual Required Income for the year 2018. With regard to this, RAE lodged appeal no. E2097/2017. After repeated postponements, the hearing for this case has been set at 23.02.2021. By means of its decision 545/2018 on the determination of the Annual Network Income for 2018, and after recognizing the Expenditures of the Network Operator for the provision of reduced electricity tariff for its staff for the years 2014, 2015 and 2016, RAE included the expenditure amounting to € 10,424 thousand for the year 2014 and to € 8,500 thousand for the year 2018, as part of the allowed Income for the year 2018, in compliance with the decision 2866/2017 of the Administrative Court of Appeal of Athens and without prejudice to the decision of the Council of State on the lodged appeal. The remaining amounts for the years 2015 and 2016 amounting to € 17,100, plus the corresponding amount of € 8,386 thousand for the year 2017 will be gradually repaid in the future. However, in the above decision, RAE mentions in this regard that, in case that the appeal lodged against the above decision of the Administrative Court of Appeal is accepted, all the above amounts of expenses will be deducted from HEDNO's required income of the following years.

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

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

RAE fine for the management of the NII SGI

HEDNO has filed a Revision Application dated 31.12.2018 before RAE against RAE Decision no. 212/2018 imposing HEDNO a fine of EUR 700,000 for violations of NII Code provisions and namely violations with regard to the Accounts of the Code. Following the expiration of the three months from the date of filing of the above Revision Application with no action taken, HEDNO has filed an appeal before the Administrative Court of Appeal of Athens against decision No. 212/2018 and the presumed tacit rejection of the above HEDNO revision application. The hearing date for the above appeal has been initially set for 30.04.2020. Given the cancellation of the above hearing due to coronavirus, a new hearing has been set for 30.09.2021 for the discussion of the said HEDNO appeal.

RAE decision for the determination of the 2018 Annual Income

HEDNO has filed a revision application on 12.10.2018 against RAE decision 545/2018 approving the HEDN Annual Income. By means of this Revision Application, among others, HEDNO challenges RAE's refusal to recognise the funds related to the coverage of the salary and employer contributions of the seconded staff at TAY-TEKO and the expenses related to the reduced electricity tariff for HEDNO staff in favor of HEDNO. HEDNO has filed an appeal before the Athens Administrative Court of Appeals against RAE decision no. 545/2018 and the presumed tacit rejection of the relevant revision application. The initial hearing date for this case had been set for 18.03.2020. However, due to coronavirus, the hearing of this Appeal on the aforementioned date was canceled and a new hearing date has been set for this Appeal on 19.05.2021.

RAE decision for the determination of the 2019 Annual Income

On 06.07.2020, HEDNO filed appeal with filing no. PR 484/07.07.2020 against RAE decision 572/2019 on the determination of HEDNO's Annual Income for the year 2019. The hearing date for this Appeal has been set for 10.09.2021.

Municipal Fees Cases

Many municipalities throughout Greece impose contributory or non-contributory municipal fees on HEDNO both during the construction of network projects and for other facilities of the Distribution Network (HEDN). HEDNO has consistently challenged the lawfulness of the imposition of such fees on an administrative and judicial level the general, and there is already a case law tendency for our positions to be accepted. Indicatively, we could mention our most important cases a) decision 3404/2018 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 423,146.88 for the financial year 2017; b) final decision no. 1197/2018 of the Athens Administrative Court of Appeal, which annulled the registration in the confirmatory list of the Municipality of Athens for cleaning and lighting fees for the financial year 2016, amounting to EUR 423,128.16; c) decision no. 684/2016 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 431,249.00 for the financial year 2015; d) decision no. 248/2015 of the Athens Administrative Court of Appeal, which annulled the registration in the monetary lists of the Municipality of Athens for the payment of a cleaning and lighting fee amounting to € 438,255.96 for the financial year 2013; e) decision no. A610 / 2017 of the Patras Administrative Court of Appeal, which accepted an appeal against the Municipality of Lefkada and annulled our registration in the confirmatory list for fees for the use of common areas in the financial year 2014, amounting to EUR 181,000.00; f) decision no. 4220/2015 of the Athens Administrative Court of Appeal, which accepted an appeal against the Municipality of Chaidari and annulled our registration in the confirmatory list for fees for the use of common areas in the year 2014, amounting to EUR 399,999.00 and a penalty of EUR 500.00; g) decision no. 3886/2015 of the Athens Administrative Court of Appeal, which accepted an appeal against the Municipality of Chaidari and annulled our registration in the confirmatory list for fees for the use of common areas in the year 2013, amounting to EUR 399,999.00 and a penalty of EUR 500.00.

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

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

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

HEDNO lawsuit against PPC for default interest from various debts of the years 2013, 2014 and 2015:

HEDNO filed a lawsuit against PPC S.A. before the Athens Multi-Member Court of First Instance for default interest of the year 2013 for various causes related to the general operation of the electricity market and the relevant relations between the 2 companies totaling EUR 1,972,979.43. Proposals, references and an addition - rebuttal have been submitted within the deadlines set by the current Code of Civil Procedure. The time of the (formal) hearing of the lawsuit has not been set yet and the case is pending.

HEDNO filed a lawsuit against PPC S.A. before the Athens Multi-Member Court of First Instance for default interest of the year 2014 for various causes related to the general operation of the electricity market and the relevant relations between the 2 companies totaling EUR 1,359,889.56. Proposals/references, addition/rebuttal have been submitted and the file has been closed. We expect the setting of the formal hearing and then the issue of the relevant Decision of the Athens Multi-Member Court of First Instance.

HEDNO filed a lawsuit against PPC S.A. before the Athens Multi-Member Court of First Instance for default interest of the year 2015 for various causes related to the general operation of the electricity market and the relevant relations between the 2 companies totaling EUR 5,016,821.78, served on 31.12.2020. Within the relevant statutory 100-day deadline, proposals/references and legalization documents will be submitted, while after the closing of the file (i.e. upon expiry of the 15-day deadline for the submission of any addition/opposition), the standard hearing date will be set and, then, the Athens Multi-member Court of First Instance will issue the relevant decision.

Actions against PPC - HEDNO

Kentor (formerly Energa) and Nea Efarmogi (formerly Hellas Power) filed 2 lawsuits against PPC claiming amounts of € 520.8 million and € 361.3 million respectively, and 2 lawsuits against HEDNO, claiming the exact same amounts for the exact same reasons. During the hearings of 12.02.2015 and 19.02.2015 before the Athens Multi-Member Court of First Instance, the plaintiffs withdrew from their lawsuits against PPC. Furthermore, with regard to the actions pending against HEDNO "from the review of the court documents and the assessment of the individual amounts included in them, it appears that these actions contain to a large extent unspecified funds, which are otherwise legally and substantially unfounded. All the above significantly reduces the possibility of enforcing the lawsuits in question against HEDNO with minimal chances of a successful outcome. For this reason, no relevant provision has been made.

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

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

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

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

2) Decision **4830/2019** of the Athens Single-Member Court of Appeal Section 15 Chamber of contract law disputes (APPEAL FROM THE COURT OF FIRST INSTANCE),

"The reference of the Court of First Instance to the liability for materialisation of risk, as well as to the provision of Article 925 of the Greek Civil Code for the judgment of the legal basis of the appeal was not correct, as, according to what is stated in the immediately preceding assumption, this is not a legally regulated case of liability for materialisation of risk and the proportional application of the special provisions of the latter liability is prohibited. As a result, in the absence of a special regulation, this case falls under the case of tort". *(3rd sheet, end of page)*

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

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

(amounts in thousand EUR unless stated otherwise)

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

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

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

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

Likewise:

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

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

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

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

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

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

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

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

Accidents

A) EGNATIA

(amounts in thousand EUR unless stated otherwise)

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

B) POROS

On 20-8-2019 there was a helicopter crash at the Poros - Galata crossing where there are medium voltage cables. There is no lawsuit filed against HEDNO or any prosecution against its executives - employees.

Disputes concerning tender DD-207 (smart meters)

The tender DD-207 for telemetry was published in 2014 and was finally held in 2015, after being postponed several times. Long consultations with the market and co-competent authorities had preceded. Three (3) groups participated, one of which was excluded during the examination of the tender documents and the admissibility of the technical bid. At this stage, any petitions for injunction were rejected by the Council of State. At the stage of financial bids, Intracom was ranked first in a series of bidders with a 46.50% discount and the OTE – INTPAKAT – INTRASOFT INTERNATIONAL Association was ranked second with a 27.91% discount. An application for injunction by the second bidder was accepted on the grounds that it was not included in the price taken into account so as to assess whether the above discount of the bidder is excessive or not. The clarifications of the bidder were not considered sufficient by the Council of State, which issued a new decision maintaining the suspension of the tender. With regard to these matters, final Court decisions will be issued on the applications for annulment that have already been heard.

In February 2018, the Hellenic Single Independent Public Procurement Authority (H.S.P.P.A) issued a decision terminating the tender until further notice due to defects identified in the tender documents. Applications for injunction as well as applications for annulment were filed against the H.S.P.P.A decision both by HEDNO and by the bidders. The applications were rejected by means of decisions no. 103-105/2018 of the Committee of Suspensions of the Council of State, the applications for annulment were heard on 12.6.2018 by the same court and were rejected, also by means of its recent decisions dated 28,29 & 30/2020, therefore the subject of the basic litigations, the legality of the tender procedure, had now been removed. The Council of State is expected to issue a decision or minutes for the pending relevant applications for annulment, that will “close” the cases due to lack of subject

36. RELATED PARTIES TRANSACTIONS/BALANCES

Receivables/liabilities pertaining to related parties as of 31 December 2020 are the following.

	31/12/2020	
	Receivables	**Liabilities**
PPC SA	178,809	0
PPC Renewables SA	0	(8,917)
Lignite Megalopolis SA	610	0
Lignite Melitis SA	37	0
Total	**179,456**	**(8,917)**

(amounts in thousand EUR unless stated otherwise)

	31/12/2019	
	Receivables	**Liabilities**
PPC SA	281,381	0
PPC Renewables SA	0	(2,906)
Lignite Megalopolis SA	369	0
Lignite Melitis SA	128	0
Total	**281,878**	**(2,906)**

It is noted that the remainder of the receivables of PPC SA, and only in this case, includes respective obligations, so that the balance of the related party is shown as settled.

Transactions with related parties for the year ended 31 December 2020 are as follows.

	2020	
	Invoicing to	**Invoicing from**
PPC SA	1,784,735	(1,673,252)
PPC Renewables SA	492	(14,521)
Lignite Megalopolis SA	364	0
Lignite Melitis SA	93	0
Total	**1,785,684**	**(1,687,773)**

	2019	
	Invoicing to	**Invoicing from**
PPC SA	2,135,017	(1,891,132)
PPC Renewables SA	64	(12,913)
Lignite Megalopolis SA	135	0
Lignite Melitis SA	95	0
Total	**2,135,311**	**(1,904,045)**

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

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

Management Remuneration

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

	31/12/2020	**31/12/2019**
Directors' fees		
- Non-executive Directors' fees	134,300	189,553
- Non-Executive Directors' fees	154,020	76,647
- Compensation/extraordinary fees	54,590	225,221
- Employer contributions	64,279	56,012

(amounts in thousand EUR unless stated otherwise)

Total	**407,189**	**547,433**

	31/12/2020	**31/12/2019**
Remuneration of General Managers		
- Regular earnings	325,715	166,716
- Compensation/extraordinary fees	140,157	0
- Employer contributions	99,165	43,947
- Other benefits	556	0
Total	**565,594**	**210,663**

37. MEASUREMENT AT FAIR VALUE

Below, the book and fair values of assets and liabilities of the Company, as reflected in the Statement of Financial Position of 31/12/2020, are compared by category.

	Book value	**Fair value**	**Book value**	**Fair value**
		2020		**2019**
Tangible and intangible assets	35,063	35,063	30,479	30,479
Total	**35,063**	**35,063**	**30,479**	**30,479**

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

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

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

38. SUBSEQUENT EVENTS

Sale of HEDNO shares

It is noted that during the first quarter of 2021 the process of selling 49% of the company's shares continues normally as planned by the parent company with the official opening of a call for expressions of interest by potential investors. All procedures are expected to be completed within 2021.

Midea storm

In February 2021, extreme weather events in Greece caused several problems in the power supply network. The Company took all the necessary actions to immediately repair the damage at the best of its abilities and does not expect any significant impact on the 2021 results.

ANNEX - SEPARATE FINANCIAL STATEMENTS

In accordance with the provisions of Law 4001/2011

and the separation methodology approved by

the Regulatory Authority for Energy.

(amounts in thousand EUR unless stated otherwise)

TABLE A HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)

SEPARATE INCOME STATEMENT PER FUNCTION

	2020				2019			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
INCOME:								
Income from contracts with customers	726,583	3,000	0	**729,583**	742,545	2,500	0	**745,045**
Other income	170,082	3	395	**170,480**	152,717	5	921	**153,643**
TOTAL INCOME	**896,665**	3,003	**395**	**900,063**	**895,262**	**2,505**	**921**	**898,688**
EXPENSES:								
Personnel remuneration	280,367	**1,645**	28	**282,040**	207,198	1,249	30	**208,477**
Provision for staff departure compensation	956	2	0	**958**	-4,761	-2	0	**-4,763**
Network usage costs	271,412	0	0	**271,412**	291,595	0	0	**291,595**
Maintenance and third party services	125,902	9	174	**126,085**	112,888	33	227	**113,148**
Consumption of Materials	99,324	112	145	**99,581**	89,006	9	162	**89,177**
Third party fees	41,465	438	8	**41,911**	34,351	371	26	**34,748**
Provisions for doubtful receivables	-1,600	2	12	**-1,586**	2,008	9	2	**2,019**
Provisions for risks	2,016	19	2	**2,037**	13,858	24	5	**13,887**
Miscellaneous expenses	24,310	170	19	**24,499**	24,215	89	15	**24,319**
Depreciation and amortisation	22,193	170	2	**22,365**	21,375	250	2	**21,627**
Taxes - Duties	2,501	12	0	**2,513**	2,872	12	0	**2,884**
OPERATING RESULT	**27,819**	**424**	**5**	**28,248**	**100,657**	**461**	**452**	**101,570**
Financial income	416	1	0	**417**	482	1	0	**483**
Financial expenses	-2,591	-43	0	**-2,634**	-2,646	-45	0	**-2,691**
PROFIT BEFORE TAX	**25,644**	**382**	**5**	**26,031**	**98,493**	**417**	**452**	**99,362**

(amounts in thousand EUR unless stated otherwise)

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

	2020				2019 (Reformed)			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
ASSETS								
Non-current assets								
Tangible assets	30,947	2,060	15	**33,022**	27,374	967	29	**28,370**
Right-of-use asset value	53,065	1,498	24	**54,587**	60,860	1,370	64	**62,294**
Intangible assets	1,957	83	1	**2,041**	2,052	55	2	**2,109**
Deferred asset tax	54,080	-114	24	**53,990**	55,078	-105	68	**55,041**
Other long-term receivables	21	0	0	**21**	20	0	0	**20**
Total non-current assets	140,070	3,527	64	**143,661**	145,384	2,287	163	**147,834**
Current assets								
Inventories	172,787	0	76	**172,863**	149,302	0	166	**149,468**
Income tax receivables				**0**	6,150	26	28	**6,204**
Receivables	206,965	83,786	130	**290,881**	192,889	91,376	256	**284,521**
Accrued and Other Receivables	134,665	122,483	113	**257,261**	135,722	236,227	298	**372,247**
Cash and cash equivalents	55,503	23,245	35	**78,783**	6,987	5,905	13	**12,905**
Total current assets	569,920	229,514	354	**799,788**	491,050	333,534	761	**825,345**
Total assets	**709,990**	**233,041**	**418**	**943,449**	**636,434**	**335,821**	**924**	**973,179**
LIABILITIES AND EQUITY								
Equity:								
Share capital	36,010	1,525	17	**37,552**	36,546	968	38	**37,552**
Statutory reserves	5,012	75	2	**5,089**	1,584	3	2	**1,589**
Goodwill from revaluation of fixed assets	42,229	179	19	**42,427**	42,760	118	43	**42,921**
Results brought forward	180,570	-59,473	53	**121,150**	95,197	22,120	82	**117,399**
Total equity	263,821	-57,694	91	**206,218**	176,087	23,209	165	**199,461**

(amounts in thousand EUR unless stated otherwise)

Long-term liabilities:								
Employee benefits	89,380	269	39	**89,688**	112,047	396	115	**112,558**
Right-of-use asset financial liabilities	40,792	1,246	18	**42,056**	48,322	1,183	51	**49,556**
Other long-term liabilities	19,911	798	9	**20,718**	10,026	550	11	**10,587**
Provisions	44,763	0	20	**44,783**	40,419	0	41	**40,460**
Total Long-term Liabilities	194,846	2,313	86	**197,245**	210,814	2,129	218	**213,161**
Current liabilities								
Trade and other liabilities	90,086	141,141	102	**231,329**	70,018	143,203	219	**213,440**
Sundry creditors	71,256	18,798	40	**90,094**	73,942	(16,433)	59	**57,568**
Income tax payable	2,230	116	3	**2,349**	0	0	0	**0**
Other tax and insurance liabilities	14,420	12,366	13	**26,799**	25,473	5,675	32	**31,180**
Accrued and other liabilities	73,331	116,001	83	**189,415**	80,100	178,038	231	**258,369**
Total Short-term Liabilities	251,323	288,422	241	**539,986**	249,533	310,483	541	**560,557**
Total Liabilities and Equity	**709,990**	**233,041**	**418**	**943,449**	**636,434**	**335,821**	**924**	**973,179**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

2. ACCOUNTING SEPARATION METHODOLOGY

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

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

2.1 Determining the functions for which separate financial statements are prepared

Accounting separation is performed for the following functions.

- Network Operator

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

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

  It concerns the NII Production Management and Market Operation functions.

- Other functions

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

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

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

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

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

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

2.4 Preparation of a separate Income Statement

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

The Income Statement items are divided into:

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

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

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

2.5 Preparation of a separate Statement of Financial Position

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

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

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

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

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

The balances of the other accounts of the Statement of Financial Position of the other allocated Main Directorates - GDADD,GDYL, GDEL, GDSM (new BOK), GDOY (new BOK), GDANPO (new BOK), GDEAPS (new BOK), DYAE (new BOK), DPE (new BOK), DLE (new BOK), DTP (new BOK),, DPEED (new BOK), DSESM (new BOK), DEK (new BOK), DRTH (new BOK), DBLPS (new BOK), KPDAPS (new BOK), DEE (new BOK), GrD, DOL, DSR, DANP, DOAESM, DNY, DEKPAD, KEE, DPLT - are divided into the Network Operator and NII ES Operator functions, with a key that fits the nature of the account allocated. The keys used are tangible and intangible assets, short-term assets, inventories, provision accounts, payroll fees and short-term liabilities.

The Statement of Financial Position of the rest activities derives in the form of percentage from the Statement of Financial Position of the two basic activities - Network Operation and NII ES Operation - based on the annual turnover of the activities.

2.6 Accounting Separation Base

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

It is also explicitly stipulated that:

- The negative results carried forward in the current year in the NII ES activity derive from the existing difference between open receivables and liabilities.

- The income of the NII Sector comes from the Network Usage Charges (NUC) calculated according to par. 3 of RAE Decision 121/2017.