HELLENIC ELECTRICITY DISTRIBUTION
NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2022 – 31/12/2022
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 01/01/2022 – 31/12/2022

Dear Shareholders,

At the end of the eleventh financial year (01/01/2022 - 31/12/2022) of the company Hellenic Electricity Distribution Network Manager SA ('HEDNO SA' otherwise 'the Company'), we are honoured to present you with the financial statements for the year in question, together with our comments thereon, in accordance with the Company's Articles of Association.

The financial statements of HEDNO SA for the financial year ended 31/12/2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

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

By virtue of more recent respective decisions of the BoD of PPC SA, namely Decisions No 294/21.12.2010, 200/4.10.2011 and 230/10.11.2011, the 'Report on the determination of the book value of transferred assets and liabilities of the PPC Distribution Division' dated 31/12/2011 was drawn up by a chartered accountant and approved by the General Meeting of Shareholders of PPC SA, such that the division could be absorbed by its 100% subsidiary, PPC RHODES SA, which was then renamed HEDNO SA, based on the provisions of Law 2166/1993 and Law 4001/2011, as amended and in force.

This split-off was approved by the Prefecture of Athens in April 2012, thus marking the establishment of the autonomous and independent business and financial operation of HEDNO SA as of 01/05/2012.

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

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

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

The assets of the Branch that were transferred to the Beneficiary are expressed in the transformation accounting statement dated 31/03/2021, and they were valued for the purposes of the spin-off with the Valuation Report dated 29/06/2021, which was performed by the Chartered Auditors & Accountants of

Grant Thornton Certified Auditors and Business Advisors Société Anonyme in accordance with Article 17 of Law 4548/2018.

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

The sale of 49% of PPC S.A.'s participation in HEDNO S.A. was finalised on 28/02/2022, with Mcquarie Asset Management depositing 320 million for the purchase of the aforementioned percentage. The price has been adjusted to reflect the change in HEDNO S.A.'s Net Asset Value until 28/02/2022, in accordance with the terms of the Share Purchase Agreement.

The Company has 7 branches nationwide and 214 tax warehouses.

CURRENT STATUS

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

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

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

- HEDNO SA would be the Operator (HEDN) 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 the company towards all HEDN users.

- The ownership of HEDNO until 30.11.2021 belonged exclusively to PPC SA, which had been granted an exclusivity licence with regard to ownership of the Network, thus covering future extensions.

Basic overview of HEDNO SA's main responsibilities.

In accordance with Law 4001/2011, the main responsibilities of HEDNO SA 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, DEDDIE SA has been explicitly designated as the Market Operator and Market Operator of the NIIs under Article 129 of Law 4001/2011.

- The management of the special account for Public Utility Services (PSO) throughout the Greek Territory beginning on 01/01/2018 onwards, in accordance with Article 57 of Law 4508/2017.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2022	
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 PUS (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
ADDITIONAL DEPOSIT - FOR COVERAGE OF PUS (GOVERNMENT GAZETTE, 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	875,254,756
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728
ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072
ACCOUNT DEFICIT 31/12/2020	104,416,901
ACCOUNT SURPLUS 31/12/2021	-120,098,050
FINANCING OF THE SPECIAL ACCOUNT "ENERGY TRANSITION FUND" (JMD - MoEE/Electricity Directorate/81948/2763/05.08.2022)	300,000,000
FINANCING OF THE SPECIAL ACCOUNT "ENERGY TRANSITION FUND" (JMD - MoEE/Electricity Directorate/124862/2763/28.11.2022)	100,000,000
ACCOUNT SURPLUS 31/12/2022	-365,760,587
SURPLUS CORRECTION FOR ACCRUED HIGH VOLTAGE PUS	81,738
TOTAL OUTFLOWS	800,091,194
ACCOUNT BALANCE	75,163,562
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 832/2019)	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 PUS FOR THE NON-INTERCONNECTED ISLANDS 2017 RAE 1254/2019	72,204,790
PLUS FINAL SETTLEMENT OF PUS FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2017	3,083,249
PLUS FINAL SETTLEMENT OF PUS FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2018	2,870,311
LESS FINAL SETTLEMENT OF THE PUS LR CONSIDERATION 2018	45,070,690
LESS FINAL SETTLEMENT OF THE SRT CONSIDERATION 2018	4,615,495
CURRENT BALANCE OF PUS ACCOUNT	72,996,926
PUS WITH SUSPENSION OF PAYMENTS	54,982,752

The Company also has pursuant in particular to the provisions of Article 95 of the HEDN Management Code, an active role with regard to the handling of electricity theft, through detection and management, based on the provisions of the Network Management Code and the relevant decisions of the RAE that follow; the Electricity Theft Manual, determination of administrative fixed prices etc.

In accordance with the provisions of Article 36 of Law 4508/2017, the Company was appointed administrator of the special account established for the reconnection of electricity supplies to low-income consumers, who have been disconnected from the electricity supply network due to overdue debts so that their energy needs can be met, as determined by a joint ministerial decision (Government Gazette, Series II, 474/14.02.2018). The amount received by HEDNO in the special account from the State Budget amounts to EUR 44.6 million, and it is made available for the aforementioned purpose.

Main activities of HEDNO SA

The main activities of HEDNO SA are as follows:

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

It should be mentioned that the Hellenic National Energy Regulatory Authority's Management Code (Government Gazette, Series II, No 78/2017) is a major regulatory framework for the Hellenic National Energy Regulatory Authority's general management.

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

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

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

- In accordance with Article 70 (2) of Law 4601/2019, to all the property transferred to it (HEDNO S.A. subrogated as a universal successor to all property transferred to it (assets and liabilities of the Distribution Network with the exception of certain components of it, listed exhaustively in the aforementioned provision of Article 123A of Law 4001/2011 and it became the exclusive owner, possessor, occupant and beneficiary of each of its assets, as reflected in the accounting statement of transformation of the spin-off Sector dated 31/03/2021. All rights, obligations, and generally legal relations of the spin-off Sector from the Demerged or those related to it, including administrative licenses issued in favour of the latter by Public/Independent Authorities and corresponding to the spin-off Sector, were transferred to the Beneficiary as part of this universal succession. Any other right, obligation, intangible good, claim, or in general other asset or liability pertaining to the Branch was transferred to the Beneficiary together with the spin-off Sector. Furthermore, all contracts, agreements, and legal transactions between the Demerged and any third natural or legal person that concern the spin-off Sector are transferred to the Beneficiary and continued by the latter on the same terms and agreements. Even if they are not specifically indicated in the transformation accounting statement, assets, any kind of licenses, rights, claims, or legal connections of the Demerged that concern the transferred Sector were transferred to the Beneficiary.

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

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

Dividend policy

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

Net profits shall be distributed as follows:

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 profit appropriation

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

Important data for 2022

The most important data regarding the operation of HEDNO SA as manager of the Hellenic Electricity Distribution Network for the fiscal year 01/01/2022 - 31/12/2022 are the following, taking into account any reclassifications for the purposes of comparability.

- The total revenues of the Company for 2022 amounted to EUR 832,601 thousand (2021: € 946,251 thousand).
- The total assets of the Company in 2022 amounted to EUR 5,749,731 thousand. (2021: € 5,746,829 thousand).
- Staff remuneration after the reductions imposed by the application of Laws 3833/10, 3845/10, and 4024/11 amounted to € 315,455 thousand. (2021: € 300,785 thousand), of which EUR 55,980 thousand

(2021: € 45,398 thousand) for network projects and € 259,475 thousand (2021: € 255,388 thousand) in operation.

- The number of employees (regular staff) at the end of 2022 reached 5,642 persons (2021: 5,456).
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 374,223 thousand (2021: € 70,788 thousand).
- Profits before taxes amounted EUR 25,534 thousand (2021: € 19,120 thousand).
  The EBITDA margin is 44.95% (2021: 7.48%).

Progress of network usage charges under recovery

The 2022 Under-recovery amounted to **€87.34** million based on the required revenue determined by RAE decision 868/2021. It should be mentioned that the 2022 under-recovery will be split equally into the years 2023 and 2024 in accordance with the guidelines of the RAE. Following the spin-off from PPC SA and absorption of the Electricity Distribution Network Sector by HEDNO SA, the Company is the Network Owner as of 01/12/2021, and the total under-recovery is no longer shared.

New connection service times

The average service time (studies and construction installation works) for ordinary new user connections was 28 working days, while for connections requiring network intervention works it is 59.1 working days, and for alternative network change requests it is 33 working days.

Environmental Matters

The Company takes due care to improve its environmental performance. In this regard, the Carbon Footprint of direct (Scope 1) and indirect (Scope 2) emissions was calculated in 2022, while the calculation of other indirect emissions (Scope 3) was performed for the first time, covering the period 01/01/2021 - 31/12/2021, with this data being used for the PPC Group's 2nd Sustainable Development Report. In general, the project involves the design and development of a methodology for HEDNO SA's Carbon Footprint, with the objective of identifying and calculating the Company's greenhouse gas emissions, both direct and indirect emissions, that result from combustion in stationary and mobile equipment, electricity consumption, electricity losses in the network, procurement of goods and services, and waste management. The provision of services with an expert consultant to assist the Company in the verification of its Carbon Footprint emissions data in accordance with ISO 14064-1:2018 for the year 2021 was approved in December 2022, as part of the formal validation of the PPP Group's Sustainable Development in Science Based Targets Initiative (SBTi) and more generally for the adoption of an integrated system of recording, calculation, monitoring and disclosure of the Carbon Footprint, in compliance with ISO 14064:2018, on an annual recurring basis.

At the same time, it takes steps to conserve natural resources, such as tree pruning and ground vegetation clearance aimed at forest preservation. Another key aim is aesthetic improvement of the environment, with priority given to underground networks and the replacement of bare Low Voltage (LV) conductors with twisted cables in traditional communities and special interest settlements (in terms of culture or tourism). Indicatively, 1,140.28 km of bare Low Voltage cables were dismantled within 2022, while 1,845.43 km of twisted cables were installed in the network, with numerous environmental benefits such as birdlife conservation and aesthetic enhancements, as well as improved network exploitation and loss reduction.

A key component of the company's environmental strategy is preventing the loss of biodiversity and protecting and preventing endangered species. It continues to take steps for improving networks in locations where rare bird species live, including significant interventions with new technologies (e.g., it participates in the program LIFE17 NAT/GR/000514 – LIFE Bonelli eastMed, for the conservation and management of the Bonelli's eagle population in the Eastern Mediterranean, which provides for the placement of special insulating covers at selected locations of the Medium Voltage (MV) overhead network), in collaboration with competent bodies and organisations. The insulating covers were received and passed quality control by the HEDNO SA's Monitoring and Acceptance Committee in 2022, with tests at the Surveys and Standards Centre, before being sent to the Heraklion warehouse for installation in Crete this year. In addition, it ensures the safe passage and stay of migratory species in our country and cooperates with NGOs to protect our country's wildlife. HEDNO SA placed stork nests and assisted with the maintenance of nests, as well as ringing Storks (Banding) in many places of Greece in 2022, in collaboration with NGOs. In this regard, an agreement was reached in 2022 between the Ministry of Environment and Energy, the Natural Environment and Climate Change Organization, and HEDNO SA, and the signing of the Memorandum of Cooperation for the Support of Conservation and Conservation Actions of Avifauna in Greek Protected Areas is expected. The MoU specifically addresses the coordination, exchange of information and cooperation required to carry out the measures and actions envisioned to prevent and combat potential threats to protected species of avifauna within protected areas as a result of the development of the HEDNO SA networks. To that end, they have designated conservation actions in eight NATURA 2000 network areas (Special Protection Areas - SPAs) as a shared priority until 2023. The Cooperating Parties intend to establish and implement a coherent and effective system for monitoring the mortality of protected bird species, and additional targeted actions, such as the installation of appropriate covers on topside structures on localised electricity distribution poles, are planned.

Finally, in 2022, it began receiving water-soluble preservative-impregnated hardwood poles, in implementation of 2021 contracts, for installation in new overhead networks, in order to assess the widespread use of poles free of creosote and composed of more environmentally friendly materials. In this regard, the company signed a contract with a specialised consultant in 2022 to review the legal framework governing the overall management of poles and to develop a plan of action based on best practises at all stages of their life cycle in HEDNO SA networks and associated facilities, with a view to employee safety and environmental protection.

Impact of the COVID-19 pandemic

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

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

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

With regard to the impact of the consequences on the financial activity of HEDNO SA in 2022, - a year that the pandemic showed a significant deterioration - the main points are as follows:

- The company showed an increase in investments by 41% compared to the previous year and the investments for the year 2022 were 22% over the approved budget of the enterprise.
- The expenses of the Company within the context of safety and hygiene measures against the COVID-19 pandemic up to 31/12/2022 amounted to EUR 1.44 million. (2021: € 8.37 m.)
- 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 IPRA issued a partial income tax audit order for the tax year 2019 on 08/11/2021. This audit was completed with the document Partial Income Tax Audit Report of the Audit Authority for Large Enterprises No ID 3773292/21-06-2022. The partial audit did not reveal any findings-differences and there were no notes-remarks against the company.

The Company has not undergone tax audits for the fiscal years 2018 to 2022 inclusive, which are not yet time-barred.

The tax certificates of HEDNO SA obtained by the respective audit company for the years 2016 - 2021 were issued without reservation.

The task of carrying out the work necessary for the issuance of the tax certificate for the year 2022 has been entrusted to the certified auditors of the company Ernst & Young (Hellas) Certified Auditors - Accountants SA, and it is already underway. The Company's Management does not expect to incur significant tax liabilities on completion of the work in question, other than those already recorded and reflected in the financial statements.

Interest rate risk

HEDNO SA's financial commitments consist essentially of fixed-rate borrowings from the European Investment Bank ("EIB") and Black Sea Trade & Development Bank ("Black Sea"), which were transferred by PPC S.A. with the Sector's spin-off on 30/11/2021. In July 2022, the Company entered into two new bond loans with Eurobank and the NBG, each with a floating interest rate linked to the 6-month Euribor rate, and in December 2022, the Company used a credit line of financing through a current account with the National Bank of Greece ("NBG"), with a floating interest rate based on the 1-month Euribor rate. For the purpose of hedging the interest rate risk brought on by two new floating rate loan agreements with Eurobank and the NBG as per above, the Company entered into derivative contracts with each bank. Such agreements, known as Interest Rate Cap Transactions, allow the company to be covered against a positive 6-month Euribor rate while also paying a premium.

The contract's nominal value with the NBG is initially set at €21 million and gradually decreases in accordance with the loan agreement's principal repayments, whereas the contract's nominal value with Eurobank is staggered as follows:

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

As of 31/12/2022, the Company had recognised valuation gains on these derivatives in the amount of € 11.6 million (€ 11 million for Eurobank and € 0.6 million for NBG) in its financial income.

Commodity price risk

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

Risk of lack of environmental permits in storage areas

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

Following the preparation of the Environmental Due Diligence Report of the Company's Regional Warehouses by an external consultant in October 2021, with the objective to identify any potential environmental issues, risks, and liabilities related to the warehouse activities, an Environmental Impact Assessment Report was prepared to document and evaluate any potential soil/subsoil contamination from organic/inorganic compounds as well as to evaluate the environmental risk.

Soil-subsoil sampling, volatile organic compound measurements, chemical analyses and laboratory classification tests, drilling of research wells with section descriptions, recording of the presence of visual signs of pollution, and recording of pollution sources such as the storage of wooden poles, transformers, leakage accidents, etc. were carried out in this context.

Corrective measures and procedures that the Company should follow to minimise environmental risk were proposed for the identified areas of soil contamination where environmental risk exists.

To gradually mitigate and minimise environmental risks and improve environmental performance, the Company proceeded in 2022 with the conclusion of contracts for the licencing of regional warehouses in collaboration with an external consultant, the preparation of an action plan, and the launch of the project "Review and harmonisation of Health, Safety, and Environmental HSE systems with International standards, Strengthening a positive safety culture at work", which is currently ongoing.

Finally, the Company intends to develop and implement an integrated environmental management system in accordance with the international standard ISO 14001.

Credit risk

The Company is exposed to credit risk in relation to its trade receivables, while the general economic situation with the significant increases in electricity price adversely affects liquidity. With regard to the collection time of receivables, the Company closely monitors its overdue receivables and takes all necessary measures to address such risk. As far as the operation of the market for electricity is concerned, the settlement time for receivables is determined by the RAE, which is an indication of the direct relationship to regulatory risk, which is referred to below. Furthermore, under the current regulatory framework, electricity suppliers provide guarantees to the Company in order to mitigate credit risk. On 01.10.2022, the Company insured a part of its credits for proven debtor insolvency with the insurance company Atradius Credito y Caucion SA under an annual contract.

Liquidity risk

Liquidity risk is associated with the Company's need for adequate financing to support its operation and development. The Company manages the liquidity risk through the monitoring and planning of its cash flows, and takes appropriate action to ensure, as far as possible, that credit limits and cash and cash equivalents are sufficient. Monitoring of the Company's cash and liquidity takes place on a daily basis. The Company's borrowing was zero until 30/11/2021, when the Sector's spin-off from PPC S.A. was completed on 01/12/2021, and it was absorbed by the Company and the related borrowing was transferred to it. In addition, at 19/07/2022, the Company proceeded to the signing of an agreement with Eurobank for the issuance of an ordinary bond loan with a maximum capital of € 660 million and the option of an additional € 440 million, from which an amount of €150 million was withdrawn on 03/08/2022. Simultaneously, on the same date, a bond loan agreement in the amount of € 22.52 million was signed with the National Bank of Greece for the purchase of a property, which was drawn on 16/12/2022. After the issuance of both new bond issues, total borrowings amounted to € 1,419.3 million (€ 1,375.8 mil related to Bank loans and €43.5m related to liabilities to PPC which have been paid during this year) and €1,400.2 mil as at 31/12/2022 (unamortised cost).

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

	NBG	Piraeus Bank	Attica Bank	Optima Bank	Cooperative Bank of Epirus
Authorized Amounts Granted	€ 45 m.	€ 20 m.	€ 7 m.	€ 10 m.	€ 2 m.

On 15/12/2022, the Company exercised this option and drew a credit of € 45 million from its current account with the NBG. On 03/01/2023, the principal and interest were repaid.

Risk due to lack of insurance cover
The Company does not insure materials and spare part inventories maintained by it. Taking into account the dispersion of a total of 214 tax warehouses across Greece, of which 17 have an inventory value of more than EUR 1.5 million, while the maximum value held in any warehouse is EUR 29.1 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 the Company has procured a recognised firm to prepare relevant studies for its insurance in respect of the risks of its facilities, civil liability, and vehicles, and is in the process of redefining the general insurance practice that it will follow.

In this context, on 01.10.2022, a contract for "Cyber Risk Insurance" / "Data Protection & Cyber Liability Coverage" with the insurance company EUROPAIKI PISTI S.A. was signed with an annual durationfor the first time to deal with cyber attacks. This insurance was deemed necessary and is consistent with the Company's Cyber Security Strategy.

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 HEDN, both in accordance with the provisions of European legislation and applicable law, may have a significant impact on the operation and financial results of the Company.

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

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

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

On 01/04/2020, RAE issued a new decision regarding this matter (1151 A/2019), amending the HEDNO SA's guaranteed services to consumers program, which became effective on 01/07/2020. This resolution is effective as amended by RAE's decision 1593A/2020. Consumers have been compensated for the first half of 2022 in October of the same year, for an amount of € 800 thousand. It should be noted that based on the above mentioned RAE decisions, for the Guaranteed Service 3.2 (voluntary interruption), the amount was compensated to those consumers who had submitted an IBAN number.

Risk arising from rising Network maintenance and operating costs - Failure to achieve efficiency targets
The risk of HEDNO's maintenance and operation costs exceeding projected levels is always present, as unforeseen factors affecting HEDNO's operation (especially those that are beyond HEDNO S.A.'s control, such as those due to force majeure and adverse weather conditions) are numerous and may prevent the company from achieving its goals.
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.

The company monitors its receivables on a daily basis and takes all necessary steps to ensure timely collection. More specifically, the amount of receivables from electricity suppliers decreased from € 153.71 million on 31/12/2021 to € 42.82 million on 31/12/2022.

Risk of cost absorption that may not be approved by RAE

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

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

HEDNO SA is an ex lege universal successor of the electricity distribution division of PPC SA, in accordance with Article 123 of Law 4001/2011 and, until 28/02/2022 it was a 100% subsidiary. Aside from that, both PPC S.A. and HEDNO S.A. saw major business developments. More specifically: a) on 16/11/2021, PPC S.A.'s share capital was increased, resulting in the Greek State no longer owning the majority of PPC's share capital, as the Greek State's percentage stake in PPC S.A.'s shares was reduced from 51.12% to 34.12%, b) on 30/11/2021 the spin-off of the Electricity Distribution Network Sector was completed on the basis of and in accordance with Article 123A of Law 4001/2011, as mentioned in the said report, and c) on 28/02/2022, PPC S.A. transferred shares it in owned in HEDNO S.A. which represent 49% of the Company's share capital to a private investor. As a result, PPC S.A. currently owns 51 percent of HEDNO S.A.'s share capital.

Given the foregoing developments, and the fact that PPC S.A. and HEDNO S.A., as its subsidiary and the universal successor of PPC S.A.'s Distribution Sector and Distribution Network Sector, both left the public sector following the issuance of Presidential Decree 360/1991, the question arises as to whether the companies are considered public enterprises under the Law 3429/2005, as it now appears that the aforementioned law's prerequisites for their inclusion (*rationae personae*) in it have not been met, while the same also applies with respect to the subjection thereof to the regulatory field of Law 4972/2022 on corporate governance of public limited companies.

It should be noted, however, that questions about HEDNO's general legal status, including the more specific question of whether HEDNO SA still falls under the definition of a public undertaking or the larger public sector, are occasionally raised in a variety of contexts, and the answer is dependent on the specific data and issues that arise in each case, taking into consideration the specific legislation in each case (public, labour, tax, lease, property, etc.) as well as the various fora (civil, administrative, tax, fiscal and financial courts and various administrative authorities) where the issue is raised.

On the second part, it is stressed that up until just recently -and on some issues and currently, a number of legislative and regulatory provisions continue to apply to the Company which in principle apply to bodies in the wider public sector and which affect specific processes, including for example those pertaining to personnel fees, maximum remuneration limit of the executives, 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.

In support of the notion that the question of the HEDNO's general legal nature is a question related to the more specific legal issue that is decided each time and the more specific court that decides it, the following is noted:

Regarding the public law issue of whether or not HEDNO S.A. contracts exceeding € 1,000,000 are subject to pre-contractual control by the Court of Auditors, an issue related to the company's contracting flexibility, it should be noted that following the issuance of decision no 554/2022 of the Court of Auditors' Plenary Session, in which it was ruled that HEDNO SA is still subject to pre-contractual control of its contracts by the Court of Auditors, it can be reasonably argued that in this regard, and following the adoption of article 47 of Law 4963/2022, HEDNO S.A. has now been exempted from the above pre-contractual control, a view supported by a relevant opinion of Professor Fortsakis, though the Court of Auditors differs on this interpretative issue.

Concerning the issue of the law of negotiation concerning the leasing contracts concluded by the company, the Supreme Court issued decision no 1107/2019 (SC 1107/2019), according to which it was held that HEDNO SA, as a subsidiary of PPC SA, is not included in the entities of the wider public sector.

Concerning the energy law issue concerning HEDNO SA's operations and contracts with RES power generators, the decision of the Plenary Assembly of the Council of State no 1947/2021 ruled that they constitute acts of private character and law, and are subject to the jurisdiction of civil courts.

Regarding the labour law issues of bonus payment, salary caps, and staff recruitment, following the aforementioned recent business developments in the share capital of PPC SA and HEDNO SA (the State no longer holds the majority of shares in PPC SA), the provisions of paragraphs 6, 7, and 8 of Article 3 of Law 3845/2010 (Government Gazette, Series I, No. 65), on the non-payment of Christmas, Easter, and holiday bonuses to their staff shall no longer apply, and thus, HEDNO SA is required to make regular gift payments. The same applies to Article 28 of Law 4354/2015 (Government Gazette, Issue I, No. 76), which stipulated that any kind of salaries, additional remuneration, or reimbursements paid to all kinds of staff must not exceed the total remuneration of the Secretary General of the Ministry, as determined each time, and whose application, likewise, ceases to apply to HEDNO S.A. and thus this ceiling does not apply from the time of the change of the share capital of PPC S.A. Finally, the Company is no longer subject to the restrictive regulations of Law 4389/2016, or those of Law 4057/2015, in terms of the required approval of the CMA 33/2006, following the enactment of Law 4643/2019 (Government Gazette, Series I, No. 193/03-12-2019), and thus certain difficulties in terms of staff recruitment have been lifted.

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

Organisation and management risk

Risk is defined as a factor or condition of the Company's internal or external environment that may cause damage at any level of its operation, resulting in failure to meet the defined objectives. Risk has the potential to be a source of risk, either by itself or in combination with other factors. The newly formed Corporate Risk Management Committee (CRMC) is in charge of Risk management, i.e. managing the impact of uncertainty on the achievement of the Company's objectives, which is a fundamental component of HEDNO S.A.'s strategic pillars.

So far, the following actions have been taken in this direction based on communication and consultation with the Basic Organic Units and the Administration:

- Risk categorization has been implemented.
- For those risks that have been identified, the compilation of the overall Risk Register has progressed.
- The Risk Management Framework and Policy are still being developed through the three defined Lines of Defense.

Following completion of the preceding objectives, the immediate next goal is to document the Risk Management Plan with the support of the Corporate Risk Management Committee, in a two-way process with the Basic Organic Units, in order to achieve risk mitigation or avoidance. Finally, it is noted that the Internal Audit is responsible for examining all of the aforementioned actions, while the Board of Directors oversees them through Senior Management - Executive Officers.

Other non-financial information for 2022

HEDNO S.A. NON-FINANCIAL STATEMENT FOR 2022	
Total HEDNO S.A. employees on 31/12/2022	5,642 persons
Female employees (number)	1,471 women
Female employees (%)	26.07%
Number of employees with collective labour agreements	5,284 persons
Employees with collective labour agreements (%)	93.65%
Total number of workplace accidents involving employees (number of workers)	86
Accidents with absence of ≥1 day	68

ESAW accidents (excluding pathological, from/to-work and accidents resulting in a ≤3 3-day absence)	37
Total number of fatal workplace accidents involving employees (number of workers)	0
Irrevocable court decisions in cases of human rights violations in the workplace (number of incidents)	0
Irrevocable criminal court rulings on matters relating to the criminal offences of corruption, abuse of power, embezzlement, theft, breach of trust, bribery, extortion, fraud, forgery, false testimony or falsification of documents, use of false statements, and breach of confidentiality (number of judgments of courts)	0
Donations and sponsorships	€ 874,673
System Average Interruption Frequency Index (SAIFI)/ (average annual number of outages per customer)	1.85 outages/customer
System Average Interruption Frequency Index (SAIFI) (average annual number of outages in minutes per customer)	138 min/customer

Labour matters

HEDNO SA applies modern management practices to its human resources and takes care to ensures the creation of a modern working environment of equal opportunities. At the same time, it is committed to ensuring its employees' health and safety, which is accomplished through the implementation of existing policies and procedures that are in accordance with current legislation, best practises, and international standards on the one hand, and the implementation of relevant training programmes on the other.

Furthermore, it respects human rights and trade union freedoms and opposes child, forced and compulsory labour, as well as all forms of discrimination. The Staff Regulation of PPC SA regulates, among other things, the rights and obligations of employees, the terms of employment contracts, the relationships that are formed in the execution of work and the exercise of disciplinary authority.

The Enterprise Collective Bargaining Agreement (ERC) with Company personnel was renewed on 21/04/2021 with a 3 year validity term. Its general regulations provided for the insurance of personnel under a Group Health Insurance Program for the duration of the Enterprise Collective Bargaining Agreement, subject to the provisions of Article 31 of Law 4024/2011 as applicable at the given time. The group contract entered into force on 01.03.2019 and will expires on 31.05.2024. The Company also covers its executives via special liability insurance against third parties.

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

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

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

Recruitment 2022

By 31/12/2022, the following 386 recruitments had taken place, which are analysed as follows:

Category	Announcement 7K/2018	Moving from PPC	HEDNO Announcement 01/2021 & 02/2021	From Labour accident	EXECUTIVES
PE (University Education)	24	1	86	1	10
TE (Technological Education)	1	1	59		
DE (Secondary Education)	1	3	198	1	
TOTAL	26	5	343	2	10

Departures in 2022

In 2022, 200 employees left the Company.

By virtue of Decision No 472/7-3-2019 of the Board of Directors of the Company, it was decided to approve the granting of voluntary retirement benefits with payment of EUR 15 thousand in compensation to employees who decided to resign after completing at least 25 years of continuous service with the PPC Group, independent of the consent of the Company given their consent, together with the establishment of full pension rights. The entry into force of the decision was set as 27/04/2018.

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

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

Progress of network development activities and projects

Recognizing that the facilities of the HEDNO are strategic infrastructures of critical importance for our country's productive and economic reconstruction, carbonization of the energy sector, and Greek citizens' prosperity, the Company continued the development, continuous modernization, and digital transformation of HEDN in 2022.

In 2022, distribution facilities were expanded by 1,019 km in the medium voltage (MV) networks and by 627 km in the networks, while at the same time 2,516 switching systems became operational. Thus the MV network now extends over 115,299 km and the LV network has reached 129,497 km in length, while the number of transformers installed in the network amounts to 166,762. The active users of the distribution networks amounted to 7,671,479, of which 15,786 are MV users.

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

The level of investments in distribution activity reached approximately EUR 312.5 million, of which EUR 23.3 million pertains to important public works.

Main data pertaining to the implementation of strategic projects for 2022

Modernisation of the Attica Networks Control Centre (DD)

This project was completed by the end of 2020, in accordance with the Action Plan.

Establishment of the Control Centre for Island Networks

This project was also extended in the year 2023 and is in progress with the following actions:

- As of 09/2020, the receipt of SCADA/DMS has been completed (central maintenance contract for the respective HEDNO systems).
- Installation of RTUs in HV/MV substations is in progress, as are installations in Autonomous Power Plants/Local Power Plants (APP/LPP). Specifically, 31 HV/MV Substations have been included in the Central Control System out of a total of 33 Substations. The two (2) digital substations (Rodini, Atherinolakos) for which alternatives have been planned with a goal of deployment in 2023 are still pending.
- Installation of RTU in the APPs, 12 Substations and 5 Coupling SS for cable interconnections (12 substations, 7 APP- 5 LPP) – and 5 Coupling SS
    - ✓ Due to upcoming interconnections and the cost-benefit ratio, the original physical object of 24 substations was reduced to 12. All of the materials are present for the entire object. From these, 2 RTUs are planned to be used in Heraklion, and the remaining ten (10) RTUs are available for installation, thus extending the project's scope.
- Inclusion of 12 APPs-LPPs, 7 Coupling SS, and 1 BCI in Central Control Systems
    - ✓ The integration of 11 APPs-LPPs (6 APPs & 5 LPPs), 4 Coupling SS, and 1 pilot I SS (as well as 30 urban SS in synergy with the str. project 4) in the CCS has been completed
    - ✓ The inclusion of 1 APP (Karpathos, which has already been launched), 1 Coupling SS (Ios, which requires the Directorate for Special Network Facilities to replace MV fields), and an expansion of the scope with the addition of 2 additional Coupling SS (NH-1 & NH22) are pending.
- Inclusion of MV Networks in the CCS
    - ✓ The receipt of operational MV (AutoCAD) plans from 4/11 Areas (Lesvos, Samos, Chios, and Heraklion) has been completed, however only 2 Regions have updated plans on a regular basis (Chios and Heraklion). There is a contract for the implementation of the plans in the Heraklion Area.
- Establishment of a Single Control Center of Distribution Networks (CCDN) in the Department of Islands Region - Completion of the initial staffing and supervision phase (pilot operation).

Modernisation of network control in the rest of the country

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

- Acceptance of the new SCADA-DMS system
    - ✓ Via Strategic Project 1, 3 full Central Control Systems for the Departments of Macedonia/Thrace, Peloponnese/Epirus, and Central Greece Regions, and one Disaster Recovery Central Control System for the Department of Attica Region were procured, installed and put into operation. The new SCADA-DMS is similar to that of the Department of Attica Region. It has all the DMS applications and has been in operation since 01/2020. The Central Control Systems are installed on virtual servers, in the Information Technology and Telecommunications Department data centre.
- Installation of 44 RTUs and replacement of 30 RTUs = 74 RTUs.

- ✓ To date, 47 of the planned 74 new installations and RTUs have been replaced in an equivalent number of substations in the Departments of Macedonia/Thrace, Central Greece, and Peloponnese/Epirus Regions.

- Composition specifications of CCDN for Regions - The determination of basic guidelines for the establishment of Regional CCDN

  - ✓ The Regional-CCDN of the Department of Macedonia/Thrace Region has integrated the medium-voltage networks of 4 areas into its operation and supervises the basic alarms in all of the R/C HV/MV networks of the CCDN. Implementation of AutoCAD schematic diagrams has commenced in the regions of the Department of Macedonia/Thrace Region. Their completion rate today is at approximately 20%. The naming of items in accordance with the new rules has not yet begun.

  - ✓ The Regional-CCDN of the Department of Peloponnese/Epirus Region was established and 30% of the staff training has been implemented. The AutoCAD schematic diagrams have been implemented at a level of 90% of the Department of Peloponnese/Epirus Region. The supervision of key alarms has not yet begun, and the naming of items under the new rules is 100% complete.

  - ✓ The Regional-CCDN has been established in the Department of Central Greece Region, and 60% of the staff training has been completed, and all basic alarms are supervised at the HV/MV substations of the Department of Central Greece Region. Schematic diagrams are 60% complete, and functional MV diagrams for all areas are available. The naming of items under the new rules is 100% complete.

<u>Upgrade of remote control peripheral equipment in the networks</u>

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

- Pilot installation of aerial FCRs

  - ✓ First pilot application technical report finished

  - ✓ The contract for the new type of FCRs, which were received on 12/2021 and installed in the networks of the Department of Attica Region (Attica and Andros), was signed.

  - ✓ Their behaviour (initially communication) is examined by the Grid Operations Department & Department of Attica Region

  - ✓ Presentations and training sessions were held

- Remote Controlled Load Switches (2,000)

  - ✓ The acceptance procedures were completed in 2022, and the distribution of the 3rd batch of material to the Regions has already been scheduled, with the 4th distribution scheduled for March of 2023 in order to be installed by mid-year 2025.

  - ✓ In total, 500 R/C circuit breakers have been installed.

- Remotely controlled Automatic Reset Switches (R/C ARS) 830 R/C ARS

  - ✓ The 1st batch of the first batch will be delivered in 2022

  - ✓ Staff training was carried out, and approximately 80 R/C ARS were installed.

- Installation of 770 indoor MV/LV RTUs (tele-control of MV/LV Substations)

  - ✓ Declaration of Provisional Contractor for 770 RTUs (SCHNEIDER)

  - ✓ A company's recourse against the appointment of a qualified supplier in which the candidate supplier failed to appear

- ✓ The contract no. 5071021 was signed and executed, with the first delivery scheduled for October 2023.

- Error Routing Indicative for indoor MV/HT Substation 830 FCR + 1450 RTUs for MV/HT Substations

  - ✓ The tender procedure has been completed, and contracts for FCRs and Communication Units have been signed, and partial deliveries of 487 CUs and 277 FCR pcs have begun.

- FCR & MV Underground Network Communication Unit

  - ✓ The sub-project is currently being carried out

Installation of a Geographic Information System

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

- Supply and installation of licenses for the use of software & peripheral equipment

  - ✓ In December 2020, the manufacturer - General Electric - received and installed software licenses with the Enterprise licensing model.

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

- Supply & installation of 60 GNSS

  - ✓ GNSS equipment installation in the regions - distribution of 60 GNSS systems to regional tenants (53/60 have already been delivered)

- Tender for the selection of contractors for the digitisation of MV & LV networks (Regions)

  - ✓ Department of Peloponnese/Epirus Region and Department of Islands Region: The signing of these contracts is prohibited, according to the Court of Auditors. Various approaches to digitising the Network are being investigated using self-owned and external resources.

  - ✓ DEPARTMENT OF MACEDONIA/THRACE REGION: Rejection of the Geoenalysis appeal by the Interlocutory Appeal Examination Authority/Pending decision of the Council of State on the application for suspension of execution and annulment filed. Following the Council of State's positive decision, a new request was made, and documents were submitted by a provisional contractor in order to sign a contract.

  - ✓ DEPARTMENT OF ATTICA REGION AND DEPARTMENT OF CENTRAL GREECE REGION: The Council of State has made a final decision to cancel the tenders - Digitization using self-owned and external resources.

  - ✓ The contract with the contractor for the digitization of the remaining network in the Fil.-Kifisia area was signed.

- Introduction of MV&LV Area Networks - GIS

  - ✓ Sections of the following Regions' networks have been digitised: Kallithea, Filothei-Kifisia, Peristeri, Central Thessaloniki, Karditsa, Lamia, Larissa, Xanthi, Tripoli, Komotini, and the entire Fiber Optic Network.

  - ✓ The supply of four LIDARs for automated digital network mapping has been completed.

- GIS User Training

  - ✓ The project training course initially envisaged was finished by 12/2019 with a total of 238 employees having received training.

New Customer Service Information System

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

- On 30/01/2020 the Board of Directors of the Company approved the selection of the association of companies "INTRASOFT INTERNATIONAL SA - OTE SA" as provisional contractor - the project started in 11/2020.
- Project Preparation - Phase A - Materials, permits and project design, was completed and the acceptance minutes were signed on 12/10/2021. Phase B is now well underway.

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 12/2018, all 59 administrative districts of HEDNO SA had joined the Centre. The project is in the phase of revising its action plan and redefining its goals.

The project was revised in 2022 (budget and physical scope) to meet the requirements of the new Network Development Plan 2022-2026.

Network Development Scheduling Upgrade

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

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

The project was fully underway in 2022 and is expected to be completed in early 2023.

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

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

- Measurement infrastructure for NII Production Stations
    - ✓ The metering devices have been installed in all of the Crete-Rhodes Thermal Power Plants, the APP, and the LPP, with the exception of four small LPPs, where the installation is still in progress and about to be completed. The meters of the Thermal Power Plants, APP and LPP have been included in HEDNO's MT Telemetering Center S.A. The project will be finished in its entirety in the first half of 2023.
- Development of infrastructure for a central Energy Control Centre (ECC) in Athens and a local Energy Control Centre in Rhodes
    - ✓ The contract for the development of infrastructure for Athens' Central Energy System (ECC) and Rhodes' local Energy Control Centre was signed on 17.06.2022. Phase 1, "Detailed Project Design," is currently in progress.
- Development of SCADA infrastructure in 27 NII electrical systems
    - ✓ Phase 1 - Implementation Study and Phase 2 - Installation and commissioning of the Central Control Systems, as well as two integrated ES of in project have been completed. Phase 3- Installation and operation of NII electrical systems is in progress
    - ✓ The NII has completed the development of 26 of its 27 electrical systems. The installation of SCADA-EMS systems at Serifos ES, Othonoi ES, and Ereikoussa ES has been completed. The maintenance and technical support contract will be activated in the years 2023-2026.

- Development of methodological infrastructure for the NIIs
  - ✓ The "Pre-Manual of Simplified Daily Energy Planing", "Manual for the NII Systems Development Program", "Manual for RES and Hybrid Generating Plants Studies" and "Manual for RES and Hybrid Generating Plants Studies" were all delivered to RAE.
  - ✓ Development of a simplified Daily Energy Planing in 26 ESs of the NIIs in application of the transitional phase of the NII Code.
  - ✓ Signing a contract with the NTUA for a request for a deviation of the thermal units' System Marginal Price (SMP).
  - ✓ Conclusion of SLA with a thermal producer for the provision of support services in 2022
  - ✓ Assignment of a study to a specialised consultant to investigate the Code's methodology for remuneration of contractual units.
  - ✓ Preparation of pre-manuals NIIs Market Information and Operations in 2022
  - ✓ Evaluation of the NIIs Code methodology for remuneration of contractual Units and specific fuel consumption curves - Recommendation to RAE
- Development of the NII IT System
  - ✓ The development of an information system (using HEDNO resources) for RES pricing and the liquidation of the NIIs' energy market is now in progress. Completion of works by 12/2021.
  - ✓ The development of the Access Requests and Licensing Status of RES/NIIs Producers subsystem, the development of the NII LR Subsystem, the development of the LR Guarantee Subsystem and the development of the NII Market Clearing Subsystem have been completed.
- Development of ECC infrastructure in the remaining 27 ES of the NIIs
  - ✓ Development of algorithms and functionalities to transform the infrastructures developed within the project framework into ECCs.
  - ✓ Infrastructure, algorithms and configurations for RES generation and load forecasting creation
  - ✓ Creation of Daily Energy Planing algorithms and automation of Daily Energy Planing development

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

The object of the project concerned the selection of 3 prospective Electricity Systems for implementation of the Smart Island Project (Symi, Astypalea and Megisti), through a synthesis of RES and storage technologies, achievement of the minimum desired level of RES penetration, and determination of a maximum allowed bid price in the tender procedure. Astypalaia was transformed into an autonomous "green island" with clean energy from RES and full electrification (Smart & Sustainable Island) thanks to Volkswagen's unique investment - the project was completed in 2020.

LV Customers telemetering

The entire redesign of the project for replacing LV metres with smart metres was completed in 2021 and 2022, including the revision of the action plan and business plan, the development of a new procurement strategy, the issuance of new specification documents for meters, metering infrastructure, new telecommunication infrastructure and technologies, etc. Simultaneously, the first phase of the tender process for new smart metres based on the revised strategy was conducted in 2022.

Reorganisation of the supply chain

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

- Action 1 - Reorganisation of HEDNO Regional Warehouses

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

- Action 2 - Development of Supply Chain Processes

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

    - ✓ It is expected that the data will be updated so that the tender for warehouse restructuring (Department of Materials, Supplies & Transmission Transports-Operational Improvement & Digitalisation Department with the assistance of an external consultant) can be reissued.

Creation of an Information Management System (IMS)

The project has been completely redesigned, and it now consists of two major sub-projects: the first is overseen by the Business Analytics & Data Management Department, and the second is overseen by the Information and Digitisation Department. The 1st sub-project is concerned with the development of a new integrated Information Management System that will facilitate data management and serve as a platform for the integration of the HEDNO's operational and information systems. The 2nd sub-project is concerned with the interoperability of the HEDNO's information systems.

- Sub-project 1 (Business Analytics & Data Management Department):
    - ✓ The overall project review study on technical issues and updated specifications has been completed, with a budget extension to include the Governance platform and additional services to cover the need for analysis/extensions

- Subproject 2 (Information and Digitisation Department)

    - ✓ The design of sub-project 2 has been revised

Construction of new MV underwater links

- The installation of 1 underwater cable and the electrification of the new MV interconnection Oinousses - Panagia has been completed.
- The installation of 2 underwater cables for the new MV interconnection Poros - Troizinia has been completed. The connection to the land-based MV network on Poros is still pending.
- The installation of 2 underwater cables for the new MV interconnection of the Gulf of Kalloni Lesvos has been completed. The connection to the land-based MV network is still pending.
- The installation and electrification of 1 additional LV cable in the existing MV Thassos - Keramoti interconnection was completed.
- The installation and electrification of 1 additional LV cable in the existing MV Paros - Antiparos interconnection was completed. The connection to the land-based MV network is still pending.

Relocation of 2 existing HV cable lines within Elliniko

- The shifting and the electrificaiton of the HV Central Line of the Elliniko Distribution Center - Ano Glyfada (Vari) Coupling SS.
- The HV Central Line of Elliniko Distribution Center - Argyroupolis SS is currently being relocated.
- CORFU II SUBSTATION AUGMENTATION: Increase by a total of 50MVA by replacing both 150/20kV, 25MVA transformers with new 50MVA transformers. Replacement of the high-voltage connection circuit breakers P-25 and installation of new protection panels for the transformers. → The project has been completed and is now operational.
- RECONSTRUCTION OF IOS COUPLING: Replacement of all medium-voltage panels of the Ios Coupling→ The project has been completed and is in operation.

- OINOFYTA SUBSTATION AUGMENTATION: Increase by a total of 50MVA by replacing both 150/20kV, 25MVA transformers with new 50MVA transformers and extending the medium-voltage side with new gates → The extension of the MV side has been completed.
- NEW SKIATHOS SUBSTATION: The project is now completed and operational. The project was carried out as part of an IPTO-HEDNO joint venture, with IPTO serving as the operator.
- NEW STANOS SUBSTATION: The construction of the Substation is nearing completion. All civil engineering works and the installation of the majority of the E/M equipment were completed.
- RECONSTRUCTION WITH CORFU I SUBSTATION AUGMENTATION: Upgrade of the substation to 150kV, installation of two 150/20kV, 50MVA transformers, and extension of the MV side. Civil engineering works are at an advanced stage. The installation of E/M equipment on the 150kV side is currently ongoing. Installation of the medium-voltage connection circuit breakers P-225 (arrival of transformer 2) and P-255 (intersection of 20kV yokes) has been completed

Significant Related Party Transactions

Receivables/liabilities pertaining to related parties as of 31/12/2022 are the following.

(amounts in thousand EUR)	31/12/2022	
	Receivables	Liabilities
PPC SA	34,684	0
PPC Renewables SA	0	-6,243
Athens Water Supply and Sewerage Company (EYDAP)	0	-41
HELLENIC POST OFFICE (ELTA)	408	0
ELTA COURIER	0	-49
ETVA	0	-6
EYATH	1	0
GAIAOSE	1	0
AIA	23	0
	35,117	**-6,339**

(amounts in thousand EUR)	31/12/2021	
	Receivables	Liabilities
PPC SA	63,989	0
PPC Renewables SA	0	-5,568
Lignite Melitis SA	93	0
Lignite Megalopolis SA	19	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-12
HELLENIC POST OFFICE (ELTA)	711	0
ELTA COURIER	0	-26
ETVA	0	5
EYATH	1	0
AIA	23	0
	64,836	**-5,611**

Transactions with related parties for the year ended 31/12/2022 are as follows.

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

(amounts in thousand EUR)	31/12/2021	
	Invoicing to	Invoicing from
PPC SA	1,660,883	-1,567,808
PPC Renewables SA	303	-15,939
Lignite Melitis SA	130	0
Lignite Megalopolis SA	197	0
Athens Water Supply and Sewerage Company (EYDAP)	113	-35
HELLENIC POST OFFICE (ELTA)	17,252	-4,619
ELTA COURIER	0	-55
ETVA	1	-5
EYATH	6	-6
OSY	0	-7
AIA	236	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
ETAD	79	-26
Attica Greenesco Energy	0	-1
	1,679,200	-1,588,502

Accrued receivables and liabilities with related parties for the year ended 31/12/2022 are as follows.

(amounts in thousand EUR)	31/12/2022	
	Accrued receivables	Other accrued liabilities
PPC SA	139,948	-66,692
PPC Renewables SA	14	-531
HELLENIC POST OFFICE (ELTA)	467	0
AIA	18	0
	140,447	**-67,223**

(amounts in thousand EUR)	31/12/2021	
	Accrued receivables	Other accrued liabilities
PPC SA	143,642	-47,983
PPC Renewables SA	1	-768
Lignite Melitis SA	38	0
Lignite Megalopolis SA	58	0
HELLENIC POST OFFICE (ELTA)	696	0
AIA	18	0
	144,453	**-48,751**

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. PPC tariffs mainly relate to energy purchases from PPC SA thermal power plants in the NIIS, in exchange for SGI and additional services provided by PPC SA to HEDNO SA. The invoicing from PPC Renewables pertains to energy markets in the Non-Interconnected Islands.
HEDNO SA, in the context of its business activity, carries out transactions with a large number of companies under state control, for profit and otherwise, (provision of services, sales of energy, receipt of services, etc.). All transactions with state-controlled companies are carried out on commercial terms.

Members of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS OF HEDNO SA as at 31/12/2022				
FULL NAME	LOCATION	OCCUPATION	START OF TERM OF OFFICE	END OF TERM OF OFFICE
Kefalogiannis Michail	Chairman	Economist	28/02/2022	28/02/2025
Anastasios Manos	Managing Director	Naval Architect Mechanical Engineer	30/06/2022	30/06/2025
Paterakis Alexandros	Member of the Board of Directors	Computer & Mathematics Engineer	28/02/2022	28/02/2025
Angeletopoulos Evangelos	Member of the Board of Directors	Business Consultant	28/02/2022	28/02/2025
Chatzimichail Sotirios	Member of the Board of Directors	Electrical Engineer	28/02/2022	28/02/2025
Papageorgiou Alexandra	Member of the Board of Directors	Enterprise Management	28/02/2022	28/02/2025

Brimont Stephane	Member of the Board of Directors	Engineer	28/02/2022	28/02/2025
Rakowski Arthur	Member of the Board of Directors	-	28/02/2022	28/02/2025
Miguel Antonanzas Alvear	Member of the Board of Directors	-	28/02/2022	28/02/2025
Aikaterinari Ourania	Member of the Board of Directors	Electrical & Computer Engineer	28/02/2022	28/02/2025

Management Remuneration

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

	31/12/2022	31/12/2021
Remuneration of Members of the Board of Directors		
- Non-executive Directors' fees	154,817	202,000
- Non-Executive Directors' fees	103,979	215,871
- Compensation/extraordinary fees	90,383	78,410
- Employer contributions	38,467	60,187
Total	**387,646**	**556,468**

	31/12/2022	31/12/2021
Remuneration of Deputy CEO and General Managers		
- Regular earnings	695,649	694,433
- Compensation/extraordinary fees	457,500	426,649
- Employer contributions	106,492	89,721
- Other benefits	1,204	775
Total	**1,260,845**	**1,211,578**

Subsequent events

Voluntary Redundancy Programme

On 02/03/2023, the Company's Board of Directors decided to implement a voluntary redundancy programme with a financial incentive for employees for the current fiscal year.

Short-term borrowing repayment

On 03/01/2023, the Company repaid a € 45 million short-term loan held in the form of a current account with NBG.

Athens, __/__/2023
For the Board of Directors

The Chief Executive Officer

Anastasios Manos

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hellenic Electricity Distribution Network Operator S.A. (the "Company"), which comprise the statement of financial position as of December 31, 2022, the income statement and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Hellenic Electricity Distribution Network Operator S.A. as of December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information includes the Board of Director's Report, for which reference is also made in the section "Report on Other Legal and Regulatory Requirements", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in the Greek law, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018 and the content of the Board of Directors' Report is consistent with the accompanying financial statements for the year ended December 31, 2022.

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

Unbundled financial statements

The management is responsible for the preparation of the Company's and the Group's unbundled financial statements as required by the article 141 of Law 4001/2011 and the Decision 121/2017 of the Regulatory Authority for Energy (RAE) and for those internal controls that management determines are necessary to enable the preparation of the Company's unbundled balance sheets as at December 31, 2022 and the unbundled statements of income before tax for the period from January 1, 2022 to December 31, 2022 that are free from material misstatement, whether due to fraud or error. The methodology of preparation of the unbundled financial statements is described in note 2 of the relevant appendix of the financial statements.

In our opinion, the Company's unbundled financial statements as at December 31, 2022, as presented in the relevant appendix of the financial statements, have been prepared in accordance with the provisions of article 141 of Law 4001/2011 and the Decision 121/2017 of the Regulatory Authority for Energy (RAE). As a result, the unbundled financial statements may not be suitable for another purpose.

Athens, June 8, 2023

The Certified Auditor Accountant

Vassilis Tzifas
SOEL R.N. 30011

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

HELLENIC ELECTRICITY DISTRIBUTION
NETWORK OPERATOR (HEDNO) SA

Financial Statements
01/01/2022 – 31/12/2022
based on the International Financial Reporting Standards,
as endorsed by the European Union

The attached financial statements are those approved by the Board of Directors of HEDNO SA on 02/03/ 2023 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 AND TAX DEPARTMENT
MICHAIL KEFALOGIANNIS	ANASTASIOS MANOS	MICHAIL PAPADOPOULOS	NIKOLAOS CHAPSIS

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
COMPREHENSIVE INCOME STATEMENT
FOR THE FISCAL YEAR ENDED 31/12/2022

Amounts in EUR thousand

	Note	2022	2021
Revenue from contracts with customers	5	816,776	759,703
Other income	6	15,825	186,548
Total operating income		**832,601**	**946,251**
Personnel remuneration	7	262,457	303,280
Network usage costs	8	0	238,705
Maintenance and third party services	9	73,300	143,208
Consumption of materials	10	26,515	101,328
Third party fees	11	70,494	61,339
Miscellaneous expenses	13	37,147	28,348
Depreciation and amortization	14	313,820	45,558
Taxes - duties	15	5,213	2,326
Total operating expenses		**788,946**	**924,092**
Provision for retirement benefits	7	-441	-9,683
Provisions for doubtful receivables	12	-638	2,694
Provisions for risks	12	-15,669	3,918
Total other (income)/expenses		**-16,748**	**-3,071**
Operating profit		**60,403**	**25,230**
Finance income	16	12,262	273
Finance expense	17	-47,131	-6,383
Profit before taxes		**25,534**	**19,120**
Income tax	18	-7,666	-10,423
Profit after taxes		**17,868**	**8,697**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses)	28	12,325	11,355
Deferred tax on actuarial profit / loss	18	-2,711	-2,498
Deferred tax of actuarial gains / loss due to change of tax rate	18	0	-460
Deferred goodwill tax on revaluation of fixed assets due to change in tax rate	18	0	-151
Other comprehensive income for the year, net of tax		**9,614**	**8,246**
Total comprehensive income		**27,482**	**16,943**

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED 31/12/2022

Amounts in EUR thousand

	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment	19	4,856,761	4,853,012
Intangible assets	19	3,191	3,162
Right-of-use assets	20	32,647	30,455
Derivative financial instruments	21	11,607	0
Other receivables		37	30
Total non-current assets		**4,904,243**	**4,886,659**
Current assets			
Inventories	22	239,936	174,006
Trade and other receivables	23	193,378	285,965
Accrued receivables	24	224,769	227,528
Cash and cash equivalents	25	187,405	172,671
Total current assets		**845,488**	**860,170**
Total assets		**5,749,731**	**5,746,829**
LIABILITIES AND EQUITY			
Equity			
Share capital	26	991,215	991,215
Statutory reserves	27	6,541	6,107
Special reserves	4 & 19	162,047	164,315
Retained earnings		79,559	135,245
Total equity		**1,239,362**	**1,296,882**
Non-current liabilities			
Deferred tax liability	18	304,746	328,619
Employee benefits	28	61,396	75,415
Lease liabilities	20	23,672	23,630
Loans and borrowings	29	1,259,276	1,229,258
Consumer contributions and subsidies	30	2,039,927	1,945,506
Other liabilities	31	32,297	34,474
Provisions	32	40,372	47,829
Total non-current liabilities		**3,761,686**	**3,684,731**
Current liabilities			
Trade and other payables	33	209,213	191,219
Sundry creditors	34	165,464	231,582
Lease liabilities	20	10,194	7,511
Current portion of non-current borrowings	29	140,863	189,997
Loans and borrowings	29	45,000	0
Income tax payable		26,354	5,820
Other tax and insurance liabilities	35	31,465	38,732
Accrued and other liabilities	36	120,130	100,355
Total current liabilities		**748,683**	**765,216**
Total Liabilities and Equity		5,749,731	5,746,829

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL YEAR ENDED 31/12/2022

Amounts in EUR thousand

	Note	Share Capital	Ordinary Reserve	Special Reserves	Results brought forward	Total Equity
Balance 31/12/2020		37,552	5,089	42,427	122,835	207,903
Profit for the year after tax					8,697	8,697
Other comprehensive income for the year after taxes					8,246	8,246
Total comprehensive Income for the period after taxes					16,943	16,943
Share Capital Increase due to spin-off of the distribution sector	26	953,663				953,663
Difference in the Electricity Distribution Network Sector's book value (31/03/2021 - 30/11/2021)	4			125,138		125,138
Offsetting of revaluation reserve - Disposal of property plant & equipment	19			-3,250	3,250	0
Transfer to Statutory Reserves	27		1,018		-1,018	0
Distribution of dividends	37				-6,765	-6,765
Balance as at 31/12/2021		991,215	6,107	164,315	135,245	1,296,882
Profit for the year after tax					17,868	17,868
Other comprehensive income for the year after taxes					9,614	9,614
Total comprehensive income for the period after taxes					27,482	27,482
Disposal of property plant & equipment				-2,268	2,268	0
Transfer to statutory reserves	27		435		-435	0
Distribution of dividends	37				-85,000	-85,000
Balance 31/12/2022		991,215	6,541	162,047	79,559	1,239,362

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED 31/12/2022

Amounts in EUR thousand

	Note	2022	2021
Cash flows from operating activities			
Profit/(Loss) before taxes		25,534	19,120
Adjustments for			
Amortization of consumer contributions	5 & 30	-96,094	-7,962
Depreciation of Property, plant and equipment	14	313,820	45,558
Finance income	16	-654	-273
Provisions	18	-16,307	6,612
Provision for Services of General Interest (SGI)		317,409	121,552
(Profits)/Losses from disposal of fixed assets and of rights of use	19 & 6	3,704	-668
(Profits)/Loss from fair value of derivative financial instruments		-11,607	0
Finance expense	17	47,131	6,380
Provision for employee benefits	28	-1,694	-10,816
(Increase) / decrease in trade and other receivables	23	87,794	-42,925
(Increase) / decrease in inventory	22	-57,718	-2,015
(Increase) / decrease in accrued receivables	24	6,548	31,072
Increase / (decrease) in other liabilities	31	-2,177	9,447
Increase / (decrease) in trade and other payables	32, 33 & 34	-373,512	34,168
Increase / (decrease) in accrued liabilities	36	20,080	-54,183
Collection of Consumer contributions and Subsidies	30	192,552	28,649
Income tax payments		-7,577	-4,754
Net cash flows from operating activities		**447,232**	**178,962**
Cash flows from investing activities			
Interest received	16	654	273
(Increase)/ Decrease in other receivables		-7	-9
Purchase of property, plant and equipment	19	-312,516	-60,959
Net cash flows from investing activities		**-311,869**	**-60,695**
Cash flows from financing activities			
Initial costs of loans' agreements		-5,484	0
Interest paid on loans and borrowings	17	-45,810	-4,056
Proceeds/ (Repayment) from loans and borrowings		27,523	2,952
Principal paid on lease liabilities	20	-11,858	-16,510
Dividends paid	37	-85,000	-6,765
Net Cash flows from financing activities		**-120,629**	**-24,379**
Net increase / (decrease) in cash and cash equivalents		**14,734**	**93,888**
Cash and cash equivalents at the beginning of the period	25	**172,671**	**78,783**
Cash and cash equivalents at year end	25	**187,405**	**172,671**

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY

The company HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, hereinafter the "Company" or "HEDNO SA", was founded on 24/09/1998 with the original name KOZEN HELLAS SOCIETE ANONYME COMPANY FOR THE DESIGN, DEVELOPMENT, CONSTRUCTION AND EXPLOITATION OF ELECTRICITY AND HEATING AND/OR COOLING COGENERATION UNITS. Subsequently, by virtue of Decision No 2547/03.02.2003 by the Prefect of Athens, approval was given to change the name of the company to "RHODES PUBLIC POWER CORPORATION, SOCIETE ANONYME COMPANY FOR THE DESIGN, CONSTRUCTION, OPERATION AND EXPLOITATION OF POWER PLANTS IN RHODES".
On 12/11/2010, this Company was reactivated from the liquidation stage into which it had entered on 2 July 2006, so that procedures could commence for the transfer to PPC RHODES SA by absorption of the activities of PPC SA's General Directorate for Distribution in their entirety, together with PPC SA activities in its role as Non-Interconnected Islands Operator.
Finally, on 17 February 2012, by decision of the Extraordinary General Meeting of the Company's shareholders, its Articles of Association were amended in terms of name and purpose. From that date onwards, the name of the Company has been the HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA, and its distinctive title is "HEDNO SA" or "HEDNO". The Company's purpose is to carry out the responsibilities and duties of the Hellenic Electricity Distribution Network Operator ("HEDN"), as well as the Operator in the market of The Electrical Systems of Non-Interconnected Islands, in accordance with the applicable legislation (particularly Articles 127 and 129 of Law 4001/2011).
It is noted that the entire operation of the Electricity Distribution Network was spun off from PPC S.A. and transferred to HEDNO S.A. on 30/11/2021, resulting in the Company being both the Operator and the Owner of HEDNO on 31/12/2021.
HEDNO SA shall have its registered office in the Municipality of Athens.
The Company's financial statements are included in the consolidated financial statements of the parent company PPC S.A., which participated directly with a percentage of 100% in its share capital on 31/12/2021, using the total consolidation method- the said percentage of PPC S.A. in the share capital of HEDNO S.A. from 28/02/2022 was reduced to 51% due to the transfer of shares held by the former to a private investor, the value of which represents 49% of HEDNO's share capital. Hence, the financial statements of the Company will be consolidated in the consolidated financial statements of Macquarie Infrastructure and Real Assets Group («MIRA»).

2. INSTITUTIONAL FRAMEWORK

Development in the institutional framework of the electricity market

On 02/08/2011, the Greek Parliament passed Law 4001/2011 proposed by the Ministry of Environment, Energy and Climate Change (YPEKA) "on the Operation of Electricity and Gas Energy Markets, for Exploration, Production and Transmission Networks of Hydrocarbons and other provisions" thus incorporating the provisions of Directives 2009/72/EC and 2009/73/EC into National Law.
Pursuant in particular to Articles 123, 127 and 129 of Law 4001/2011, the activities of the Electricity Distribution, as well as of the Management (and Operation) Sectors of the (then unified) PPC S.A. in the NNIs market, as well as all the receivables and obligations of the PPC SA were transferred to the then 100% subsidiary of PPC SA, HEDNO SA, related to the aforementioned activities, with the exception of distribution network assets and real estate property and facilities associated with distribution, which remained in the ownership of the parent company.
Pursuant to the aforementioned law, PPC SA proceeded in 2011 with the legal and operational separation of its distribution activity (HEDN management) 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 aforementioned Electricity Distribution, as well as of the Management (and Operation) Sectors of the (then unified) PPC S.A. in the NNIs market, were spun off in accordance with the procedure and con-

ditions of Law 4001/2011, articles 68-79 of Law 2190/1920, and Articles 1-5 of Law 2166/1993, with a proportional application of the derogations provided for in Article 98. 'Distribution Division' means the homonymous autonomously-organised operating unit of PPC SA's General Directorate of Distribution together with the Islands Management Division of PPC SA, including assets of PPC SA and related claims and obligations, which fell within the competence of the aforementioned units, explicitly excluding the real estate property and fixed assets of the distribution network and Non-interconnected Islands Network. The split-off was completed on 30 April 2012 and HEDNO SA commenced operations on 1 May 2012.

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

Directive 944/2019 was transposed into national law by Law 4986/2022. This law includes new provisions regarding the obligations of Distribution System Operators.

Main Regulatory Framework of the Hellenic Electricity Distribution Network Operation Code

The Management Code of 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. This Management Code (hereinafter referred to as the 'HEDNO Code' or the 'Network Code') regulates the rights and obligations of the Electricity Distribution Network Operator (hereinafter referred to as the 'HEDN Operator' or the 'Operator'), Network Users and Suppliers, and issues related to the development, operation, network access, the services provided by the Network Operator and the financial consideration payable for said services, as specifically mentioned in Article 128 of Law 4001/2011. The details of application of the provisions of the Code, as well as the necessary procedures and methodologies governing the calculations required for its implementation, are defined in the Implementation Manuals, which form an integral part of the above Code. So far, the Manuals for Representation of Meters and Periodic Liquidation (RAE Decision 1443/2020 - Government Gazette, Series II, No 4737, 26-10-2020), Electricity Thefts (RAE Decision 236/2017 - Government Gazette, Series II, No 1871, 30-05-2017), Meters and Measurements (RAE Decision 30/2020 - Government Gazette, Series II, No 370, 7-2-2020), the Network Operation Manual (RAE Decision 779/2020 - Government Gazette, Series II, No 1891, 18-5-2020) and the Network User Manual (RAE Decision 707A/2021 - Government Gazette, Series II, No 5427, 22-11-2021) have been issued and are in force. Also, RAE Decision No. 534/2021 (Government Gazette, Series II, No 3292, 26-07-2021) established the methodology for calculating Guarantee Of Consumer Network Usage Charges in the HEDN Interconnected Network, and RAE Decision No. 725/2021 (Government Gazette, Series II, No 4457, 29-09-2021) approved the Table of SGI guarantees for the period 01/10/2021 - 31/03/2022. Finally, the table for the calculation of guarantees for the Network Usage Charges of the Interconnected Network and of Services of General Interest (SGI) for the year 2022 was approved by RAE decision number 986/2021 (Government Gazette, Series II, No 6485, 31-12-2021). By Decision No MoEE/Electricity Directorate/71867/1033/27.07.2021, Government Gazette, Series II, No 3635, 06.08.2021, methodology for calculating SGI guarantees was established.

In addition, by virtue of its Decision No 1431/2020, the RAE established the Methodology for Calculating the Required Revenue for the HEDN (Hellenic Electricity Distribution Network), which introduces significant changes in comparison to the methodology followed by the RAE to that date with regard to the calculation of the revenue, such as separating operating expenditure into controlled and uncontrolled expenditure, introducing a savings factor on controlled operating expenditure ("efficiency factor") and, at the same time introducing an incentive mechanism to reduce energy losses in the Network (RAE Decision 1432/2020), introduction of energy quality and quality of service incentives, fixed returns based on the weighted average capital cost (WACC) formula over the entire duration of the Regulatory Distribution Period (RDP), the possibility of designating specific investments as "Investment Projects of Major Importance", which will be given priority, etc. In accordance with RAE Decision No 1431/2020, the duration of the first RDP is set at 4 years, from 2021 to 2024. It is noted that, based on the new Methodology, starting from the second RDP, the Allowed Revenue of the HEDN will also include costs corresponding to the reasonable cost of the Network Operator in order to cover total energy losses in the Distribution Network. Based on the foregoing, RAE Decision 632/2021 approved the Allowed Revenue for the 1st RDP and the Required Revenue for 2021, and Decision 868/2021 approved the Required Revenue for 2022. The parameters of the incentive system for limiting energy losses for the 1st RDP were also defined, and the Return on the Regulated Asset Base for the first RDP was decided by the RAE Decision 1566/2020 (Government Gazette, Series II, No 1389, 08-04-2021). Finally, the Major Projects are defined by RAE decision no. 525/2021 (Government Gazette, Series II, No. 4255, 15-09-2021).

Powers of HEDNO SA

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

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

Without prejudice to Article 141 of Law 4001/2011 or any other provision establishing an obligation to disclose information, HEDNO SA shall preserve the confidentiality of commercially sensitive information that becomes known to it in the performance of its duties. Information disclosed about its own activities that might provide commercial advantages shall be made available to all distribution network users without discrimination.

HEDNO SA publishes the methodology for calculating Network connection fees, unit cost values and other necessary information regarding the method by which connection fees are calculated. The relevant invoices are approved by RAE in accordance with the provisions of Article 140(1) of Law 4001/2011, as in force.

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

1. The operation of the electricity systems of the Non Interconnected Islands ("NII"), includes management of production, the operation of the market and the systems on these islands (pursuant to Article 129 of Law 4001/2011 Government Gazette, Series I, No 179/22.8.2011) and it shall be performed by HEDNO SA. Pursuant to the provisions of Article 123, in order to carry out this activity, HEDNO SA was obliged to obtain a management licence for the electricity systems of the Non Interconnected Islands (NII ES) within three (3) months from the completion of the separation procedure. To obtain this License, the HEDNO submitted a request - recommendation to RAE, which received Protocol No. 1180/17.7.2012.

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

   Pursuant to Article 129 par. (1) of Law 4001/2011, the HEDNO Management License establishes, inter alia, the following:

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

The Management License of HEDN was approved by RAE decision no. 83/2014, as previously stated, according to Article 126 of Law 4001/2011, but this does not nullify the provision under Article 129 (1) of Law 4001/2011 for RAE approval and granting of a Management License for the NIIs market. Therefore, in addition to the initial application submitted by HEDNO SA to RAE (which received Protocol No. 1180/17.7.2012), a new application was submitted to RAE in July 2017 for the granting of the above NII Management License, but its approval is still pending. In the lack of RAE approval/granting of a license, the management of the NIIs is governed at a secondary - regulatory level, particularly by the requirements of the NII Management Code, which was published by delegation of Article 130 of Law 4001/2011.

The basic framework of HEDNO S.A.'s responsibilities in the NII market as these are specified in Articles 129 and 130 of Law 4001/2011, as well as in the aforementioned Electricity System Management Code of Non-Interconnected Islands (NII Code), includes the following basic responsibilities:

- To monitor and ensure the reliable, cost-efficient and safe operation of the generating units on the Non Interconnected Islands, and at the same time take the necessary measures to limit any potential impact on the environment.
- To undertake the development, technical integrity and the economical operation of generating units in the NIIs, in order to serve demand.
- Abstain from any form of discrimination between producers in the NIIs, especially in favour of undertakings affiliated with it.
- To prepare production development programmes for the Isolated Microgrids, before 31 March each year. These are then submitted for approval to the RAE, with duly reasoned supporting documentation. These programmes shall include estimates relating to the evolution of the demand for electricity and the availability of existing generating capacity, plans to replace existing generating facilities and install new ones, as well as plans to connect with other Non Interconnected Islands. Future demand estimates shall include an energy-saving plans and load demand management measures. The time periods covered by these programmes are determined by an RAE decision, and their duration may not exceed a

period of more than 7 years. The same decision shall also determine how these programmes are to be made public.

- To prepare statements for the NIIs before 31 March of each year, which shall present estimates of potential production capacity that could be connected to the HEDN, the need for interconnection with other Non-Interconnected Islands or Isolated Microgrids, and the demand for electricity. The time periods covered by these estimates are determined by an RAE decision, and their duration may not exceed a period of more than 7 years. The same decision shall also determine how these estimates are to be made public.
- To take care to ensure that suitable premises are available for installation of new generating capacity, expansion of existing capacity and/or installation of components to support and expand distribution by HEDN to the Non Interconnected Islands and Isolated Microgrids.
- To enter into contracts with the licence holders for the injection and absorption of energy and the provision of Ancillary Services to the Distribution Network of the Non Interconnected Islands, and fees payable to producers of such energy and shall keep the necessary accounts relating to fees payable to said producers, the charging of customers and suppliers for energy absorption, as well as for other credits and debits of the special accounts provided for under applicable legislation, in accordance with the specific provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII).
- Enter into contracts for the sale of electricity, as provided for in the NIIs Code and in Article 12 of Law 3468/2006 (Government Gazette, Series I, No 129), as well as any other aid contracts established by the applicable legislation for electricity generated from RES and HECHP power plants and Hybrid Plants, in so far as the power plants in question are connected to the distribution network of the NIIs and shall make the payments provided for under such contracts from the Special RES and HECHP Account of the NIIs, according to the provisions of Article 143 of Law 4001/2011 (Government Gazette, Series I, No 179), without prejudice to special legal provisions on Hybrid Stations in the NIIs Network.
- Law 4512/2018 (article 98, par. 8 (i)) added the power to collect revenue from the counterparties of the previous paragraph to cover the operational and investment costs related to this competence in accordance with the more specific provisions of the NII Code.

Management of production in the Non Interconnected Islands shall be undertaken in accordance with the provisions of the Electrical System Operation Code for Non-Interconnected Islands (NII ES). This Code entered into force with RAE Decision 39/2014 (Government Gazette, Series II, No 304, 11.02.2014) and was subsequently amended by RAE Decision 330/2015 (Government Gazette, Series II, No 2221, 15.10.2015) - Article 237, RAE Decision 238/2016 (Government Gazette, Series II, No 3286, 13.10.2016) - Articles 14 and 15, RAE Decision 215/2018 (Government Gazette, Series II, No 1148, 29.03.2018) - articles 152 and 155, RAE Decision 429/2020 (Government Gazette, Series II, No 2004, 25.05.2020) – addition of Annex B, RAE Decision 749/2021 (Government Gazette, Series II, No 4975, 27.10.2021) - Management of SGI Special Account, RAE Decision 775/2021 (Government Gazette, Series II, No 4982, 27.10.2021) - addition of Annex C-Small Connected System of Crete and RAE Decision 165/17.2.2022 (Government Gazette, Series II, No 1076, 10.3.2022) – Amendment of the Load Representative Participation Agreement in the Non-Interconnected Islands with the aim of:

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

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

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

5. Following the issuance of RAE Decision No 625/30-10-2014, as published in the Government Gazette (Government Gazette, Series II, No 3305/10-12-2014), Articles 72 of the then current Transactions Code CESA (PECE) which is observed by the Market Operator, and Article 175 of the then current Hellenic Electricity Transmission System Operation Code HETSO (IPTO Code) which is observed by the System Operator, were amended with the object of harmonisation with Article 178 of the NII Code, with regard to RES and HECHP in the NIIs. Accordingly, as of 01/2015, HEDNO SA as NII Operator conducts all transactions with Market Participants, in accordance with the provisions of the NII Code and the relevant Accounts (Articles 170 furn. of the Non-Interconnected Islands Operating Code).

6. The energy market opened in Crete with the tender for Electricity Supply as of 21/06/2016, in Rhodes as of 01/01/2017 and as of 01/01/2018 in all other NIIs, where 15 Load Representatives are active in the NII Market. Subsequent to the settlement of 06/2016 and after, HEDNO SA, as NII Operator, conducts transactions as per the NII Code with all Participants in the NII Market. As of 01/11/2021, the electricity system of Crete has been integrated into the Interconnected System as a Small Connected System, in accordance with Article 108C of Law 4001/2011. The provisions governing the operation of the electricity market of the Small Connected System of Crete from the Set Day of the first phase of the island's electricity interconnection until the Set Day of the second phase of the island's electricity interconnection in accordance with Articles 58B and 108C of Law 4001/2011, as in force, is described in Annex C of the NIIs Code.

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

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

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

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

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

The mechanism for recovering charges and reimbursing the compensation due, as well as any other specific details, are defined specifically in the HEDN Management Code and the NII Code, in conjunction with the relevant provisions of other regulatory texts applicable to the Interconnected System.

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

RAE Decision 750/2021 (Government Gazette, Series II, No 4893/22.10.2021) established a specific approach for the reimbursement of overdue considerations for the provision of SGI in the event of a deficit or surplus in the account. In particular, in the event of a deficit, the SGI consideration owed to each supplier is lowered by the proportion of the deficiency. The impaired sum is invoiced and reimbursed from the account's future surplus.

(amounts in thousand EUR unless stated otherwise)

The HEDNO Management and NII Management Codes were amended by Rae Decision 749/2021 (Government Gazette, Series II, No 4975, 27-10-2021) to adapt to the aforementioned.

For the period of consumption 01/11/2021 – 31/03/2022, Article 32 of Law 4872/2021 (Government Gazette, Series I, No 247, 10-12-2021) suspended the payment of SGI charges for defined categories of consumers.

The decision MoEE/Electricity Directorate/71867/1033/27.7.2021 (Government Gazette, Series II, No 3635, 06-08-2021) determined the type, amount, and method of providing guarantees or other equivalent assurance to HEDNO S.A., as well as the methodology for determining the amount and its adjustment, and any other relevant matter, in order to ensure that HEDNO's duties are met and that its authority is exercised properly withing the context thereof in the event that the Interconnected System's SGI charges are not reimbursed. In the case of the Non-Interconnected Islands, it should be noted that the corresponding guarantees are included in the total calculation of NIIs market participants' guarantees, as per the NII Code.

The table of amounts of SGI guarantees of the Interconnected Network for the period 01/10/2021 - 31/03/2022 was approved by RAE Decision 725/2021 (Government Gazette, Series II, No 4457,29-09-2021).

The Table of Guarantee Amounts for SGI for the year 2022 was approved by RAE Decision no. 986/2021 (Government Gazette, Series II, No 6485, 31-12-2021).

The Table of Guarantee Amounts for SGI for the year 2023 was approved by RAE Decision no. 898/2022 (Government Gazette, No 6613, 22.12.2022).

The annual charge limit for energy users was modified by RAE Decision number 218/2021 (Government Gazette, Series II, No 908, 09-03-2021) to cover the costs of providing SGI for the year 2021.

The annual charge limit for energy users was modified by RAE Decision number 97/2022 (Government Gazette, Series II, No 900, 28-02-2022) to cover the costs of providing SGI for the year 2022.

The annual charge limit for energy users was modified by RAE Decision number 99/2023 to cover the costs of providing SGI for the year 2023 and the relevant Official Government Gazette has not been issued to date.

During the current fiscal year, the Company transferred €400 mil from the SGI account surplus to the DAPEEP-managed Energy Transition Fund account.

PUBLIC SERVICE OBLIGATIONS ACCOUNT BALANCE AS AT 31/12/2022	
ACCOUNT INFLOWS	
INITIAL DEPOSIT (DOD 0002445 EX 2017)	476,000,000
PLUS IPTO BALANCE	8,574,066
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4264/20.11.2019)	59,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
ADDITIONAL DEPOSIT (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 3043/22.07.2020)	67,029,000
ADDITIONAL DEPOSIT - FOR COVERAGE OF SGI (GOVERNMENT GAZETTE, 2378/07.06.2021)	70,000,000
TOTAL INFLOWS	875,254,756
ACCOUNT OUTFLOWS	
PAYMENT TO SUPPLIERS (RAE RECOMMENDATION 10/2017)	359,970,228
PAYMENT TO PPC (GOVERNMENT GAZETTE, 4768/24.12.2019)	150,000,000
PAYMENT TO PPC (GOVERNMENT GAZETTE, 174/30.01.2020)	44,651,690
ACCOUNT DEFICIT 31/12/2017	36,579,728

(amounts in thousand EUR unless stated otherwise)

ACCOUNT DEFICIT 31/12/2018	63,108,475
ACCOUNT DEFICIT 31/12/2019	127,141,072
ACCOUNT DEFICIT 31/12/2020	104,416,901
ACCOUNT SURPLUS 31/12/2021	-120,098,050
FINANCING OF THE SPECIAL ACCOUNT "ENERGY TRANSITION FUND" (JMD - MoEE/Electricity Directorate/81948/2763/05.08.2022)	300,000,000
FINANCING OF THE SPECIAL ACCOUNT "ENERGY TRANSITION FUND" (JMD - MoEE/Electricity Directorate/124862/2763/28.11.2022)	100,000,000
ACCOUNT SURPLUS 31/12/2022	-365,760,587
CORRECTION OF SURPLUS 31.12.2022 FOR HIGH VOLTAGE PUS	81,738
TOTAL OUTFLOWS	800,091,194
ACCOUNT BALANCE	75,163,562
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
PLUS FINAL SETTLEMENT OF SGI FOR NON-INTERCONNECTED ISLANDS (NII) CUSTOMERS 2018	2,870,311
LESS FINAL SETTLEMENT OF THE SGI LR CONSIDERATION 2018	45,070,690
LESS FINAL SETTLEMENT OF THE SRT CONSIDERATION 2018	4,615,495
CURRENT BALANCE OF SGI ACCOUNT	72,996,926
SGI WITH SUSPENSION OF PAYMENTS	54,982,752

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

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

The preceding paragraph applies to all persons performing the functions of representation and management (Government Gazette, No 179, 22-08-2011, Issue I, P. 3855) delegated by the Board of Directors, as well as those directly accountable to them for matters relating to the operation, maintenance, or development of the HEDN.

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

The members of the Board of Directors and the administrative bodies of HEDNO SA may proceed, in accordance with the provisions of the respective Article, with premature termination of their employment with the RAE. The RAE may, by reasoned decision, proceed to suspend members of the Board of

Directors or the administrative bodies of HEDNO SA, if the conditions laid down by the provisions of paragraphs 1 and 2 of the specific Law are not met.

Development of HEDNO

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

Initially, with the entry into force of RAE Decision no. 82/2014, and until 30/11/2021, the Exclusive Ownership Licence of the Distribution Network was granted by virtue of Decision number 82/2014 of RAE, Article 122 of Law 4001/2011, which sets out the terms and restrictions with regard to the protection of the financial rights of the vertically integrated enterprise PPC SA, as well as the supervisory rights over the management of HEDNO SA, as far as the return on capital allocated thereto is concerned. The above conditions particularly involved 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 was allowed to 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 was 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 were imposed.

It should be noted, however, that from the completion of the spin-off - absorption of the Distribution Network Sector, namely from 30/11/2021 onwards both the aforementioned Exclusive License for the Ownership of the Distribution Network, granted in accordance with Article 122 of Law 4001/2011, and the Management License of HEDN, will be significantly altered, both in terms of content and the beneficiary of the said Licenses.

Compliance Program and Compliance Officer

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

The Compliance Programme was drawn up, as required by Law 4001/2011, Article 124 (7) , by the Compliance Officer in collaboration with HEDNO SA within 3 months of the legal and operational separation of the distribution division activity and was submitted for approval to the RAE on 17/07/2012. The RAE requested specific amendments in its letter Ref. No O-54046/13-2-2013, which were incorporated by the Company within the Compliance Programme, which was sent back to the RAE on 26/03/2013.

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

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

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

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

The Compliance Officer is responsible for the following:

- Monitoring the Compliance Program's execution and ensuring HEDNO S.A.'s adherence to it.
- Annual report preparation and submission to RAE by 31/01 of each year. The report, which is published on the RAE's website within five (5) days of its notification, lists the measures taken with regard to implementation of the Compliance Programme and evaluates the adequacy of the measures and their implementation by HEDNO SA as far as achieving the objectives of the programme are concerned, and proposals are made by the Compliance Officer regarding the Compliance Programme and its execution.
- Quarterly reports submission to the RAE regarding the execution of the Compliance Programme,
- RAE notification of any violation with regard to the implementation of the Compliance Programme at the time that it is identified, and proposals will also be submitted for immediate action.
- Report submission to the RAE in relation to the commercial and financial relations between the vertically integrated company PPC SA and HEDNO SA.

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

The Compliance Officer of HEDNO SA submitted the Annual Compliance Report for 2021 to the RAE, as required by Article 124(10) of Law 4001/2011, on 31/01/2022. The quarterly report for the first quarter of 2022 was submitted to RAE on 29/04/2022, for the second quarter of 2022 on 15/07/2022 and for the third quarter of 2022 on 31/10/2022. On 31/01/2023, HEDNO submitted its Annual Compliance Report for the year 2022, which included the fourth quarter of year 2022.

Guaranteed Services Programme

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

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

Framework of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and the interpretations of the Interpretation Committee, and as applicable to companies applying IFRS which present their financial position, operating results, and their company's cash flows on a going concern basis. These financial statements have been prepared on the basis of the historical cost principle, apart from financial assets which are measured at fair value and on the basis of the going concern principle. The financial statements are presented in thousands of euro 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 2022, 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.

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 and liabilities are recognized in case of temporary tax differences between the accounting basis and the tax basis of the assets and liabilities, using the tax rates that have been enacted and are expected to apply for the periods when these differences are expected to be eliminated. Deferred tax assets are recognized for all deductible temporary differences and transferred tax losses, to the extent that it is possible that there will be taxable profit available to be used against the deductible temporary differences and the transferred unused tax losses. Accounting estimates related to deferred tax assets require from the management to make assumptions concerning the determination of the time of future events, such as the likelihood of the expected future taxable income and the available possibilities of tax planning.

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 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 follows the provisions of IFRS 9 and uses the simplified approach, calculating the provision for losses at the expected lifetime credit losses for all trade and other receivables and assets derived from contracts with customers. The allowance for doubtful accounts is reviewed by the company's management on a regular basis. The expected loss rate is estimated at each reporting date based on historical losses that have been adjusted to reflect current and future information. Expected credit losses are calculated using data from the Company's legal department on the basis of difference between the contractual cash flows due and all cash flows expected to be received by the Company. For the year ended 31/12/2022, the Management has reviewed long-term information on its trade receivables and the financial environment, and has proceeded with the redefining of provisions for impairment, as required - Note 23.

3.1.5. Post-Retirement Benefits

Electricity supply at reduced tariffs

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

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

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

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

Provision for staff retirement indemnity

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

The above comprises a defined benefit plan in accordance with the provisions of IAS 19. The present value of the liability undertaken by PPC SA and its subsidiaries, calculated at the end of each year using actuarial methods, constitutes costs of previous service, for services provided in previous time periods. Details of the key assumptions and estimates for the above post-retirement benefits are included in Note 28.

3.1.6. Fair values and useful life of PPE

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

The Company values tangible fixed assets at revalued amounts (estimated fair values), as determined by an independent appraisal firm every 3-5 years.
The most recent revaluation of property, plant, and equipment was completed on 31/12/2019. Determining the fair values of property, plant and equipment requires assessments, assumptions and judgments regarding ownership, value in use as well as the existence of any financial, operational and physical depreciation of property, plant and equipment. Management makes estimates with regard to the total and remaining useful life of depreciable fixed assets which are subject to periodic review. The overall useful life of assets, as estimated, are listed below - Note 3.2.5.

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 differential lending rate as of the date of commencement of the respective leases, since the real interest rate is not determined directly by the lease agreements. The differential lending 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. The company's interest rate on additional borrowings on lease liabilities is 4.10% (<8 years) and 3.49% (> 8 years).

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

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

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

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

3.1.10. *Recognition of revenue from consumer participations*

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

3.1.11 *Provision for Inventory*

The Company recognizes an impairment provision for its inventory which relates to (a) slow moving items and (b) Materials X which are not categorised as Materials A, B or C when derecognized from the Network Infrastructure.

The provision for slow moving materials has been based on their age and categorization which lead to specific percentages and result in the level of provisioning until 31 December 2021. During the year 2022 the Company took into account certain qualitative factors relating to new information about critical materials and reassessed its accounting estimate with respect to these materials. The new information derived from the meetings held during 2022 with an external consultant and management executives of the department of Supply Chain and Materials of HEDNO, on the basis of the project relating to (a) Optimisation of the stocking process and (b) Determination of the new Strategic Warehouse Network which is still under progress.

During the 2022 fiscal year the Company reassessed the above information and the impact from the change in the accounting estimate has been disclosed in the Statement of Comprehensive Income.

3.2. BASIC ACCOUNTING PRINCIPLES

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

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

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

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

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

3.2.2. Consumer Participations

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

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

3.2.3. Foreign exchange differences

(a) Functional and presentation currency

The Company's Financial Statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Euros, which is the presentation currency of the Company.

(b) Transactions and balances

(amounts in thousand EUR unless stated otherwise)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Profits and losses from foreign exchange differences that result from the settlement of such transactions during the year and from the conversion of monetary items in foreign currency using the rate in effect at the balance sheet date are recorded in the results.

3.2.4. 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.

3.2.5. Property, plant and equipment

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 revaluation surplus from previous revaluations and the remaining amount burdens the results of the fiscal year. Upon disposal of a revalued tangible fixed asset, the corresponding portion of recognised goodwill shall be transferred from the reserve account to the income statement. Repairs and maintenance burden expenses for the year in which they are performed. Subsequent expenses are capitalised if the criteria for their recognition as assets are met. For all assets that are withdrawn, their acquisition value and related depreciation are written off at the time of sale or withdrawal from service. Any profits or losses arising from the write-off of an asset are included in the Statement of Comprehensive Income.

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

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

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

3.2.6. Leases (IFRS 16)

The Company as lessee

The Company determines whether a contract is or contains a lease at the contract's outset. An agreement is, or contains, a lease if the agreement transfers the right to control the use of a recognized asset for a specified period of time upon consideration. The Company implements a unified recognition and measurement approach for all leases, except for short-term leases and leases of a low-value underlying asset. The Company records lease liabilities for lease payments and right-of-use assets corresponding to the right to use the underlying assets.

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 re-measurement 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. In the statement of financial position, right-of-use assets are presented separately.

Variable lease payments that are not dependent on any index or interest rate are not included in the measurement of the lease liability and therefore do not constitute a component of the book value of the asset with right of use.

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

Lease liabilities

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

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

For liabilities under IFRS 16, see Note 20.

Short-term and low value asset leases

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

Determination of the lease term

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

The Company as lessor

Leases in which the Company is a lessor are classified as either financial or operating. When, in accordance with the terms of the lease, essentially all the risks and benefits that accompany ownership of the leasehold are transferred to the lessee, the lease is classified as financial. All other leases are classified as operating leases. The Company leases assets through operating leases. Revenue from operating leases is recognised using the straight line method during the period of any given lease. The initial direct transaction and transaction costs of an operating lease agreement are added to the book value of the underlying asset and recognised on a straight-line basis over the term of any given lease.

3.2.7. 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. The reasonable sale value (following deduction of the sale cost) is determined on the basis of the implementation of a valuation model, as the case may be. 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.

3.2.8. Financial instruments and Derivative Financial Instruments

A financial instrument is any contract that creates a financial asset for one financial entity while also creating a financial liability or equity title for another financial entity.

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

(b) Financial assets at amortised cost

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

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

Derecognition and impairment

A financial asset is derecognised primarily when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset, or has undertaken to pay the received cash flows in full without significant delay to a third party under a pass-through agreement and either (a) the Company has substantially transferred all the risks and rewards derived from the asset; or (b) the Company has not transferred or essentially retained all estimated risks (rewards) of the asset, but has transferred control of the asset. If the Company has transferred the rights to receive cash flows from an asset or has entered into a transfer agreement, it then evaluates whether and to what extent it continues to hold the risks and rewards of ownership. If the Company has not transferred or does not substantially hold all risks and rewards of the asset or has transferred control of the asset, it continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises any respective liabilities. The transferred asset and the respective liability are measured on a basis that reflects the rights and obligations kept by the Company.

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

Expected credit losses are recognized in two stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the financial entity quantifies the provision for a loss with respect to the financial instrument in question at an amount equivalent to expected credit losses accruing over the next 12 months. If the credit risk of a financial instrument has increased significantly since initial recognition, the financial entity quantifies the provision for a loss with respect to the financial instrument in question at an amount equivalent to expected credit losses over its lifetime, regardless of when the default occurred.

For customer receivables the Company applies the simplified approach for the calculation of expected credit losses. Therefore, at each reporting date, the Company measure the loss provision for a financial instrument at the amount of the expected credit losses over its lifetime without monitoring the changes in credit risk.

In order to determine the expected credit losses in relation to accounts receivable from customers, the Company uses a credit loss forecast table based on the maturity of the balances, which is based on the Company's historical data for credit loss, and is adjusted for future factors in relation to debtors and the economic environment.

3.2.9. Measurement of fair value

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

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

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

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

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

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

3.2.10. Derivatives financial instruments

The Company uses financial instruments like Interest Rate Swaps to hedge the interest rate risk. The instrument relate to long-term financing agreements using floating interest rates. Those financial instruments are initially recognized at fair value at the starting date of the hedging relationship and subsequently are recognized to fair value through profit and loss. The Company has chosen not to adopt hedge accounting for those instruments.

The Company entered into the aforementioned agreements to manage the risk deriving from the fluctuation of the fair value of future cash flows of the hedged item due to market interest rate fluctuations. The hedged risk in the cash flow hedging is the exposure due to the fluctuation of the future cash flows and is related to specific risk which is connected to a recognized financial asset or liability and is coming from the fluctuation of interest rate fluctuation, foreign currency exchange and may impact the statement of other comprehensive income.

3.2.11. Financial liabilities

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

A financial liability is derecognised when the obligation arising from the liability is cancelled or expires. When an existing financial liability is replaced by another from the same lender but under substantially different terms or the terms of an existing liability are significantly changed, such exchange or amendment is treated as a derecognition of the initial liability and recognition of a new one. The difference in the respective book values is recognised in the statement of comprehensive income.

3.2.12. Offsetting of financial receivables and liabilities

Financial receivables and liabilities are offset and the net amount is presented in the Statement of Financial position only where the Company holds the legal right to do so and intends to offset them on a clear basis between them or to retrieve the financial asset and offset the liability at the same time. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.2.13. 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. A provision for inventory is recognized based on the recoverable amount of the use of those materials and taking into consideration the accounting estimates as referred to in Note 3.1.11.

3.2.14. Trade receivables

Trade receivables from customers with credit, usually of 20 to 90 days, 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.

3.2.15. 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.

3.2.16. 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.

3.2.17. 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, 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 Statement of Comprehensive Income, unless it relates to amounts recognised directly in equity. In this case, the tax is also recognised in equity.

Current tax assets and liabilities are measured 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.

3.2.18. 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.

3.2.19. 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.

3.2.20. Loans and credits – Borrowing costs

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

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

3.2.21. Employee benefits

a) The Company provides its employees and retirees with electricity at a reduced tariff. The obligation to provide 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 as cumulated during their service, and these are calculated based on financial and actuarial methods on the basis of financial and actuarial assumptions.

b) Starting form the fiscal year 2018, the Company shall henceforth pay, pursuant to Law 4533/2018 (Government Gazette, Series I, No 7527/4/2018) a sum in compensation due to departure from service of not more than EUR 15 thousand (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 net expense for the fiscal year is included in staff remuneration in the profit and loss account and corresponds to the present value of benefits recognised during the fiscal year. The retirement benefits liability is not funded. The actuarial profit or loss is recognized directly in other comprehensive income.

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

3.2.22. Revenue recognition (IFRS 15)

According to IFRS 15 'Revenue from contracts with customers', which is mandatory for accounting periods beginning on 1/1/2018, 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 Statement of Comprehensive Income.

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

Revenue from contracts with customers

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

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

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

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

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

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

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

Other income

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

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

3.2.23. Grants

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

3.2.24. 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 except for the following IFRS amendments which have been adopted by the Group/Company as of 1 January 2022:

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
  - **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases**

The amendments had no impact on the financial statements of the Company.

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

The following new standards, and the amendments and revisions to standards or interpretations, have been issued but are not applicable in the accounting period beginning on 1 January 2022.

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The company does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the Company's financial statements.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**
  The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
  The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

(amounts in thousand EUR unless stated otherwise)

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the amendment is not expected to have an impact on the Company's financial statements.

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

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

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

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

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

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

Valuation 1297/2972

Amounts in €	IFRS value 31/03/2021	Evaluated value 31/03/2021	IFRS value 30/11/2021	Estimation value 30/11/2021
Tangible assets	4,601,322,731.62	4,863,652,063.24	4,726,965,625.69	4,792,150,676.50
Other intangible assets	167.88	140	59.25	65.33
Trade receivables	50,929,749.09	50,929,749.09	52,853,562.12	52,853,562.12

(amounts in thousand EUR unless stated otherwise)

Other receivables	63,982,529.33	63,982,529.33	31,416,639.57	31,416,639.57
Total assets	**4,716,235,177.92**	**4,978,564,481.66**	**4,811,235,886.63**	**4,876,420,943.52**
Deferred tax liability	612,372,403.00	573,757,463.72	418,700,253.53	439,709,708.27
Reduction of deferred tax liability due to recognition of depreciation of fixed assets	-	-	-	-62,581,581.11
Borrowings	1,471,915,206.35	1,472,363,636.43	1,416,303,030.39	1,416,303,030.38
Grants	37,044,816.13	37,044,816.13	36,741,357.05	34,873,733.42
Consumer participations	1,822,630,172.58	1,822,630,172.58	1,894,424,887.13	1,894,424,887.13
Trade payables	104,091,836.51	104,091,836.51	69,573,982.63	69,573,982.63
Other liabilities	15,013,596.29	15,013,596.29	5,316,702.61	5,316,702.61
Total liabilities	**4,063,068,030.86**	**4,024,901,521.66**	**3,841,060,213.34**	**3,797,620,463.32**
Total net equity	**653,167,147.06**	**953,662,960.00**	**970,175,673.29**	**1,078,800,480.20**

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

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following is a breakdown of revenue from client contracts.

Revenue from contracts with customers	01/01-31/12/2022	01/01-31/12/2021
Network Usage Fees - PPC SA	429,551	459,290
Network Usage Fees - Other providers	272,573	266,824
Network Usage Fees - Electricity Theft	1,076	1,019
	703,200	**727,133**
Operator Settlement Charges	1,482,418	1,805,607
Operator Settlement Earnings	-1,482,418	-1,805,584
Total Network Usage Fees	**703,200**	**727,156**

	01/01-31/12/2022	01/01-31/12/2021
Sales of materials	8,038	15,085
Amortisation of Consumer Contributions	96,094	7,962
Revenue from reconnection fees	3,284	2,430
Other revenues from consumers	3,512	2,958
Revenue from managerial costs of electricity theft	2,552	2,764
Income from RES Fee Management	96	0
Revenues from concession agreement	0	1,348
Total other income	**113,576**	**32,547**
Total revenue from contracts with customers	**816,776**	**759,703**

(amounts in thousand EUR unless stated otherwise)

The analysis of Network Usage Fees is as follows.

	01/01-31/12/2022	01/01-31/12/2021
Network Usage Charge Invoices- IS- PPC SA	407,376	404,047
Network Usage Charge Provision- IS- PPC SA	-5,976	-3,259
Network Usage Charge Invoices- NIIs- PPC SA	28,151	58,505
Network Usage Charge Invoices- IS- Other providers	259,330	233,688
Network Usage Charge Invoices - NIIs - Other providers	14,782	29,947
Network Usage Charge Provision- IS- Other providers	-1,782	2,954
Network Usage Fees - Hybrid Generating Plants	21	14
Network Usage Duties - Electricity Theft	1,076	1,019
Network Usage Duties - Athens International Airport Network Operator (AIA)	222	218
Total	**703,200**	**727,133**

	01/01-31/12/2022	01/01-31/12/2021
Operator Settlement Charges		
Income from Participations - Grants	0	154,777
Revenue ETMEAR - PV Energy Market Settlement	40,063	82,372
Revenue from Public Services	588,197	613,294
Income from System Use Charges (XXS) - Electricity Theft	272	258
Non-categorised income attributed to domestic energy theft	672	1,053
RES Plant Power Supply Sales	75,485	152,413
Thermoelectric Plant Power Supply Sales	777,647	801,440
Total	**1,482,336**	**1,805,607**

	01/01-31/12/2022	01/01-31/12/2021
Operator Settlement Earnings		
Income from Participations - Subsidies	0	-154,754
ETMEAR Liabilities - PV Energy Market Settlement	-56,553	-84,845
SGI charges	-588,197	-613,294
System Use Charges (XXS) - Electricity Theft	-272	-258
Non-categorised charges attributed to domestic energy theft	-672	-1,053
Electricity cost (RES)	-58,995	-149,940
Thermoelectric Power Plant Purchases	-777,647	-801,440
Total	**-1,482,336**	**-1,805,584**

Operator Settlement Charges/Earnings

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

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

(amounts in thousand EUR unless stated otherwise)

Special Pollutant Emissions Reduction Duty (ETMEAR)

ETMEAR is paid by electricity consumers in order to contribute to the reduction of gaseous pollutant emissions through the production of electricity from renewable Energy sources (RES). The specific duty is based on regulated charges determined by the RAE (RAE Decision No 621/2016). From the fiscal year 2019 onwards, 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.

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).

Amortisation of Consumer Contributions

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

6. OTHER INCOME

	01/01-31/12/2022	01/01-31/12/2021
Network project sales	442	170,247
Allocation of revenue from electricity theft reserve	8,592	9,910
Other income	6,791	6,391
Total	**15,825**	**186,548**

(amounts in thousand EUR unless stated otherwise)

The item "Network project sales" includes an amount of € 645 thousand (2021: € 170,195 thousand), corresponding to costs of network projects invoiced during the year.

The above amount has been reduced by € 169,550 thousand, in respect of expenses of PPC mining projects that have been carried out but have not been invoiced during the year (change in project reserves). It should be noted that the amount relating to change in project reserves in the published financial statements for fiscal year 2021 included both Network and Mine projects.

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

Change in Project Reserves	30/11/2021
Consumption of materials	-2,296
Personnel remuneration	-1,372
Third party fees	-469
Maintenance and third party services	-5,078
Miscellaneous expenses	-379
	-9,594

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

The Company until 30/11/2021, was re-invoicing its expenses in the framework of the network projects in the cost to PPC SA. However, in rare occasions, it also applies a minimum profit margin to these costs (mining projects).

Because HEDNO currently owns the network, these transactions connected to network projects came to an end on 1/12/2021. As a result, the Company's expenses from 01/12/2021 onwards only include the costs of Mining projects.

The revenues from the Electricity Theft Reserve of € 8,592 thousand are used to cover a portion of HEDNO's permitted revenue for 2022 by reducing the required revenue and charges for network uses, as well as compensating in part the cost of losses incurred by network final consumers, which remains high and is covered by RAE Decision 632/2021.

Regarding Other Income, the below table summarizes the amount included therein:

	01/01-31/12/2022	**01/01-31/12/2021**
Penalty clauses on suppliers/contractors	495	689
Other Income for the year	1,597	1,673
Revenues from termination of financing agreements	1	1,651
Income from Subsidies - Grants	1,477	762
Income from provision of services to related parties	2,146	1,154
Rental Income from Buildings	644	0
Revenue from Canteens	386	305
Income from provision of services	45	157
	6,791	**6,391**

Other Income from services to Related Parties include an amount of € 806 thousand relating to income from PPC S.A. due to the recovery of feasibility study costs from fiber optics installation in the network infrastructure. Moreover, under Rental Income from buildings to related parties there is an amount of €632 thousand which relates to rental income of HEDNO's assets to PPC S.A. and €11 thousand which relates to rental income of rooftops to PPC Renewables S.A.. The line Income from Subsidies-Grants presents an increase of 94% in 2022 fiscal year compared to the previous year due to the launch of new research programs.

(amounts in thousand EUR unless stated otherwise)

It should be noted that under "Revenues from termination of financing agreements" of 2021 fiscal year there is an amount which relates to gains from the deletion of leasing agreements which had been derived from the transfer of those leased assets from PPC S.A. to HEDNO S.A. during the spin-off on 30/11/2021.

7. PERSONNEL FEES

		01/01-31/12/2022		01/01-31/12/2021
Payroll		315,455		300,785
Network projects payroll	0		36,679	
Operating payroll	259,475		255,388	
HEDNO projects payroll	55,980	-55,980	7,347	-7,347
Overtime/Day off		216		2,191
Provision for staff departure allowance		-441		-9,683
Consequential employee benefits		5,407		6,679
Consequential HEDNO project benefits		-41		-51
Provision for leave not taken		-1,424		3,535
Income from staff seconded to IKA		-1,176		-1,140
Total		262,016		293,597

The payroll of regular employees stood at € 301,233 thousand (2021: € 282,452 thousand), and that of temporary staff stood at € 10,696 thousand (2021: € 8,938 thousand). Also, the payroll includes staff compensation amounting to € 3,526 thousand (2021: € 9,395 thousand) regarding employees who left the Company until 31/12/2022.

It is noted that the regular staff as at 31/12/2022 comprised 5,642 members (31/12/2021: 5,456) and the mean number of the temporary staff stood at 838 members (31/12/2021: 624).

Consequential employee benefits can be broken down as follows.

	01/01-31/12/2022	01/01-31/12/2021
Reduced electricity tariff for the fiscal year	2,514	3,149
Reduced electricity tariff - Provision	-1,254	-1,134
Camps for children	167	96
Personnel insurance premiums	2,594	2,801
Nurseries	407	401
Other ancillary benefits	979	1,366
Total	5,407	6,679

8. NETWORK USAGE COSTS

	01/01-31/12/2022	01/01-31/12/2021
EP Distribution Network Usage Rent - Interconnected	0	210,808
EP Distribution Network Usage Rent - NII	0	29,167
EP Distribution Network Usage Rent - Electricity Theft	0	333

(amounts in thousand EUR unless stated otherwise)

EP Distribution Network Usage Rent - Provision for Interconnected	0	-1,675
EP Distribution Network Usage Rent AIA- Interconnected	0	72
Total	**0**	**238,705**

The above amount of 2021 fiscal year relates to the consideration given to the Network Owner - PPC SA - by HEDNO SA, and was determined based on RAE Decisions each year.

It should be noted that, for the current fiscal year, such expenses no longer exist as HEDNO is the owner of the network and the comparative year's expenses relate to the period from 01/01/2021 to 30/11/2021.

9. MAINTENANCE AND THIRD PARTY BENEFITS

	01/01-31/12/2022	01/01-31/12/2021
Third-party allowances	19,786	95,354
Repairs- Maintenance	53,514	47,854
Total	**73,300**	**143,208**

Third party benefits are broken down as follows.

	01/01-31/12/2022	01/01-31/12/2021
Maintenance - High Voltage (IPTO)	1,592	7,433
Operating Leases	3,142	2,726
Expenses of telecommunications services	7.258	5,071
Electric Power	4,646	2,508
Network Project Contractors	0	73,498
Other third-party benefits	3.148	4,118
Total	**19,786**	**95,354**

The line maintenance-high voltage (IPTO) has a decrease compared the previous year as during the 2022 fiscal year the agreement with IPTO S.A. was terminated and the respective service is now performed by specialized employees of HEDNO's Department of Special Network Installations. Moreover, in line "Expenses of Telecommunications Services" the increase of 43% is attributed to the agreement with COSMOTE S.A. for the MPLS Data Network. Further, the cost of electrical supply has increased by 85% due to the significant raise of the electrical supply prices in Greece and Europe in general during 2022. This is due to the raise in gas prices which corelates with the electrical supply prices and was a result of the conflict in Ukraine which started in February 2022.

The decrease in the budget line "Network Work Contracts" is due to the fact that from 01/12/2021 onwards, due to the network ownership by the company all the applicable expenses have been capitalized.

10. CONSUMPTION OF MATERIAL

	01/01-31/12/2022	01/01-31/12/2021
Material conversion cost	7,903	6,647
Consumption - Network Projects	34	56,934
Consumptions - Exploitation Area	18,578	37,747
Total	**26,515**	**101,328**

It should be noted that, from 01/12/2021 onwards, the network projects consumptions do not contain the consumption of Recurring Projects and Branded Networks Projects, which are now capitalized and amount to €86,114 thousand. The decrease in Networks consumption compared to previous year is mainly due to the decrease of costs on the basis of COVID-19 pandemic and the recognition of the extracted materials of the Company's network which are recognized as inventory and further decreased the specific line.

(amounts in thousand EUR unless stated otherwise)

11. THIRD PARTY FEES

	01/01-31/12/2022	01/01-31/12/2021
Cleaning - Building security	4,865	4,095
Measurement Fees	5,885	5,784
Cuts & reconnection fees	7,188	4,227
Support costs - PPC SA	4,388	8,473
Third-party studies	6,641	4,821
Other Third-party fees	41,527	33,939
Total	**70,494**	**61,339**

The increase in third parties fees compared to previous year is mainly due to the higher amounts of cuts and reconnection fees of €2.9 million which is attributed to the crisis presented in 2022 as a result of the higher electrical supply costs, with the revaluation clause application. This had an impact to consumers and their ability to settle their accounts and the energy providers ability to settle their debts. Further, it is due to the higher costs of legal services for supporting the electricity theft cases (€8.6 million). Moreover, it is due to the delay of scheduled hirings in 2022 that lead to the increased third party fees by €3.2 million, as the services rendered from external parties were higher; other services and subcontracting fees amounted to €4.2 million. Lastly, the line Support costs - PPC S.A. shows a decrease of €4.0 million compared to previous year due to the staffing of the Company with more experienced and specialized personnel.

12. PROVISIONS

The amount of € 638 thousand concerns a release of provision for doubtful receivables - Note 23.

In addition, the release amount of € 15,669 (2021: € 3,918 thousand) is broken down as follows.

- Release of provision for slow-moving inventory € 7.163 thousand, as a result of the change in management's accounting estimate, as occurred in 2022 and is analyzed in note 3.1.11 (2021: charge of € 483 thousand)
- Release of provision for an impairment of the value of Materials X € 1,050 thousand (2021: charge of € 389 thousand),
- Release of provision for pending litigation € 7,457 thousand, as a result of finalization of cases that were ongoing in the previous fiscal year, re-evaluation of the provision made for cases where developments occurred in 2022 and creation of a provision for new cases started during the fiscal year (2021: charge of € 3,046 million)

13. MISCELLANEOUS COSTS

	01/01-31/12/2022	01/01-31/12/2021
Travel costs	8,383	6,483
Travel Expenses	4,112	3,451
Materials of Instant Consumption	4,179	4,029
Research program expenses	1,213	852
Other Operating Expenses	3,520	2,690
Personnel food allowance	6,901	6,404
Other expenses	8,839	4,439
Total	**37,147**	**28,348**

(amounts in thousand EUR unless stated otherwise)

The increase in miscellaneous expenses line is mainly due to the higher transportation cost and fuel cost as a result of the energy crisis, the higher costs of travel expenses and the increase of other expenses line by €4 million due to additional retirement costs, default interest and other compensations.

14. DEPRECIATION AND AMORTIZATION

	01/01-31/12/2022	01/01-31/12/2021
Depreciation - Tangible Assets	303,983	30,406
Depreciation - Software Programs	1,011	1,090
Depreciation - Right-of-use asset value	10,863	14,231
Depreciation of Subsidies	-2,037	-170
Total	**313,820**	**45,557**

The increase in depreciation compared to previous year is due to the fact that HEDNO is the owner of the network from 1/12/2021.

15. TAXES – DUTIES

	01/01-31/12/2022	01/01-31/12/2021
Taxes - Transportation Fees	359	365
Cleaning - Lighting fees	2,579	1,565
Stamp duty on Rents	166	266
Other taxes - duties	250	130
Real estate taxes	1,859	0
Total	**5,213**	**2,326**

The increase in Real estate tax compared to previous year is mainly due to the duty imposed on fixed assets (Significant Property Tax) which were transferred to HEDNO as a result of the spin-off.

16. FINANCE INCOME

	01/01-31/12/2022	01/01-31/12/2021
Interest income from deposits	151	105
Discount rate income	19	14
Profit from the fair value valuation of financial derivatives (Note 21)	11,607	-
Other financial income	485	154
Total	**12,262**	**273**

17. FINANCE EXPENSE

	01/01-31/12/2022	01/01-31/12/2021
Banking expenses	62	34
Interest on Bank Loans	27,568	2,433
Interest from Lease Liabilities - IFRS 16	1,570	2,328
Interest on swap contracts and cost amortization	435	0
Discounting Interest	27	0
Commissions paid for Letters of Guarantee	17,469	1,588
Total	**47,131**	**6,383**

(amounts in thousand EUR unless stated otherwise)

18. INCOME TAX (CURRENT AND DEFERRED)

	01/01 31/12/2022	01/01- 31/12/2021
Current income tax	33,793	9,030
Tax for previous years	457	-447
Deferred Income Tax	-26,584	1,840
Total	**7,666**	**10,423**

Tax reconciliation calculated on the Company's taxable accounting profit and the actual income tax shown in the results:

	01/01- 31/12/2022	01/01- 31/12/2021
Profit before Tax	**25,534**	**19,120**
Nominal Tax Rate	22%	22%
Tax with nominal rate	5,617	4,206
Effect of change to tax rate	0	3,844
Non-tax deductible expenses	2,049	2,373
Income tax	**7,666**	**10,423**
	30.02%	**54.51%**

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

	01/01- 31/12/2022	01/01- 31/12/2021
Current income tax	-26,354	-9,030
Tax prepayment	0	3,210
Total	**-26,354**	**-5,820**

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

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

	2022	2021
Starting balance	**-328,619**	**53,458**
Contribution of Network Distribution Sector on 30/11/2021 (Note. 4)	0	-377,128
Equity Credit/(Debit)	-2,711	-3,109
Credit/ (Debit) in the income statement for the year	26,584	-1,840
Closing balance	**-304,746**	**-328,619**

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

Deferred tax receivables	**31/12/2022**	**31/12/2021**
Materials - Spare parts	2,321	4,127
Trade Receivables	23,075	23,215
Provisions for liabilities & expenses	27,268	32,196

(amounts in thousand EUR unless stated otherwise)

Consumer Contributions & Subsidies	329,236	331,086
Total	**381,900**	**390,624**

Deferred tax liabilities	31/12/2022	31/12/2021
Depreciation & adjustment of fixed assets	668,601	701,109
Derivative financial instruments valuation	2,554	0
Provision for Network Usage Fees	15,491	18,134
Total	**686,646**	**719,243**
Net deferred tax liabilities	**-304,746**	**-328,619**

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

	31/12/2022	31/12/2021
Materials - Spare parts	1,807	160
Trade Receivables	140	1,470
Provisions for liabilities & expenses	2,218	4,893
Consumer Contributions & Subsidies	1,849	30
Depreciation & adjustment of fixed assets	-32,509	-4,012
Derivative financial instruments valuation	2,554	0
Network Usage Income Provision	-2,643	-701
Debit/ (Credit) in the income statement for the year	**-26,584**	**1,840**

The IAPR issued a partial income tax audit order for the tax year 2019 on 08/11/2021. This audit was finished and the tax authorities issue the Document ID 3773292/21-06-2022 "Tax Audit Report from Large Companies Department". No comments or findings have been reported and there were no remarks made to HEDNO with respect to this audit. The Company has not undergone tax audits for the fiscal years 2018 to 2022 inclusive, which are not yet time-barred. The tax certificates of HEDNO SA obtained by the respective audit company for the years 2016 - 2021 were issued without reservation.

The task of carrying out the work necessary for the issuance of the tax certificate for the year 2022 has been entrusted to the certified auditors of the company Ernst & Young (Hellas) Certified Auditors - Accountants SA, and it is already underway. The Company's Management does not expect to incur significant tax liabilities on completion of the work in question, other than those already recorded and reflected in the financial statements.

In the course of preparation of the financial statements for the year ended 31/12/2022, the corresponding accounting differences have been calculated, and the Company estimates that no special provision needs to be made for this fiscal year.

(amounts in thousand EUR unless stated otherwise)

19. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings & Technical Facilities	Machinery and other mechanical equipment	Means of transport	Furniture & Fixtures	PPE under construc-tion	Total property plant & equip-ment	Software Programs	Total
Acquisition value as at 01/01/2022	197,633	136,330	4,673,058	16,813	28,242	47,331	5,099,407	12,493	5,111,900
Additions	0	1,992	252,454	921	3,081	53,028	311,476	1,040	312,516
Write-offs	0	0	-4,534	-360	-1,039	0	-5,933	-12	-5,945
Transfers/Reclassifications	0	0	2,221	0	2	-2,223	0	0	0
	197,633	138,322	4,923,199	17,374	30,286	98,136	5,404,950	13,521	5,418,471
Advances for the Acquisition of Real Estate	0	0	0	0	0	0	0	0	0
Acquisition value as at 31/12/2022	197,633	138,322	4,923,199	17,374	30,286	98,136	5,404,950	13,521	5,418,471
Accumulated depreciation 01/01/2022	0	-11,542	-210,442	-7,910	-16,501	0	-246,395	-9,331	-255,726
Accumulated depreciation - write-offs	0	0	844	317	1,028	0	2,189	12	2,201
Fiscal Year Depreciation	0	-15,234	-284,451	-2,104	-2,194	0	-303,983	-1,011	-304,994
	0	-15,234	-283,607	-1,787	-1,166	0	-301,794	-999	-302,793
Accumulated depreciation 31/12/2022	0	-26,776	-494,049	-9,697	-17,667	0	-548,189	-10,330	-558,519
Net Book Value as of 31/12/2022	197,633	111,546	4,429,150	7,677	12,619	98,136	4,856,761	3,191	4,859,952

(amounts in thousand EUR unless stated otherwise)

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

(amounts in thousand EUR unless stated otherwise)

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

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

In 2022, an amount of € 2,68 thousand (2021: € 3.25 thousand) corresponding to the reserve for retired asset adjustment was transferred from the Goodwill reserve for asset adjustment to results carried forward.

20. LEASES

The table below shows the acquisition value of property, plant, and equipment rights, as well as the value of lease liabilities, as well as their movement during the fiscal years ended 31/12/2022 and 31/12/2021.

	Real estate	Other Equipment	Transportation Equipment	Software	Total
RIGHT OF USE					
01/01/2022	**17,750**	**1,172**	**10,297**	**1,236**	**30,455**
Additions	9,280	0	4,120	56	13,456
Disposals	-383	0	-18	0	-401
Depreciation and amortization	-6,180	-781	-3,055	-847	-10,863
31/12/2022	**20,467**	**391**	**11,344**	**445**	**32,647**
LIABILITIES					
01/01/2022	**18,795**	**628**	**10,459**	**1,259**	**31,141**
Additions	9,249	0	4,108	56	13,413
Disposals	-394	0	-6	0	-400
Financial expenses	1,038	20	472	40	1,570
Payments	-7,111	-434	-3,408	-905	-11,858
31/12/2022	**21,577**	**214**	**11,625**	**450**	**33,866**
LIABILITIES					
Current	6,060	214	3,470	450	**10,194**
Non-current	15,517	0	8,155	0	**23,672**

The contractual expirations of the Company's lease commitments as of 31/12/2022are broken down as follows:

LIABILITIES					
Up to 12 months	6,823	216	3,893	456	**11,389**
1 to 5 years	12,089	0	8,619	0	**20,708**
Over 5 years	8,399	0	0	0	**8,399**

(amounts in thousand EUR unless stated otherwise)

	Real estate	Other Equipment	Transportation Equipment	Software	Total
01/01/2021	**46,320**	**3,965**	**4,302**	**0**	**54,587**
Additions	4,809	53	7,664	1,442	13,968
Disposals	-21,942	-1,761	-165	0	-23,868
Depreciation and amortization	-11,437	-1,085	-1,504	-206	-14,232
31/12/2021	**17,750**	**1,172**	**10,297**	**1,236**	**30,455**

LIABILITIES					
01/01/2021	**47,921**	**3,993**	**4,481**	**0**	**56,395**
Additions	5,527	53	7,448	1,460	14,488
Disposals	-23,644	-1734	-182	0	-25,560
Financial expenses	2,031	146	135	16	2,328
Payments	-13,040	-1,830	-1,423	-217	-16,510
31/12/2021	**18,795**	**628**	**10,459**	**1,259**	**31,141**

LIABILITIES					
Current	3,722	413	2,546	830	**7,511**
Non-current	15,076	214	7,911	429	**23,630**

The contractual expirations of the Company's lease commitments as of 31 December 2021 are broken down as follows:

LIABILITIES					
Up to 12 months	4,465	432	2,949	869	**8,715**
1 to 5 years	11,736	217	8,496	435	**20,884**
Over 5 years	8,532	0	0	0	**8,532**

The increase in the Usage Right and Lease Liability from the previous fiscal year to the current fiscal year is due to the additional real estate lease contracts which were concluded in fiscal year 2022, apart from those that pre-existed due to the precession that took place as at 30/11/2021 by PPC.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	31/12/2022	31/12/2021
Interest rate swaps	11,607	-
Total	**11,607**	-

For the purpose of hedging the interest rate risk brought on by two new floating rate loan agreements with Eurobank and the National Bank of Greece, the Company entered into derivative contracts with each bank. Such agreements, known as Interest Rate Cap Transactions, allow the company to be covered against a positive Euribor rate while also paying a premium. The Company does not use hedge accounting, as mentioned in Note 3.2.10.

(amounts in thousand EUR unless stated otherwise)

22. INVENTORIES

	31/12/2022	31/12/2021
Materials & Spare parts in Contractors' Warehouses	49,852	32,700
Materials, Spare parts & Consumables in HEDNO SA Warehouses	200,011	158,741
Provision for impairment of value of inventories	-10,545	-18,757
Purchases to be accepted	237	737
Total materials & spare parts	**239,555**	**173,421**
Projects under development	381	585
Total inventories	**239,936**	**174,006**

The provision's movement is as follows:

	2022	2021
Starting balance	**18,757**	**17,885**
Release of provision/increased provision - Slow-Moving Inventories	-7,164	483
Release of provision/increased provision - Materials X	-1,050	389
Release of provision/increased provision - Materials B>A	2	0
Closing balance	**10,545**	**18,757**

Provisions of € 7,164 thousand and € 1,050 thousand for slow-moving materials and Materials X, respectively, were released due to quality factors and information brought to management's attention for slow-moving materials, as well as higher prices for the Company's Raw Materials, which contributed to the improved valuation of Materials X in fiscal year 2022. This information resulted in a change in accounting estimate for Management (see Note 3.1.11)

23. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
Receivables from PPC SA	34,684	63,989
Receivables from other providers	252,307	328,267
Provisions for doubtful receivables	-122,899	-123,537
Lignite Megalopolis SA Receivables	0	19
Lignite Melitis SA Receivables	0	93
Other receivables	29,286	17,134
Total	**193,378**	**285,965**

Receivables from PPC concern network usage fees, network works and energy transactions in NII (RES Weighted Average Variable Cost - Roof P/V - ETMEAR). The network works which belonged to PPC S.A. until 30/11/2021 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 is noted that the networks works are owned by HEDNO starting from 01/12/2021. During the transfer of the Sector by PPC S.A. on 30/11/2021, € 52,854 thousand were provided in trade receivables for HEDNO S.A., which were entirely offset against the comparable Liabilities presented by the Company in its books on the spin-off date.

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

The item Other Receivables includes an amount of € 1,709 thousand (2021:€ 1,894 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 € 15,927 thousand (2021: € 4,564 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.

(amounts in thousand EUR unless stated otherwise)

Provisions for doubtful receivables

The balance of the doubtful receivables provision € 122,899 thousand (2021: 123,537 thousand) includes an amount of € 117,414 thousand. €117414 thousand relates to customers HELLAS POWER, ENERGA, KENTOR, REVMA ENA, GENERAL ALTERNATIVE ENERGY whose operation has been interrupted - out of this amount, € 18,012 thousand relates to SGI transactions and €1,750 thousand to HELLENIC FERTILIZERS S.A. for SGI transactions. The Company has brought legal remedies against them. In addition, an amount of € 3,208 thousand (2021: € 6,123 thousand) relates to a provision for various debtors and customers. The provision's movement is as follows:

	2022	2021
Starting balance	**123,537**	**120,843**
Additional provision	1,750	2,694
Reversal of provision	-2,388	0
Closing balance	**122,899**	**123,537**

24. ACCRUED RECEIVABLES

	31/12/2022	31/12/2021
Accrued receivables - Thermal Power Plants	45,738	35,535
Accrued receivables - RES	4,437	4,376
Accrued receivables - NUF	53,307	65,582
Accrued receivables - ETMEAR	2,273	3,335
Accrued receivables - SGI	39,431	38,958
Prepaid expenses	1,825	7
Loan Expenses	3,789	0
Provision for NUC - IS income	70,414	78,172
Income from Subsidies	554	22
Other income received	3,001	1,541
Total Receivables	**224,769**	**227,528**

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

The accrued receivables regard invoices issued within 2023 - the part of the accrued and other receivables regarding related parties is listed.

	31/12/2022	31/12/2021
Accrued receivables from Thermal Power Plants	32,248	22,867
Accrued receivables from RES	3,167	2,785
Accrued receivables from NUF	33,603	42,196
Accrued receivables from ETMEAR	1,512	2,184
Accrued receivables from SGI	23,082	22,169
Provision for NUC - IS income	44,875	50,851
Accrued receivables from Optical fibres	558	0
Accrued receivables from Buildings Rents	644	0
Other income received	763	687

(amounts in thousand EUR unless stated otherwise)

Total	**140,452**	**143,739**

The table below shows the above amount per related party - the amounts are contained offset in the relevant lines of note 39.

	31/12/2022	31/12/2021
PPC SA	139,953	143,642
PPC Renewables SA	14	1
Lignite Melitis SA	0	38
Lignite Megalopolis SA	0	58
HELLENIC POST OFFICE (ELTA)	467	0
AIA	18	0
	140,452	**143,739**

25. CASH AND CASH EQUIVALENTS

	31/12/2022	31/12/2021
Cash	7	17
Sight Deposits	127,398	149,654
Time Deposits	60,000	23,000
Total	187,405	172,671

The Company's cash and cash equivalents as at 31/12/2022 totaled € 187 million. (31/12/2021: € 173 m.). All HEDNO's cash is expressed in EUR (€).

The balance of the SGI account managed by the Company is included in the Company's cash and cash equivalents. On 31/12/2022, the SGI account showed a surplus of € 73 million, compared to a surplus of € 154 million on 31/12/2021.

The interest income from sight and time deposits was € 143 thousand. (2021: € 105 thousand) and are included in the "Financial Income" line in the Statement of Comprehensive Income - Note 16.

26. SHARE CAPITAL

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

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

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

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

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

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

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

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

Hence, the Company's total share capital on 31/12/2021 and on 31/12/2022 was € 991,214,970, divided into 99,121,497 registered shares with a nominal value of € 10 each.

27. STATUTORY RESERVES

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

The legal reserve of € 435 thousand, which was established in the current fiscal year, is composed of profits from the fiscal year 2021. For the year 2022, the Statutory Reserves corresponding to 5% of net profits stand at the amount of € 893 thousand.

28. EMPLOYEE BENEFITS

Reduced tariff liability

(amounts in thousand EUR unless stated otherwise)

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

The results of the actuarial study for the year ended on 31/12/2022 are as follows.

Change in the liability of the Statement of Financial Position

	2022	2021
Net liability at beginning of fiscal year	**26,214**	**35,256**
Benefits paid by the Company	-1,745	-1,726
Total charge in the income statement	492	592
Total amount to be recognised in other comprehensive income	-3,500	-7,908
Net liability at year end	**21,460**	**26,214**

Items of the Income Statement

Income Statement Items for the Year	2022	2021
Benefits paid by the employer	-1,745	1,726
Expense to be recorded in the income statement	492	-592
Total	-1,253	1,134

Items of Comprehensive Income	2022	2021
Income to be recorded in Other Comprehensive Income	-3500	-7,908
Total	-3500	-7,908

Sensitivity Scenarios for Financial and Demographic Cases	2022	2021
Discount rate plus 0.5% - Difference in PV of Liabilities	-4.80%	-5.40%
Discount rate minus 0.5% - Difference in PV of Liabilities	5.30%	6.00%

Prices of Actuarial Study Assumptions

Date of valuation	Interest rate Prepayment	Increase of Invoice	Duration Liabilities	Margin PPC Group Profit
31/12/2021	1.05%	0.00%	12,87	2022:2.57% 2023:10.1% 2024:13.7% 2025+:16.5%
31/12/2022	3.57%	0.00%	12,59	2023:2.3% 2024:4.5% 2025:8.2% 2026+:7.4%

(amounts in thousand EUR unless stated otherwise)

Liability for staff compensation

By virtue of L. 4533/2018 (Government Gazette, Series I, No. 75/27-04-2018), Article 25(3) of Law 4491/1966 (Government Gazette, Series I, No 1/04.01.1966) was revoked, as well as any other relevant, general or special provision of the law or clause or term of the Labour Regulation or Collective Bargaining Agreement and, consequently, the compensation to which personnel are entitled due to departure from service, which is governed by the PPC Personnel Regulation, and corresponds to the amount of EUR 15,000.00 is not offset by the lump sum payable by the respective insurance organisation. Calculation of the relevant liabilities is based on financial and actuarial assumptions.

The results of the actuarial study for the year ended on 31/12/2022 are as follows.

Date of valuation	Number of persons	Average Pensionable Salary	Average Value of Service Years	Actuarial Liability
31/12/2022	5,620	3,306	23.8	40,216

Change in the liability of the Statement of Financial Position

	2022	2021
Net liability at beginning of fiscal year	51,351	66,886
Current employment cost	493	590
Interest cost	339	103
Benefits paid by the employer	-3,526	-11,800
Cost of cut-backs/settlements/service termination	383	-980
Actuarial Loss/ (Profit) - financial matters	-9,811	-2,093
Actuarial Loss/ (Profit) - period experience	987	-1,355
Net liability at year end	**40,216**	**51,351**

	2022	2021
Short-term part of the liability	280	2,150
Long-term part of the liability	39,936	49,201

Income Statement Items for the Year	2022	2021
Current employment cost	493	590
Interest cost	339	103
Cost of cut-backs/settlements/service termination	383	-980
Benefits paid by the employer	-3,526	-11,800
	-2,311	-12,087
Amount transferred to personnel fees	1,870	2,405
Total	-441	-9,682

Items of Comprehensive Income	2022	2021
Actuarial Loss/ (Profit) - financial matters	-9,811	-2,091
Actuarial Loss/ (Profit) - period experience	986	-1,355
Total	-8,825	-3,446

It is noted that in 2022 an amount of € 280 thousand (2021: € 2,150 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 31/12/2022 and will be compensated within 2023.

(amounts in thousand EUR unless stated otherwise)

Sensitivity Scenarios for Financial and Demographic Cases	2022	2021
Discount rate plus 0.5% - Difference in PV of Liabilities	-3.30%	-4.00%
Discount rate minus 0.5% - Difference in PV of Liabilities	3.40%	4.30%
Salary Increase Case plus 0.5% - Difference in PV of Liabilities	0.10%	0.20%
Salary Increase Case minus 0.5% - Difference in PV of Liabilities	-0.20%	-0.30%

Prices of Actuarial Study Assumptions	2022	2021
Discount rate	3.67%	0.72%
Inflation	2.5%	2.00%
Wage increase	2.50%	2.00%
Future pension raises	0.00%	0.00%
Service table (mortality-inability)	EVK 2000	EVK 2000
Turnover rate	0.00%	0.00%

29. LOANS AND BORROWINGS

Non-current Loans	31/12/2022	31/12/2021
Bank loans	1,229,258	1,375,849
Bond loans	170,881	0
Bank overdraft	45,000	0
Total borrowings	**1,445,139**	**1,375,849**
Minus – Current portion		
Bank loans	139,508	146,591
Bond loans	1,355	0
Bank overdraft	45,000	0
Total current portion	**185,863**	**146,591**
Total non-current portion	**1,259,276**	**1,229,258**

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

European Investment Bank Loans

PPC S.A. was a contracting party to loan arrangements with the European Investment Bank ("EIB") for the financing of the Distribution Network's investment plan until the sector's spin-off. The Greek government guarantees EIB loans, which have a 15- 20 years total maturity from the date of disbursement, and are fixed-rate loans. On 30/11/2021, loans totaling € 1,256.30 million were contributed to HEDNO S.A. as part of the spin-off of the Distribution Network sector (note 4). On 31/12/2022, the total amount of these loans was € 1,069.26 million. On 31/12/2022, the annual weighted average cost of maturing EIB loans was 3.26% compared to 3.29% on 31/12/2021.

PPC S.A. withdrew € 100 million on 22/12/2020 under a loan agreement with the EIB for a total sum of € 330 million for the upgrading of Greece's distribution network, which was guaranteed by the Greek government. On 22/06/2021, the parent company and the EIB agreed that PPC S.A., and eventually HEDNO S.A. as the universal successor, can proceed with a further withdrawal of € 100 million within the context of the aforementioned € 330 million funding line.

(amounts in thousand EUR unless stated otherwise)

Black Sea Trade Loan & Development Bank

PPC S.A. received € 160 million in financing from the Black Sea Trade & Development Bank in June 2019, with a fixed interest rate of 2.6 percent, a five-year term, and a single repayment upon loan maturity, guaranteed by the Greek government. The loan was utilised to fund the Distribution Network's investment strategy. This loan was contributed to HEDNO S.A. as part of the spin-off of the Distribution Network sector on 30/11/2021.

Bond Loan with Eurobank

On 19/07/2022, the Company proceeded to the signing of an agreement with Eurobank for the issuance of an collateralized ordinary bond loan with a maximum capital of € 660 million and the option of an additional € 440 million. Participating in the loan coverage are Eurobank (by 70%), National Bank (by 15%), and Piraeus Bank (by 15%). Disbursements are an option up until 31/01/2027 (availability period), and repayment is completed on 31/12/2033 (expiry of the loan). This pertains to a floating rate loan based on the 6-month Euribor rate plus a margin of 2.3%, which is anticipated to decrease to 2.1% following the availability period and until maturity. Semi-annually, interest is paid at the conclusion of each interest-bearing period, with the first payment due on 30/12/2022. The bond loan is repaid in 12 semi-annual installments, with an initial grace period - payment of the first instalment due on 30/06/2028. The instalments total 4.15% of the loan principal, with the remaining 54.35% to be paid at maturity. The loan's purpose is to finance the investment plan of the Distribution Network, the repayment of part of the loans from PPC SA, the coverage of cash needs for working capital and the repayment of loan costs. In accordance with the terms of this contract, HEDNO SA issued the first bond loan of €150 million on 03/08/2022.

Bond loan agreement with the National Bank of Greece

On 19/07/2022, the Company signed a contract with the National Bank of Greece for the issuance of a 15-year common bond loan of € 22.52 million with no grace period and a floating interest rate based on the 6-month Euribor plus 1.75%. The loan was issued on 16/12/2022. Semi-annually, interest is paid at the conclusion of each interest-bearing period, with the first payment due on 16/06/2023. The loan is repaid in 29 equal semi-annual payments of € 750 thousand each, with a final payment of € 770 thousand. The loan was intended to cover the cost of purchasing a property that will house the Company's administrative services, as well as repair and improvement costs. It should be emphasized that the NBG has been granted with a first-class mortgage registration on the property as collateral for the bond loan.

After 31/12/2022, the annual payment schedule for long-term borrowings will be as follows:

	31/12/2022	31/12/2021
Within one year	185,863	146,591
Between two and five years	656,511	703,576
After five years	602,765	525,682
Total	**1,445,139**	**1,375,849**

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

Future installment repayments of loan financial liabilities, excluding current accounts, are as follows:

(amounts in thousand EUR unless stated otherwise)

	With immediate maturity	3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Short-term loans	0	98,146	87,717	0	0	**185,863**
Long-term loans	0	0	0	656,512	602,764	**1,259,276**
Interest	0	5,131	27,091	79,713	65,751	**177,686**
	0	**103,277**	**114,808**	**736,225**	**668,515**	**1,622,824**

The table below presents the movement of loans during the period ended 31/12/2022:

Loan transaction	2022	2021
Opening balance	1,419,255	0
New loans	217,520	1,419,255
Repayment	-189,997	0
Additions of loan conclusion fees	-1,695	0
Amortisation of loan conclusion costs	56	0
Closing balance	**1,445,139**	**1,419,255**

Deferred borrowing cost

Bonded loans include €1,639 thousand in unamortized deferred borrowing costs that are amortized using the income statement approach based on the straight line method, that is not considerably different from the effective rate method.

The movement in deferred borrowing costs over the period ended on December 31, 2022 is presented in the following table:

	2022
Opening balance	**0**
Additions	1,695
Amortisation of loan conclusion costs	-56
Closing balance	**1,639**
Short-term part	145
Long-term part	1,494
Total	**1,639**

On 15/12/2022, the Company drew € 45 million from its credit limit via a current account held with the National Bank of Greece at a variable interest rate based on Euribor 1-month plus a margin of 2.4% and a 0.6% contribution (Law 128/1975). The financing was intended to cover cash requirements for working capital. On 03/01/2023, the principal and interest were repaid.

30. CONSUMERS CONTRIBUTIONS AND SUBSIDIES

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

	31/12/2022	31/12/2021
Distribution Network Subsidies	91,002	34,704
Consumer Participations	1,948,925	1,910,802
Total	**2,039,927**	**1,945,506**

(amounts in thousand EUR unless stated otherwise)

	2022	2021
Sector Contribution 30/11/2021	34,874	34,874
Receipts from Distribution Network Subsidies	0	0
Depreciation of Subsidies	-171	-171
Total 31/12/2021	**34,703**	**34,703**
Receipts from Distribution Network Subsidies	58,336	0
Depreciation of Subsidies	-2,037	0
Total 31/12/2022	**91,002**	**34,703**

	2022	2021
Sector Contribution 30/11/2021	1,894,425	1,894,425
Receipts from consumer participations	24,340	24,340
Transfer to Revenue from Contracts with Customers	-7,962	-7,962
Total 31/12/2021	**1,910,803**	**1,910,803**
Receipts from consumer participations	134,216	0
Transfer to Revenue from Contracts with Customers	-96,094	0
Total 31/12/2022	**1,948,925**	**1,910,803**

31. OTHER LIABILITIES

	31/12/2022	31/12/2021
Guarantees	10,200	12,480
Grants	4,780	4,879
Electricity Theft Reserve	16,962	16,767
Reserves for sanctions/Non-Interconnected Islands Expenditure Account	355	348
Total	**32,297**	**34,474**

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

The subsidy amount is € 3,919 thousand collected by the European Union for asset subsidy and € 861 thousand for the cost of research programs for which no relevant expenditure has been incurred. The total revenue for these subsidies is estimated to be € 99 thousand by 2022 - Note 6.

Electricity Theft Reserve

Article 95 par. 17 of the HEDNO Management Code provides for the establishment of a reserve for the financing, first and foremost, of actions and acts, as well as the provision of incentives to the Network Operator or/and Suppliers, with the goal of detecting electricity thefts and, generally, limiting and preventing the phenomenon. In accordance with par. 18 of the aforementioned Code, a decision of RAE may also regulate the allocation of the sums collected in the previous paragraph's reserve in order to compensate consumers for financial losses caused by electricity thefts in the Network, by crediting the accounts referred to in case (a) of the previous paragraph of the Code, provided that there is no immediate need or specific proposals for their utilization in order to more effectively identify and limit the electricity thefts.
Based on the foregoing provisions, the Company transferred € 8,592 thousand to Other Revenues in the year 2022. (Note 6). The detection of electricity theft in 2022 resulted in a € 8,788 thousand increase.

(amounts in thousand EUR unless stated otherwise)

32. PROVISIONS

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

	2022	2021
Starting balance	47,829	44,783
Contingency/Use of Provision	-12.602	-2,449
Provision Creation	5,145	5,495
Closing balance	40,372	47,829

33. TRADE AND OTHER PAYABLES

	31/12/2022	31/12/2021
PPC Renewables SA	6,246	5,568
IPTO SA	0	10,571
Suppliers - Main Contracts	198,126	137,961
DAPEEP SA	3,550	36,293
Other contractors	540	540
Other Liabilities	751	286
Total	209,213	191,219

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

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

34. SUNDRY CREDITORS

	31/12/2022	31/12/2021
Sundry creditors	1,548	1,624
Changing Credits - SGI	72,997	155,588
Changing Credits - Vulnerable Consumers	13,110	14,326
Advances from customers	71,703	56,399
Advances from debtors	3,577	496
Bank credits	1,837	2,603
Extraordinary wages and salaries payable	692	546
Total	165,464	231,582

35. OTHER TAXES AND INSURANCE CONTRIBUTIONS

	31/12/2022	31/12/2021
VAT	489	10,760
Payroll tax and other taxes withheld	11,287	9,454
Insurance contributions	14,645	14,244

(amounts in thousand EUR unless stated otherwise)

RES/NEPPS taxes withheld	2,562	3,542
Other taxes - duties	2,480	732
Total	**31,465**	**38,732**

36. ACCRUED LIABILITIES

	31/12/2022	31/12/2021
Accrued staff costs	25,024	28,103
Un-invoiced liabilities - Energy /RES Settlement	48,872	39,229
Un-invoiced liabilities - SGI	19,747	10,731
Accrued interest and borrowing commission	4,701	4,998
Accrued interest of derivative financial instruments	-14	0
Accrued period expenses	21,800	17,294
Total	**120,130**	**100,355**

Accrued liabilities mainly relate to invoices issued within 2023. The fund "Accrued personnel costs" include the provision of leave, rest, overtime staff and compensation.

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

	2022	2021
Un-invoiced liabilities - Energy /RES Settlement	45,829	35,095
Un-invoiced liabilities - SGI	13,716	8,509
Accrued period expenses	7,678	5,147
Total	**67,223**	**48,751**

The table below analyzes the above amount per related party - the amounts are contained in the relevant lines of Note 39.

	31/12/2022	31/12/2021
PPC SA	66,692	47,983
PPC Renewables SA	531	768
	67,223	**48,751**

37. DIVIDEND

By virtue of the Sharehodlers Agreement and the sale of the 49% participation of PPC S.A to MSCIF DYNAMI BIDCO SLMC ("MSCIF DYNAMI BIDCO S.A.."), the General Meeting of the Company's shareholders, by virtue of Minutes 64/23.06.2022, approved unanimously a dividend of € 85,000 thousand regarding the 2021 fiscal year which was paid on 28 and 29 July 2022. For the fiscal year 2022, a dividend of € 85,000 thousand is expected to be approved by the General Meeting of the Company's shareholders which is going to be held in June 2023.

38. 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.

Action of IPTO against HEDNO:

IPTO filed an action against HEDNO SA, requesting that the latter be ordered to pay a total of €1.6 million in principal and €637 thousand in interest on arrears. This IPTO claim relates to funds owed to it from the liquidation (through debit entries with the RES Special Account of Article 143 of Law 4001/2011) of the RES market in the RES market in the NIIs, given that, during the then-disputed period, the funds of the RES Special Account appropriations following the clearing of the RES market in the NIIs were paid to IPTO S.A. on the day of repayment by HEDNO S.A, in its capacity as Operator of the NIIs, and subsequently IPTO S.A. had the relevant obligation of final reimbursement to (then) LAGIE S.A., in its capacity as Operator of the aforementioned RES Special Account under Article 143 of Law 4001/2011. The amount of capital claimed in this action has been fully repaid since 02.03.2015, and a repayment objection has been raised. The Athens Court of First Instance issued Decision 1798/2017 for the payment of € 637,147.70 as outstanding (accrued) interest on arrears, as well as interest on arrears and court interest on the principal, for the period until the principal was repaid. An appeal was filed, and it was heard on 4.4.2019. On that appeal, the Athens Court of Appeal issued Decision No 4224/2019, which rejected the appeal lodged by HEDNO. The Decision of the Athens Three-Member Court of Appeal No. 4424/2019 was published on 19.07.2019. The application for review was filed with General Filing No. 5801/2021 and Special Filing No. 754/2021 in response to the Athens Three-Member Court of Appeal's decision No. 4424/2019.

HEDNO lawsuits against Energa Power Trading & Hellas Power for XXD

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. The defendant companies have filed appeals against decisions no 3613/2018 and no 3818/2018 of the Athens Court of First Instance, for which rejection decisions no 5852/2022 and no 5853/2022 of the Athens Court of Appeal have been issued.

PENAL PART

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. The case was adjourned for trial on 28.11.2022, when the hearing was adjourned and was set for hearing on 24.01.2023.

HEDNO lawsuits against Energa/Kentor and Hellas Power 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, upon legal interest, 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. The aforementioned opposing companies have filed an appeal against the above-mentioned Decision no 2239/2019 of the Court of First Instance, which is currently pending.

PENAL PART

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. 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. In particular, the appellate criminal court recognised, on the merits, the defendants' argument that there is no direct agency relationship in the chain Operator - Load Representatives - end customers with regard to the reasoning of the exclusion of the civil defendants from the criminal proceedings. As a result, it was determined that the defendants had committed no embezzlement against the Administrator, and the Administrators'/civil claimant's claims were thus dismissed. However, because the Supreme Court had ruled in judgement no 818/2014 that such a relationship of agency does exist, the appeal report of the Supreme Court Prosecutor dated 15.6.2020 was brought against the ruling of the First Three-Member Court of Appeal, which was discussed on 2.2.2022, and was ultimately rejected.

The First Three-Member Court of Appeals for Felonies' decision in question was ultimately upheld by the Supreme Court, whose decision's details were communicated to us by IPTO because the HEDNO was not a party to it. The Supreme Court's rejection of the aforementioned judgment has a substantial impact on the civil proceedings with regard to the liability of the natural persons and the shareholders of Energa/Hellas Power, as it was held that the aforementioned persons did not commit embezzlement against the Operators, taking into account that electricity suppliers are not direct agents of the Operators in the collection of competitive and regulatory charges. It also has an effect on the return of restricted and deposited amounts by virtue of the provisions of L. 4312/2014, given that LAGIE, IPTO, and HEDNO were dismissed as civil claimants from the criminal proceedings because the debt owed to these companies was deemed to be solely intra-contractual.

Cases of SGI for self-producers

In its capacity as SGI manager, the Company, in respect of their debts from SGI for the years 2017-2018 filed a lawsuit against MOTOR OIL (amount claimed €1.6 million), 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 against the company ELFE (amount claimed €771,187.44), which was heard before the same Court during the hearing of 16.10.2019. In this case, the case was also dismissed owing to lack of jurisdiction of the civil courts, according to the decision number 219/2021 of the Multimember Court of First Instance of Athens. At the same time, the Multimember Court of First Instance of Athens issued decision no. 414/2019 rejecting the ELFE appeal as legally unfounded requesting that the fact that autoproducers are SGI exempt is recognised.

ELFE brought an appeal against this decision. The Athens Three-Member Court of Appeals issued decision 6492/2020, rejecting the appeal. The Athens Multi-Member Court of First Instance issued decision no. 3651/2018 rejecting a respective declaratory action by ELFE. Similarly, by virtue of decisions no. 2534/2018 and 1068/2018 of the Athens Multi-Member Court of First Instance respective MOTOR OIL declaratory actions were rejected for formality reasons. MOTOROIL filed the appeal under deposit no. PR 1282/2019 with the Administrative Court of Appeal of Athens for the annulment of the relevant IPTO and HEDNO information notes in the same cases. The said appeal was scheduled to be heard before the 6th Chamber on 12.01.2023 (after adjournment on 09.06.2022), during which hearing it was postponed for the 9th month of 2023. Similarly, ELFE filed the appeal under deposit no. PR 1283/2019 with the Administrative Court of Appeal of Athens for the annulment of the relevant IPTO and HEDNO information notes in the same cases. The said appeal was scheduled to be heard on 11.01.2023 (after adjournment on 08.06.2022) before the 7th Chamber of Three-Member Court, during which hearing it was postponed for the 12/2023.

Reduced tariff and Insurance Fund for Bank and Public Utility Service Employees cases:

The Company 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 the Insurance Fund for Bank and Public Utility Service Employees; b) the cost for the provision of a reduced electricity tariff to the staff and retirees of the Company, amounting to €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 Insurance Fund for Bank and Public Utility Service Employees case, the Athens Administrative Court of Appeal issued decision no. 354/2017, rejecting HEDNO SA's appeal on grounds of substance. An application for review no. E1750/2017 was lodged, which was rescheduled for 10/2021, after several postponements. It was postponed again, first to 21/12/2021, and then to 15.02.2022, when it was heard.

With regard to the reduced tariff case, the Athens Administrative Court of Appeals issued decision no. 2886/2017 accepting HEDNO's appeal. The decision is final and RAE, who must comply with it and take it into account when determining the Annual Required Income for the year 2018. With regard to this, RAE lodged application for review no. E2097/2017. After repeated postponements, the hearing for this case was set at 19.10.2021. It was postponed again, first to 21.12.2021, and then to 15.02.2022, when it was heard.

The Council of State issued decisions no A626/2022 and no A625/2022 on the aforementioned 2 applications for Review of HEDNO S.A. and RAE, by which the applications for Review were accepted and the cases in question were referred back to the Athens Administrative Court of Appeal for hearing; they were discussed on 20.10.2022, and the relevant decision of the Athens Administrative Court of Appeal is now awaited.

It should be noted that by its decision no 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, which appeal, as above, has been now brought again before the Athens Administrative Court of Appeals, all the above amounts of expenses will be deducted from HEDNO's required income of the following years.

RAE decision for the determination of the 2018 Annual Income

The Company 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 recognize the funds related to the coverage of the salary and employer contributions of the seconded staff at the Insurance Fund for Bank and Public Utility Service Employees and the expenses related to the reduced electricity tariff for HEDNO staff in favor of HEDNO. HEDNO SA has filed an appeal before the Athens Administrative Court of Appeals against RAE decision no. 545/2018 and the presumed tacit rejection of the relevant revision application. The initial hearing date for this case had been set for 18.03.2020. This case was heard after several adjournments on the hearing of 15.09.2021. The decision of the Administrative Court of Appeal of Athens no. 2995/2021 on this Appeal of HEDNO S.A. was issued, which partially upheld the aforementioned Appeal of HEDNO, only with regard to the ground of appeal concerning the determination of the amount of the company's working capital, recognizing in substance an additional return on working capital of EUR 4,000,000 (according to the calculation made at the time of filing of the said Appeal) in favour of HEDNO SA. The HEDNO has filed an appeal against this Decision with the Council of State (for which no hearing date has been set), as to the parts of the contested Decision in which the HEDNO is considered a losing party, with the initial hearing date set for 24.01.2023.

RAE decision for the determination of the 2019 Annual Income

The HEDNO S.A. filed an action on 06.07.2020 with Filing no. 484/07.07.2020 against the RAE decision 572/2019, which concerns the determination of the HEDN's Annual Revenue for the year 2019. Following repeated adjournments, the date for the hearing of the said Appeal was set on 16.03.2022, when the case was heard and the adjournment decision no. 1878/2022 was issued, setting a new trial date of 14.12.2022, when the case in question was discussed, following the filing of the required memorandum on the continuation of the trial on behalf of the HEDNO SA and the issuance of the relevant decision of the Athens Administrative Court of Appeal is now expected.

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 The HEDNO SA also filed a Petition for Review with RAE on 31.12.2018, against the RAE Decisions 366B/2018 and 268/2018, which imposed the above fine of EUR 1,800,000. Following the expiration of the three months from the date of the filing of the above Revision Application with no action taken, HEDNO filed an appeal before the Administrative Court of Appeal of Athens against decisions No. 366B/2018 and 268/2018 and the presumed tacit rejection of the above HEDNO revision application. The new hearing date for this case was set for 11.11.2021 before the 18th Chamber, following an ex officio postponement due to coronavirus at the hearing on 30.09.2021 and at HEDNO's request due to RAE's failure to submit a file. This case was heard on 11.11.2021, and the Administrative Court of Appeal of Athens issued Decisions 1023/2022 and 2368/2022 on the respective Appeals of the HEDNO, which reduced the fine imposed on HEDNO S.A. by EUR 500,000 (EUR 1,300,000 instead of EUR 1,800,000) and otherwise upheld the contested RAE Decisions. The HEDNO S.A. has filed an appeal with the Council of State against the aforementioned decisions of the Athens Administrative Court of Appeal, and a hearing date is expected.

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 S.A. 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 the filing of the above Revision Application with no action taken, HEDNO filed an appeal against RAE Decision No. 212/2018 and the implied presumptive rejection of the relevant HEDNO review application before the

Athens Administrative Court of Appeal, with the hearing date for this Appeal originally set for 30.04.2020. This case was heard after several adjournments during the hearing of 30.09.2021, and a decision of the Administrative Court of Appeal of Athens no. 263/2022 was issued on the said HEDNO S.A. recourse, which partially upheld the Recourse of HEDNO S.A. and reduced the amount of the fine imposed by RAE from 700,000 Euro to 550,.000 Euro. That decision has become irrevocable.

RAE Decision 791A/2021 : Assessment of a fine of €250,000 against HEDNO S.A. for failing to properly maintain registers of electricity consumers and failing to comply with the execution process of cut-off orders.

Following a relevant complaint by the company - electricity Supplier Elpedison against HEDNO S.A., RAE issued decision no. 791A/2021 imposing an administrative sanction - a fine of 250.000 Euro against HEDNO S.A. for improper maintenance of the electricity consumer registers and failure to comply with the procedure for the implementation of cut-off orders sent to HEDNO S.A. by the complainant company Elpedison. HEDNO S.A. has filed an Application for Revision with incoming doc. no. RAE I - 322806/14.03.2022 in response to the said RAE Decision, and now either the explicit RAE Decision on the Request for Review or the implicit rejection of the Application for Revision is expected within three months of HEDNO S.A.'s submission of the Request for Review. The HEDNO has filed a relevant Appeal before the Athens Administrative Court of Appeal in response to the implied rejection of the above Application for Review, and a hearing date is expected.

RAE Decision 711/2022: Assessment of a fine of EUR 50,000 to HEDNO S.A. for failing to properly comply with the execution process of cut-off orders.

Following a relevant complaint by the company - electricity Supplier Elpedison against HEDNO S.A., RAE issued decision no. 791A/2021 imposing an administrative sanction - a fine of 50.000 Euro against HEDNO S.A. for failure to comply with the procedure for the implementation of cut-off orders sent to HEDNO S.A. by the complainant company Elpedison. HEDNO S.A. has filed an Application for Revision with incoming doc. no. RAE I - 339491/27.10.2022, and now either an explicit RAE Decision or its implicit rejection is expected (expiry of the three-month period for the implicit rejection of the Application for Review is 27.01.2023). In the event that the aforementioned Application for Review is rejected, either explicitly or implicitly, HEDNO S.A. will file a Recourse with the Athens Administrative Court of Appeal.

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.

1. By means of decision no. A1124/2020 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). Decisions no. 640/2021, 2341/2020, 1860/2019, 1861/2019 and 2994/2019 of the Council of the State (5-member Section B) were similar.
2. In addition, during the hearing of 18.09.2019, an application for review lodged by the Chaidari 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. 640/2021, 2341/2020, 1860/2019, 1861/2019 and 2994/2019 of the Council of State (5-member Section B)]
3. Furthermore, by decisions of the Council of the State (5-member Second Chamber) under numbers 1952/2022 and 1955/2022, it was held that a cleaning and lighting fee cannot be imposed for the PPC's overhead and underground network occupying public areas, which includes, inter alia, the underground substations in which electrical equipment is installed for the conversion and subsequent distribution of electricity to the inhabitants of the municipality concerned, because that use cannot be regarded as similar to the normal or professional use of private property.

4. The Applications for Review of HEDNO SA against the Municipality of Athens and against acts of registration of the company in the Municipality's financial lists for municipal fees for the fiscal years 2014 and 2012 were rejected as inadmissible by decisions of the Council of State numbers 1954/2022 and 2028/2022, respectively (for TYPICAL REASON). The Application for Review of the Municipality of Athens against HEDNO SA and against the company's acts of registration in the Municipality's financial lists for municipal fees for the fiscal year 2013 was rejected as inadmissible (for TYPICAL REASON) by decision of the Council of State no 1953/2022.
5. Finally, applications for review on the issue of municipal fees are pending before the competent 2nd Chamber (5 members) of the Council of State, which were heard on 16.03.2022 (2 applications for review of the Municipality of Athens against HEDNO S.A.) and the relevant decisions are expected to be issued, which will decide the relevant issue of the legality or not of the imposition of cleaning and lighting charges against our company, as well as decide the outcome of the case at the level of the highest administrative court.

LAGIE action - Public Power Corporation (PPC)

In this action, LAGIE seeks a total of 143.928.898.14 in principal and interest on arrears arising from invoices issued by the applicant to the HEDNO and relating to the operation and clearing procedure of the market for Non-Interconnected Islands (NIS), both from the final periodic result (surplus or deficit) of the clearing of the market for Renewable Energy Sources (RES) of the NIS, including the Special Programme Photovoltaic Systems and the corresponding debit entries, and from alleged claims of the opposing party regarding the Single Emission Reduction Fee (SRF) of the NIS. RES producers and their associations lodged three (3) additional interventions on behalf of LAGIE. The HEDNO filed an intervention appeal with the PPC, which did not intervene and limited itself to the refusal of the appeal, i.e. the refusal of the obligation to pay compensation.

The parties filed proposals, and the hearing date for the discussion of the action and other pleadings was set for 21.02.2018, when they were discussed. It should be noted that HEDNO S.A. objected to the partial repayment of pipeline funds in the amount of 107,304,987.29 euros in terms of capital. In this case, the Athens Court of First Instance issued Decision No. 1302/2019, which upheld the action brought by LAGIE S.A. In particular, the Court recognised HEDNO S.A.'s obligation to pay LAGIE S.A. a total of EUR 48,855,212.74 in legal fees from the contested contracts, while offsetting the parties' respective court fees. The following expenses are included in the recognised debt: a) A debt of EUR 3,628,764.19 with legal interest from the last day that the defendant made its last payment for 28 disputed cases beginning on 03/03/2015 and ending on 01/02/2017, b) A debt of EUR 677,104.09 with legal interest from 04/05/2017 until full repayment, c) A debt of 12.080,734.95 euros for 9 legal cases beginning on 28/06/2017 and ending on 08/09/2017, and d) A debt of 32,468,609.51 euros with legal interest from the date each invoice became due and payable until full repayment (for five invoice cases, the first dated 18/01/2017 and the last dated 04/04/2017). The HEDNO's third-party notice to the PPC as procedural guarantor was rejected by the Court. HEDNO S.A. filed an appeal against the aforementioned Decision of the Athens Court of First Instance No 1302/2019 before the Athens Court of Appeal (General Filing No 15474/2021, Special Filing No. 990/2021 - 26.03.2021 of the Athens Court of First Instance), which was heard on 22.09.2022 before the 14th Three Member Chamber of the Athens Court of Appeal, and a decision is now expected.

HEDNO/L. CHOTOS and AIK. PSARRI KRANIDI G.P.

The opposing company filed a lawsuit against the HEDNO S.A. before the Athens Administrative Court of First Instance, requesting € 4.445.062,00 in damages for the alleged late signing of the Interconnection Agreement by the Hellenic Energy Regulatory Authority, which resulted in the cancellation of the opposing company's investment in the construction of a 0.9864 MW RES power plant. The action was heard before the Athens Administrative Court of First Instance at the hearing of 25.11.2021 (adjourned from 14.10.2021) and a Decision of the Athens Administrative Court of First Instance no. A630/20-1-2022 was issued dismissing the said action against HEDNO S.A. on formal grounds, due to lack of jurisdiction. Following that, the opposing party filed, in accordance with Article 41 of Law 3659/2008, the writ with General Filing No./Special Filing No. 60237/1629/2022 before the Athens Court of First Instance and the 100-day deadline for submission of proposals is 21.11.2022. Motions and an addendum - rebuttal have been filed, and a formal hearing is now scheduled, followed by the issuance of the first instance decision by the Athens Court of First Instance.

HEDNO lawsuit against PPC for default interest from various debts of the years 2013, 2014, 2015, 2016 and 2017

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 formal hearing of the case took place on 01.10.2020, and after the case was transferred to another composition of the same Court, the formal hearing of the case was set for 10.11.2022, when the formal hearing took place and the decision of the Athens Court of First Instance on the above claim of the HEDNO S.A. 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. The case was formally discussed on 18.11.2021, and the Athens Multi-Member Court of First Instance is expected to issue its decision on the HEDNO's above action. In this case, the Athens Multi-Member Court of First Instance issued Decision No. 417/2022, which partially upheld HEDNO's previously mentioned action against PPC S.A. Both PPC and HEDNO have filed appeals against the above Decision, and each is considered a losing party (i.e. for Decision to the extent that the above Decision rejects the action in question and for PPC to the extent that the above Decision upholds the action in question). The relevant PPC appeal will be heard on 16.11.2023, and the corresponding HEDNO S.A. appeal will also be heard on the same date.

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. Proposals - pleadings - for the legalization of the HEDNO, as well as an addendum - rebuttal, have been filed. The case was discussed on 26/5/2022, and the relevant decision of the Athens Court of First Instance on the aforementioned HEDNO S.A. claim is expected to be issued.

HEDNO filed a lawsuit against PPC S.A. before the Athens Multi-Member Court of First Instance mainly for default interest of the year 2016 for various causes related to the general operation of the electricity market and the relevant relations between the 2 companies totaling EUR 22,468,518.83, served in time to PPC S.A. on 29/12/2021. The action in question was filed on 24.12.2021 at the Athens Court of First Instance and proposals - pleadings - on the legalization of the HEDNO, as well as the addition - counterclaim - were filed in accordance with the provisions of the Code of Civil Procedure. The formal hearing date has yet to be set, and a Decision of the Court of First Instance will be issued eventually.

HEDNO filed a lawsuit against PPC S.A. before the Athens Multi-Member Court of First Instance mainly for default interest of the year 2017 for various causes related to the general operation of the electricity market and the relevant relations between the 2 companies totaling EUR 16,910,176.34, served in time to PPC SA on 27/12/2022. The action in question was filed on 20.12.2022 at the Athens Court of First Instance and motions - pleadings - on the legalization of the HEDNO, as well as the addition - counterclaim - are yet to be filed in accordance with the provisions of the Code of Civil Procedure. After the deadlines for the preceding procedural acts have passed, a formal court date must be set and, eventually, a Decision of the Court of First Instance must be issued. Preparations for the lodging of actions in 2018 and beyond are being made.

NII RES producers v. HEDNO

There has been an increase in the number of actions filed by RES producers in the NII against the HEDNO, particularly after the adoption of Decision of RAE No 366A/2018, with a claim (not always exclusive) of interest on arrears due to late payment of their tariffs for the electricity generated by their plants from the HEDNO. It should be noted that the due date for repayment of these invoices, which must be repaid within 20 days of their submission to the PPP (as the PPP Operator), is defined in Article 12 of the relevant electricity sales contracts (the content of which is defined by regulation), a contractual provision that was repeated in a contractual term of the most recent NII BCP contracts (the content of which is also defined by regulation). According to a non-exhaustive list, 53 such actions against the HEDNO S.A. are currently pending, with the litigation fund for interest on arrears totaling approximately € 854,000 for the aforementioned actions.

Court Petitions of Small wind turbine masts:

The Council of State decision 303/2017 annulled the Greek State's failure to issue regulatory acts specifying the conditions for the connection of small wind turbines under Article 4 of Law 4203/2013, as well as HEDNO S.A.'s failure to connect a number of such wind turbines. By the end of 2017 and the first half of 2018, seventeen actions had been notified for a total of 9,086,572.44 euros, which the aforementioned RES producers are requesting as compensation. To date, all of the above actions have been heard, and: a) decisions have been issued in a total of nine decisions rejecting the actions, with a value of approximately seven million Euros; b) decisions have been heard and are pending in six others, with a value of approximately one and a half million Euros; and c) two others have been postponed, with a value of approximately one million Euros. The State has been invoked as a procedural guarantor in all cases, as it was required to issue the relevant ministerial decision. In addition, a direct action has already been brought by the HEDNO S.A. against the Hellenic State for our positive and consequential damages in the total amount of EUR 3,628,079, the hearing of which has been postponed until 2023 due to the late submission of the file by the opposing administration (Hellenic State).

Action brought by HERON THERMOHELEKTRIKI SA against HEDNO

On 9.6.2020, the company "HERON THERMOHELEKTRIKI S.A." filed an action dated 3.6.2020 against the HEDNO with General Filing No. 31356/2020 and Special Filing No. 1004/2020 before the Athens Court of First Instance concerning incorrect, according to the plaintiff, calculations of electricity losses. The amount claimed is €2,366,585.92. Proposals/references, addition/rebuttal had been submitted and the file has been closed. The formal hearing date for this case has been set for 10.02.2022, when the said action was heard and the decision number 2509/12.09.2022 was issued, declaring the hearing of the said action inadmissible. 'HERON THERMOHELEKTRIKI S.A.,' the opposing party, has resumed the case hearing by summons, with the deadline for filing the parties' submissions to the Athens Court of First Instance set for 18.01.2023.

Action brought by M. ISAILIDOU & CO. L.P. MAKRINA ENERGY 2 v. HEDNO SA

With this action (General Filing No 50921/2019 & Special Filing No 620/2019), M. ISAILIDOU & CO L.P. MAKRINA ENERGY 2 claims the sum of 15,158,080.00 Euro, for the alleged positive and consequential damage caused by the HEDNO's alleged violation of the four-month deadline for granting connection conditions. After adjournments, the case was heard before the Athens Multi Member Court of First Instance on 08.10.2020, and decision no. 956/2021 was issued dismissing the said action against HEDNO S.A. on formal grounds, due to lack of jurisdiction.

Action brought by the company AEOLIKOS STATHMOS AMANIS v HEDNO

The company AIOLIKOS STATHMOS AMANIS filed an action against us dated 24.03.2020, with General Filing No. 24797/2020 and Special Filing No. 805/2020, which was filed on 26.03.2020 before the Athens Court of First Instance, concerning the recognition of the validity of a sales contract concluded under a previous licencing regime and a claim for compensation. The quantifiable amount of the claim is

€496,075. Proposals/references, addition/rebuttal have been submitted and the file has been closed. The action was discussed on 02.06.2022, and a decision is still pending.

Pending litigation over the constitutionality of subsection XIII of Law 4254/2014

Under the provisions of subsection 1C of Law 4254/2014, and in particular the provisions of subsections 1C.1 and 1C.3 of Law 4254/2014, on the one hand, a downward adjustment (downward adjustment) of the reference prices for the pricing of RES plants, which included (and included) the plants in operation at the time of the adoption of Law 4254/2014 (4th 2014) RES stations was provided and, on the other hand, added an obligation for RES producers to issue a credit invoice in favour of the Special RES Account of article 143 of Law 4001/2011, the value of which was calculated as a percentage of each RES station's annual turnover in 2013. Numerous RES producers in the Interconnected System and the NII have challenged the above provisions of Law 4254/2014 as unconstitutional in court, both before the Administrative and Civil Courts, with the HEDNO's involvement arising from the HEDNO's status as the legal counterparty of RES producers in the PPAs pursuant to Article 129 par. 2 of Law 4001/2011. Regarding the aforementioned legal cases before the Council of the State and the Ordinary Administrative Courts, the lack of jurisdiction of the Council of the State and the Administrative Courts has already been acknowledged in substance, and a decision of the Council of State's Plenary Session has been issued in this regard (see, in particular, the Supreme Court of the Council of State, Plenary Session 1947/2021), and the few such cases pending before the Ordinary Administrative Courts are expected to be dismissed for lack of jurisdiction (due to the aforementioned case law of the Council of State). Regarding the cases that have been brought before the Civil Courts, a significant (large double-digit) number of them are still pending, both in the first and second instance, and the total amount in dispute is approximately more than EUR 1,000,000. So far, all of these actions against the HEDNO have been dismissed, some for formal reasons (e.g. lack of jurisdiction of the civil courts, vagueness of the action) and some for the recognition of the constitutionality of the contested and aforementioned legislative provisions of Law 4254/2014. Finally, it is worth noting that in several cases, these action cumulate in the same writ also the claim for funds due to the imposition of the Special Renewable Energy Tax of paragraph I. of Law 4093/2012 as unconstitutional in court, both before the Administrative and Civil Courts, with the HEDNO's involvement arising from the HEDNO's status as the legal counterparty of RES producers in the PPAs pursuant to Article 129 par. 2 of Law 4001/2011 - stressing, however, that the constitutionality of the aforementioned legislative regulation has already been determined, specifically by Decision of the Plenary Chamber of the Council of State no. 2408/2014, which was issued in the context of a Pilot Trial.

Lawsuit of 60 Traders of Hydra against HEDNO (case of electricity supply interruption on Hydra island)

Following a power outage on the island of Hydra, 62 island traders filed a compensation claim with the Aegina Magistrate's Court for a total of 930,000 euros (15,000 euros each). The Magistrate Court of Aegina issued Decision No. 7/2022, which sentenced HEDNO to pay 64,000.00 euros. HEDNO and the opposing parties both filed an appeal. Both appeals were scheduled to be heard on 18.09.2023.

Paraskevi Fostiropilou and others' action v. HEDNO (case of the farmers of Kryas Vrysi)

Fostiropoulou Paraskevi, Tsipas Dimitrios, et al. (6 Krya Vrysi farmers) have filed an action against us on 26.6.2020, with General Filing No. 41027/2020 and Special Filing No. 1324/2020, which was filed before the Athens Court of First Instance on 30 June 2020, concerning issues of proper implementation of the provided licencing procedure (and in particular compliance with the terms of the Connection Offer). The action's main claim, in terms of the quantifiable part, is €300,000, and the subsidiary claim is €815,815 in damages to each of the claimants, i.e. a total of €4,894,890 for the six claimants. Proposals/references, addition/rebuttal had been submitted and the file has been closed. The action was (formally) heard on 24.03.2022 and the decision of the Athens Court of First Instance (number 2310/10.08.2022) was issued. The parties have already filed an appeal against the aforementioned decision at first instance, with the hearing date set for 07.12.2023.

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. It should be noted that many court decisions reject liability for materialisation of risk on the following grounds: 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. On the contrary, the Civil Code and special civil laws follow a case-by-case system of regulating individual cases, while many sources of risk remain unregulated, such as liability for damage caused by energy installations or the electricity distribution network, and thus the damaged party is not able to claim compensation for its damage under the favourable conditions of liability for materialisation of risk, i.e. regardless of fault, illegality or human conduct. It is not possible to apply the special grounds for liability for materialisation of risk in a proportional manner to unregulated hazardous sources or hazardous activities, such as those in the electricity distribution network. 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 particular: Decision no. 1792/2018 of the Thessaloniki Single-Member Court of Appeal, decision no. 652/2021 of the Athens Single-Member Court of Appeal, decision no. 12849/2020 of the Athens Single-Member Court of First Instance, decisions no. 3123, 3124, 3125, 3127, 3128 and 3241/2022 of the Piraeus of Single-Member Court of First Instance.

CLAIMS OF BANKS FROM ASSIGNED INVOICES

Actions have been filed against HEDNO before the Athens Multi-Member Court of First Instance by the Pancretan Cooperative Bank, requesting payment of 3,114,453.04 euros, and by the single-person SA QQUANT MASTER SERVICER DEBT AND CREDIT CLAIMS MANAGEMENT SA, requesting payment of 645,861.93 euros. The actions concern assigned invoices of network maintenance contractors that were not paid due to the existence of numerous seizures in the hands of the BPA as a third party, damages, claims of the contractor's employees, etc. In response to the action brought by Pancretia Bank, the Athens Multi-Member Court of First Instance Decision No. 2392/2022 was issued, and rejected it. The deadline for submitting proposals for the other action has not yet passed.

<u>Accidents</u>

A) EGNATIA

There is no pending lawsuit against HEDNO or any prosecution against its executives - employees. Civil liability for compensation may arise in the context of the prospective principal-agent relationship between HEDNO S.A. and the Contractor that performed the project under a contract. On 12.3.2018, findings report no. 247/Θ/2017 of the Body of Public Administration Inspectors General was notified.

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. By virtue of approval of the Prosecutor of the Thessaloniki Court of Appeal 2028/2019/AB19-2015/23.04.2019, case file on the accident in question, which involved, among others, the HEDNO, was archived.

B) POROS

On 20-8-2019 there was a helicopter crash at the Poros - Galata crossing where there are medium voltage cables. The families of one of the deceased-occupants filed a lawsuit against the company "I fly S.A.", which ran and operated this helicopter, demanding approximately 2,777,973.00 euros in damages. Following that, the company "I fly S.A." filed a Notice of Trial, Invitation to an Additional Intervention with a coherent incidental action for damages at the Multimember Court of First Instance of Athens, requesting that HEDNO be ordered to pay whatever may be awarded to it for payment by the hearing of the main action. The relatives of the second deceased passenger filed an action against the company I fly S.A." before the Athens Multi Member Court of First Instance for the same accident for the sum of EUR 633,740.70 and then the company I fly S.A." filed a Notice of Litigation, Invitation to an Additional Intervention, with a joined ancillary claim for damages before the Athens Multi Member Court of First Instance, seeking an order requiring the HEDNO to pay any amount owed from the main action. Proposals for the first action have yet to be submitted as the deadline for their submission has been extended. The deadline for submitting proposals for the second action is 25.01.2023.

Contractor's revocation from the contract DD-206

The contracting company TOXOTIS SA was revoked by decisions of the Company's Board of Directors from contracts for the execution of repeat network works concluded after the tender DD-206 in the contracting areas of Kallithea, Athens, Agrinio, Corinth, Karditsa, Piraeus, Peristeri-Elefsina, Chania, and Lesvos, such revocation entailing the forfeiture of letters of guarantee and performance bonds. The contractor sought injunctive relief, and injunctions were granted in some of these cases, but only to prevent the forfeiture of the guarantees, not to prevent the other consequences of the revocation. The contractor filed five actions against the company in 2019 for a total of 18,549,355.00 euros, and four lawsuits against the company in 2020 for a total of 26,107,026.00 euros, demanding damages and financial compensation. All nine (9) actions have been heard, and the Athens Court of First Instance has issued nine (9) decisions dismissing the aforementioned actions, respectively.

Fires

A) Faraklo of Neapoli Laconia

Executives from the Department of Peloponnese Epirus Region have been summoned for negligent fire. It is a large-scale fire that broke out in the summer of 2015. The case was heard by the Three-Member Plenary Court of Gythio, and decisions no. 103,104/2020 were issued, which sentenced the executives to 20 months suspended prison sentence. An appeal was filed against the aforementioned decisions, which was heard before the Three-Member Kalamata Court of Appeal, and despite the acquittal of the Prosecutor of Appeals, they were sentenced in the second degree to 18 months imprisonment, taking into account the mitigating circumstances of Article 84 para. 2a CC. An application for review has already been filed by us in due time and in accordance with the law before the Supreme Court in order to annul and abolish the appellate decision, with a hearing date set for March 2023.

In terms of civil damages, 2 actions have been filed against HEDNO S.A. in chronological order, totaling 1,475,985.06 euros. A third action was filed before the Gytheio Single Court of First Instance with a claim amount of 6,895,436.24 euros, which was notified to HEDNO on 16.04.2021. Following that, on 6.10.2021, 3 additional claims for the aforementioned fire were notified, totaling 1,671,551.00 euros. The plaintiffs waived two (2) of the above claims for a total of EUR 496,216 in January 2022, and one of them for a total of EUR 1,057,034 was adjudicated. 2 more actions were taken for the same reason, totaling 341,216.44 euros (183,000.00 euros the first and 158,216.44 euros the second). Actions for damages no. 46 and 47/2022 in the amount of EUR 328,216.44 for the first and EUR 303,800 for the second were also filed. Proposals have been filed in all cases pending before the Gythio Court of First Instance, and we have been properly represented. It should be noted that two non-final civil court decisions have already been issued (and the others will follow) postponing the trial's progress until the irrevocable decision of the Criminal Court referred to above.

B) Vamvakopoulo of Chania

13 actions totaling 6,500,000.00 euros have been filed in relation to a large area fire in Vamvakopoulo of Chania. The executives were convicted for the reasons stated above, and a second application for review was filed against the criminal court's decision, which was rejected by the Supreme Court. Subpoenas to reopen the cases have been issued for the actions that were postponed until an irrevocable judgement in the criminal proceedings would be delivered, and corresponding appeals have been lodged for those that were dismissed at first instance. The above actions and appeals are currently pending for hearing.

C) Lefkada

-Litigation case of Panagiotis VOUKELATOS and Olga VOUKELATOU: The plaintiffs are seeking with this action before the Lefkada Multi Member Court of First Instance a total of 702,188.59 euros in compensation for damages suffered as a result of a fire that broke out in the centre of Lefkada on 8.8.2016. Tried on 10.06.2022. A decision is yet to be issued.

-Litigation case of Christos FRANGOULIS, Akrivoula FRANGOULI and Zoi FRANGOULI: The plaintiffs are seeking with this action before the Lefkada Multi Member Court of First Instance a total of 627,440.40 euros in compensation for damages suffered as a result of a fire that broke out in the centre of Lefkada on 8.8.2016. Tried on 10.06.2022. A decision is yet to be issued.

- Litigation case of Christos SVORONOS and Thomas SVORONOS: The plaintiffs are seeking with this action before the Lefkada Multi Member Court of First Instance a total of 527,934.00 euros in compensation as a result of a fire that broke out in the centre of Lefkada on 8.8.2016. Tried on 10.06.2022. A decision is yet to be issued.

- Litigation case of Spyridon Konidaris etc 2: The plaintiffs are seeking with this action before the Lefkada Multi Member Court of First Instance a total of 1,130,190.34 euros in compensation as a result of a fire that broke out in the centre of Lefkada on 8.8.2016. It will be heard on 10-3-2023.

-Litigation case of the company "KTIMA S.& V. GKOLEZAKIS PRIVATE COMPANY" against HEDNO and PPC before the Athens Single Member Court of First Instance: According to the particulars of the action, the plaintiff company seeks with this action a total of 248,128.76 euros as compensation for property, positive and consequential damage caused by a fire caused by the network on 20.7.2016 at the location "MEGAS KABOS" in Fytia Xiromeros. Awaiting trial

E) Chios

-Litigation case of Apostolos Koutsouras et al. 36 against HEDNO and PPC before the Chios Multi-Member Court of First Instance, in which the plaintiffs seek 3,832,260.00 euros in total as compensation for damages suffered due to a fire caused by the network on 25.07.2016, according to the particulars described in their action. Tried on 4-5-2022.

-Litigation case of Padis Christos et al. 19 against HEDNO and PPC before the Chios Multi-Member Court of First Instance, in which the plaintiffs seek 3,030,404.00 euros in total as compensation for damages suffered due to a fire caused by the network on 25.07.2016, according to the particulars described in their action. Tried on 4-5-2022.

-Litigation case of Padis Kefis Antonios against HEDNO before the Athens Single-Member Court of First Instance, in which the plaintiff seek 67,015 euros as compensation for damages suffered due to a fire caused by the network on 25.07.2016, according to the particulars described in their action.

F) Eastern Mani

It is about a fire that occurred on 1.7.2017 in the East Mani area. Regarding the criminal part, it is currently in the first instance trial stage, with a trial date set for April 2022. It was discussed in July 2022, and a decision was issued finding the HEDNO S.A. employees innocent. Two (2) actions for a total of EUR 29,750 have been filed.

G) Kalamos

It is about a fire that occurred on 13.8.2017 in the Kalamos area of Attica. In terms of the criminal part, the Athens Prosecutor's Office ordered that the case be archived as the perpetrators are unknown. There is only one (1) claim for EUR 195,000.

H) DARIZA fire

A total of nineteen (19) actions for damages against the HEDNO S.A. have been brought against the company, arising from the fire on 20.8.2012, at the location Dariza, with a total amount of more than 15.000.000 euros. So far, the case has progressed as follows:

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

1) An expert examination was ordered for eight (8) appeals by non-final (identical) court decisions, following which:

(a) six (6) HEDNO S.A. appeals were upheld by the decisions of the Piraeus Single Member Court of First Instance (as the Court of Appeal), no. 3123/2022, 3124/2022, 3125/2022, 3127/2022, 3128/2022 and 3241/2022 which held that the HEDNO S.A. had no tort liability, and which partially upheld the actions accepting the subsidiary basis of the HEDNO's tort liability claims.

The HEDNO has filed appeals, for which a hearing date has already been requested.

(b) two (2) appeals have been cancelled (due to the death of the plaintiffs), and the above appeals will be heard on 12.6.2023, following invitation by the HEDNO S.A. for the resumption of discontinued proceedings against the plaintiffs' heirs after the hearing of evidence.

2) On 10.10.2022, one (1) appeal was heard, and a decision is pending.

3) On 30.10.2023, one (1) appeal is heard (after adjournment).

B) One (1) action was dismissed by the final decision of the Athens Multi Member Court of First Instance No. 2513/2022, which ruled that HEDNO S.A. was not responsible for the fire. The plaintiff has filed an appeal, but no hearing date has been set.

C) One (1) claim was dismissed for lack of merit by the Kalavria Magistrate's Court decision no. 45/2018, which the HEDNO appealed. Simultaneously, one (1) new (identical) action was filed, with two (2) additional plaintiffs, and the issuance of a final decision was suspended until the outcome of the aforementioned HEDNO S.A. appeal. The above-mentioned HEDNO S.A. appeal was rejected by the final decision of the Piraeus Single-Member First Instance Court (as Court of Appeals) No. 3126/2022. As a result, the plaintiffs filed a summons for a new hearing date for their newly filed action, and the time limit for filing the parties' submissions began to run.

D) One (1) action was dismissed by decision of the Piraeus Court of First Instance No. 1967/2019, due to the plaintiffs' default. Prior to the hearing, the plaintiffs filed one (1) new (identical) action, upon which the issuance of a final decision was stayed pending the outcome of their initial action. The applicants filed an appeal against the decision of the Piraeus Single Member Court of First Instance 1967/2019, which was upheld by the final decision of the Piraeus Single Member Court of Appeal No. 608/2022, which ruled that the HEDNO is not liable for the fire and dismissed the action. The plaintiffs have filed an application for review, which will be heard on 22.4.2024.

E) The Kalavria Magistrate Court dismissed two (2) actions by decisions no. 14/2019 and no. 15/2019 due to the plaintiffs' default. Before the hearing, the plaintiffs filed two (2) additional (similar) actions, on which the final judgement was stayed pending the outcome of the trial on the two (2) initial actions. The applicants also filed two (2) appeals against the aforementioned decisions, which were upheld in the absence of the HEDNO S.A. by decisions of the Piraeus Single Member Court of First Instance (as the Court of Appeal) no. 83/2020 and no. 82/2020, on which the HEDNO filed two (2) appeals in default, which were heard on 29.11.2021, and are anticipated to be decided.

F) Georgia Ieronimaki et al. (another 6) v. "HEDNO SA": The opposing parties sought EUR 370,903.35 with the aforementioned action, filed under file number MT/202/2018, for damage to their deceased husband and father's dairy caused by a fire, which they blamed on the HEDNO S.A.. The preceding action was filed in the new Ordinary Procedure before the Rethymnon Single Member Court of First Instance. Deadline for filing proposals on 13.02.2019. Hearing date: 11.10.2019. The case was discussed at the aforementioned hearing, and the final decision of the Rethymnon Court of First Instance (Ordinary Procedure), number 186/2020, which rejected the opposing parties' claim, was issued. On 08.10.2021, "HEDNO S.A." was served with the opposing parties' appeal with prot. No. 347/20.09.2021 against the aforementioned final decision of the Rethymno Single Member Court of First Instance no. 186/2020 (Ordinary Procedure) and against "HEDNO S.A.", which has been determined to be heard before the single Member Court of Appeal o" Crete on "7.02.2023.

DAMAGES

2. Case of ship ALBENA:

On 10-01-2017, the HEDNO filed an action with General Filing No. 501 954/2017 and Special Filing No. 209/2017, which concerns a damage caused on 27.3.1998 by the fishing vessel ALBENA, a refrigerated fishing vessel registered in Bourgas, Bulgaria, owned by the company in liquidation under the name of OKEANSKI RIBOLOV LTD, on the submarine electricity transmission cable in Kythera, owned by PPC S.A. and insured by the defendant mutual insurance cooperative. The case was heard before the Athens Multi Member Court of First Instance (Ordinary Procedure (Criminal Division), with the following amount sought: 3,254,330.57 euros. The Athens Multi Member Court of First Instance published decision number 427/2019, which TRANSFERRED the case at issue to the competent court, namely the Maritime Disputes Department of the Piraeus Multi Member Court of First Instance. Following that, the case was discussed at the Piraeus Multi-Member Court of First Instance, and the decision number 1266/2020 of the Piraeus Multi Member Court of Appeal was published, which suspended the discussion of the HEDNO SA action until the opposing appeals, filed by both parties to the case at the Athens Court of Appeal since July 2019 and concerning the decision of the Athens Multi Member Court of Appeal no. 427/2019, were heard, as there are legal issues to be investigated.

2. "HEDNO S.A." (as universal successor of PPC S.A.) v HELLENIC STATE:

PPC SA requested 139,139.55 euros as compensation for the tortious liability of the appointed bodies of the Greek State, due to the damage caused to the distribution network, specifically the damage to a submarine of the interconnecting cable Paxoi - Continental coast No. 2, by the anchoring of the Navy ship "PFA LYKOUDIS" and due to illegal acts and omissions of the appointed bodies of the Greek State. This action was forwarded to "HEDNO S.A." in accordance with Law 4001/2011 in order to attend the hearing as universal successor of PPC SA. The case was scheduled to be heard before the Athens Three Member Administrative Court on 15.12.2017, but it was postponed to 04.05.2018. This case was rescheduled for 05.10.2018, when it will be discussed. The decision no 4317/2019 of the Athens Administrative C"urt of Fir"t Instance (15th Section Three Member Chamber) was issued, rejecting HEDNO S.A.'s aforementioned claim. Against the aforementioned decision and the opposing party, the Greek State, an Appeal of "HEDNO SA" against the Hellenic State was filed on 24.06.2019 and w'th Lodging No.EF1659/24.06.2019 (at the Athens Administrative Court of First Instance) and on 03.07.2019 and with Filing No ABEM: EF2139/03.07.2019 (at the Athens Administrative Court of Appeal), which was heard on 04.02.2020 before the Athens Court of Appeal (2nd Section Three Member Chamber for Obligations Law). The decision of the Athens Three Member Administrative Court of Appeal no. 2799/2020 (2nd Section Three Member Chamber for Obligations Law), which upheld the appeal of "HEDNO S.A.," annulled the decision of the Athens Administrative Three Member Court of First Instance No 4317/2019, kept the action for judgement and upheld it in part, 103ecognizing the Hellenic State's obligation to pay to HEDNO S.A. the sum of 139.139,55, plus legal interest. The Hellenic Navy Fund paid "HEDNO S.A." a total of 211,654.44 euros (139,139.55 € principal + 72,514.89 € interest) on 06.07.2021. The Hellenic State has filed an Application for Review of the Greek State with filing numbers 151/2021 (at the Athens Administrative Court of Appeal) and 539/2021 (at the Council of State) against HEDNO S.A., as well as against the aforementioned decision of the Athens Three Member Administrative Court of Appeal No. 2799/2020. Hearing date: 22.05.2023 (following postponements from 12.12.2022 and 20.06.2022).

IMPORTANT LABOUR LAW PROCEEDINGS

1. Foteini Masoura et al. (another 20) v. HEDNO: With the said action, the applicants seek a total of EUR 233,864.48 in damages for unlawful and abusive withholding of solidarity levies, remuneration cut-offs, discontinuation of allowances and gifts. The date set for its hearing before the Athens Magistrate Court was 7.1.201 at which time it was postponed for the date 20.05.2019. The said action was heard, and the 1059/2019 decision was issued, in which the claim was dismissed, so an appeal was filed, which will be heard on 1.11.2024.
2. Christos Androutsos et al. (another 69) against HEDNO: Through this action, the claimants seek a total of EUR 288,611.56 in damages as a result of the unlawful and unfair refusal to adjust the time allowance. The date set for its hearing before the Athens Magistrate Court is 22.11.2019, but it has been postponed for 9.10.2020. Decision no 730/2020 was issued, and it dismissed the action.
3. Ioannis Adamopoulos et al. (another 2) against HEDNO: By the present action, the applicants seek a total of EUR 55 613,57 in damages for failure to pay the required overtime pay. The date set for its hearing before the Athens Court of First Instance was 01.03.2019, when it was discussed, and a decision is expected. Decision no 620/2020 was issued, which upheld that action and ordered the HEDNO to pay the first applicant EUR 35,407.47 and the second applicant EUR 20,206.10. HEDNO filed an appeal against the aforementioned decision, which was heard before the Athens Court of First Instance on 12.01.2021. Decision no 2425/2021 was issued dismissing the action brought by the opposing parties. The plaintiffs have filed an application for review, which is scheduled to be heard before the SC on 8.3.2022. It was heard, and a decision is pending.
4. Panagiotis Kaffezas et al. (another 32) v. HEDNO: Through this action, the claimants seek a total of EUR 96,000 in damages as a result of the unlawful abolishment of Christmas, Easter, and holiday allowances for the years 2016-2018. It was scheduled for hearing before the Athens Magistrate Court on 25.2.2020. Following the hearing, Decision No. 195/2021 was issued, which partially upheld the action. HEDNO filed an appeal on 6.10.2021 against the plaintiffs, which is set to be heard on 6.5.2022 before the Athens Court of First Instance. A decision is yet to be issued.
5. Christos Stafyllidis et al. (another 8) v. HEDNO: With the said action, the applicants seek a total of EUR 117,309.66 in damages for unlawful and abusive withholding of solidarity levies, remuneration cut-offs, discontinuation of allowances and gifts. The date set for its hearing before the Athens Magistrate Court was 20.12.2019 at which time it was heard. Decision no 214/2020 was issued dismissing the action.
6. Dimitrios Karelis et al. (another 136) v. HEDNO: Through this action, the claimants seek a total of EUR 1,506,120.00 in damages as a result of the unlawful and unfair abolishment of meter allowance. The date set for its hearing before the Athens Magistrate Court was 17.12.2019 at which time it was postponed for the date 03.02.2020. It was postponed for 27.4.2020, when it was cancelled. This case is set to be heard on 27.10.2021.It was then heard, and a decision is pending. Decision no 200/2022 of the Athens Magistrate Court was issued, which dismissed the plaintiffs' claim. The plaintiffs' appeal against the HEDNO S.A. was filed on 04.05.2022, under Special Filing No 1874/2022, and is scheduled to be heard on 24.10.2025 before the Athens Court of First Instance.

7. **Katina Vasilakopoulou** et al. (another 25) v. HEDNO: Through this action, the claimants seek a total of EUR 569,599.92 in damages as a result of the unlawful and unfair discontinuation of Christmas, Easter, and holiday allowances. The date set for its hearing before the Athens Court of First Instance was 26.09.2019 at which time it was postponed for the date 17.02.2020. In respect of this action, the decision no. 1809/2020 was issued dismissing the action brought by the claimants.
8. **Dimitrios Anousakis** et al. (another 50) v. HEDNO: With this action, the applicants seek a total of EUR 117 637,27 in damages for the unlawful reduction of their remuneration as a result of their retroactive inclusion in the E.U. (extra heavy occupations). This action was heard on 15.12.2021. Decision no 94/2022 of the Athens Court of First Instance was issued, which dismissed the plaintiffs' claim. Similarly, decision no 600/2022 was issued in the action brought by Sotirios Dialinas et al. another 50, which dismissed their action. Furthermore, decision no. 529/2022 was issued on the action of Vasileios Zacharias et al. 50, postponing the discussion of the action until the Supreme Court's decision. There are a total of 17 actions with the same legal cause of action. 10 other actions with the identical legal claim were filed within the year 2022. 4 of the aforementioned activities have already been discussed, and we are awaiting the publication of these decision and the discussion of the other action.

ACCIDENTS AT WORK

1. Theodoros Kouremetis v HEDNO SA: By the said action, the plaintiff (HEDNO EMPLOYEE) sought EUR 100,000 in monetary compensation as a result of an industrial accident that occurred on 12.04.2016, while he was working. The date set for its hearing before the Athens Court of First Instance was 01.06.2018, but then it was rescheduled for 20.2.2019. The case in question was reviewed and a ruling remains pending. Decision no 499/2020 was issued dismissing the action. The plaintiff has filed an appeal, which is scheduled to be heard before the Athens Court of Appeals on 12.1.2021. Decision no 3544/2021, which formally and substantially upheld the appeal, was issued and further upheld in part his claim, ordering the HEDNO to pay the plaintiff EUR 10,000 as compensation for moral damages, with statutory interest from the service of the action. An appeal has been filed by HEDNO and this case is set to be heard on 20.9.2022. It has been heard, and a decision is pending.
2. Marouso Vamvakari v. HEDNO SA: By the said action, the plaintiff sought EUR 400,000 in monetary damages for mental distress as a result of a fatal industrial accident that occurred on 27.07.2018, in the area of Syros, during the deceased's work (HEDNO EMPLOYEE). The date set for its hearing before the Athens Court of First Instance is 12.02.2020. The action was heard, and decision No. 920/2020 was issued dismissing the action. The plaintiff has filed an appeal, which is set for hearing on 8.12.2020. It was heard, and a decision is pending. The Athens Court of Appeal issued Decision No 4042/2021, which upheld the plaintiff's appeal against us and also partially upheld her action. The Court of Appeal, in particular, accepted our contributory fault at a 50% rate and awarded the opposing party the sum of 90,000 euros. An application for review has been filed, and we are waiting for the hearing. It was heard on 18/10/2022, and a decision is pending.
3. Nikolaos Konidis v HEDNO SA: By the said action, the plaintiff (HEDNO EMPLOYEE) sought EUR 200,000 in monetary compensation for moral damage as a result of an industrial accident that occurred on 19.12.2014, while he was working. The date set for its hearing before the Athens Court of First Instance is 26.02.2020. The lawsuit was heard, and a decision is pending. Decision No. 1020/2022 was issued dismissing the action.
4. Enkeleda Ardian et al. (another 7) v. HEDNO SA: By the said action, the plaintiffs seek EUR 553,000.00 in monetary damages for mental distress as a result of a fatal industrial accident that occurred on 12.11.2018 while their deceased relative (CONTRACTOR'S EMPLOYEE) was working. The date set for its hearing before the Athens Court of First Instance is 15.12.2020 at which time it was postponed for the date 12.11.2021. It was postponed for 20.10.2022. Waiver of pleading and action right.
5. Ioannis Gordios v HEDNO SA and "SXS S.A": By the said action, the plaintiff (CONTRACTOR'S EMPLOYEE) sought EUR 180,000 in monetary compensation for moral damage as a result of an industrial accident that occurred on 18.03.2019 at the area of Ikaria, while he was working. The date set for its hearing before the Athens Single Member Court of First Instance is 22.09.2020,

when it was postponed to 8.2.2021, and then again to 1.2.2022. It was postponed to 25.10.2022. Waiver of pleading, right and action.

6. Charoula Zioga et al. 11 v HEDNO SA, IPTO SA, AKTOR and DIASTASI S.A: By the said action, the plaintiffs seek EUR 3,416,000.00 in monetary damages for mental distress as a result of a fatal industrial accident of their relative (EMPLOYEE) that occurred on 9.9.2020 in the area of Zakynthos, during his work. The date set for its hearing before the Athens Court of First Instance is 13.01.2022. It was adjourned to 12.01.2023.It was heard, and a decision is pending.
7. Thomas Roussos et alia 3 v HEDNO SA: According to the particulars described in their action, the plaintiffs seek a total of 590,000.00 euros in monetary compensation for mental distress as a result of an industrial accident involving their relative that occurred on 15.05.2017 in the village of Podochori Kavala (HEDNO EMPLOYEE). The hearing date for the action before the Kavala Court of First Instance has been set for 25.10.2022. Apart from the Company, this action is being taken against the Director of the Kavala Area of HEDNO SA and the responsible security technician of the Kavala Area of HEDNO SA. The hearing on the action has been postponed for 25.04.2023.
8. Dimitrios Batoglou v HEDNO SA, ELYROS SA, "DOUMANAS GEORGIOS AND SONS G.P.", Emmanuel Andreadakis and Vaios Ntoumanas: By the said action, the plaintiff (CONTRACTOR'S EMPLOYEE) sought EUR 1,200,000,00 in monetary compensation for moral damage as a result of an industrial accident that occurred on 9.7.2020 at the area of Rethymno, while he was working. The date set for its hearing before the Rethymno Court of First Instance is 14.10.2022. The hearing of the lawsuit was postponed for it was postponed for the date 9.6.2023.
9. Two actions have been filed in which the applicants seek a total of EUR 2,050,000.00 (EUR 1,450,000.00 in the first action and EUR 600.000.00 in the second) as monetary damages for mental distress for the death of their relatives - employees of the company "AKTOR SA" (CONTRACTOR'S EMPLOYEES) - as a result of an industrial accident that occurred on 01.04.2021 in Gymno of Evia. The above actions are directed against the Director of the Chalkida Area of "HEDNO SA", against the supervising foreman of the project, as well as the supervising engineer, against employees of "HEDNO SA".
A third action was filed by an employee of the company 'AKTOR SA' (CONTRACTOR'S EMPLOYEE), who is seeking EUR 200,000 in compensation for injuries sustained as a result of the aforementioned industrial accident. The trial date for the actions has been set for hearing on 27.10.2022 at the Chalkida Single-Member Court of First Instance (Labour Disputes Procedure). The above actions have been postponed for 23.03.2023.
10. On 10.10.2022, JELA BRUKA, the father of the deceased Aleks Bruka, an employee of the company "AKTOR SA," filed an action as well. He seeks EUR 200,000.00 in emotional distress compensation for the death of his child in the aforementioned action. This action is set to be heard before the Chalkida Single Member Court of First Instance on 23.3.2023.
11. Furthermore, the family of the deceased Georgios Totskas, an employee of the company "AKTOR SA," filed an action on 18.10.2022. The applicants seek a total of EUR 1,150,000.00 in damages for mental distress caused by the death of their relative in the aforementioned action. This action is set to be heard before the Chalkida Single Member Court of First Instance on 23.3.2023.

****It should be noted that 2 more accidents at work occurred in Xanthi and Amaliada in 2020, for which no actions were filed.

THIRD PARTY ACCIDENTS

1. Alexandra Zorba Lada v HEDNO SA: With this action, the applicant, as a judicial assistant, seeks EUR 5,358,283.80 in damages for her son's injury as a result of an electric shock. The decision of the Athens Multi-Member Court of First Instance No. 3076/2022 was issued and ordered HEDNO SA to pay the applicant EUR 310,594.00.
2. Family of the deceased Fire Brigade officer Savvaris Savas son of Panagiotis v DEDDIE SA: The applicants (eight in number) seek EUR 300,000.00 each, for a total of EUR 2,400,000.00, as mental distress compensation for the death of their relative, firefighter Savvas Savvaris, as a result of electrocution while on the job. This action was heard before the Serres Multi Member Court of First Instance on 18-10-2022, and a decision is expected.

(amounts in thousand EUR unless stated otherwise)

3. Vassilios Bouzounis et al. v. HEDNO, PPC. With this action, the plaintiffs (the deceased's parents and sister) seek a total of 170.000,00 euros in mental distress compensation for the death of their relative Theodoros Bouzounis as a result of electrocution during earthworks in his field in the location Loumaria of the land region of the Municipal Community of of Ermioni, Municipality of Ermionida. No proposals have yet been filed with the Athens Single Member Court of First Instance
4. Family of the deceased Theodoros Bouzounis. With this action, the plaintiffs (3 in total) seek a total of 240,000.00 euros in mental distress compensation for the death of their relative Theodoros Bouzounis as a result of electrocution during earthworks in his field in the location Loumaria of the land region of the Municipal Community of of Ermioni, Municipality of Ermionida. No proposals have yet been filed with the Athens Single Member Court of First Instance.

APPEALS AGAINST PRE-TENDERING PROCEDURES

Against the Invitation to Tender No. 519102, with the subject "Procurement of field equipment, ADVANCED METERING INFRASTRUCTURE SYSTEM (AMI SYSTEM) and METER DATA MANAGEMENT SYSTEM (MDM SYSTEM)," in which seven (7) bidders participated in the first phase of the tender procedure and four (4) of them qualified for the second phase pursuant to the decision of the Board of Directors of HEDNO S.A., number 978/22.12.2022, the Pre-Trial Appeal of 02.01.2023 was filed by the economic operator "Landis+Gyr AG" due to its exclusion from the Second Phase on the grounds of non-compliance with the qualitative selection criteria.

39. RELATED PARTIES TRANSACTIONS/BALANCES

Receivables/liabilities pertaining to related parties as of 31/12/2022 are the following.

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

	31/12/2021	
	Receivables	Liabilities
PPC SA	63,989	0
PPC Renewables SA	0	-5,568
Lignite Melitis SA	93	0
Lignite Megalopolis SA	19	0
Athens Water Supply and Sewerage Company (EYDAP)	0	-12
HELLENIC POST OFFICE (ELTA)	711	0

(amounts in thousand EUR unless stated otherwise)

ELTA COURIER	0	-26
ETVA	0	-5
EYATH	1	0
AIA	23	0
	64,836	**5,611**

Transactions with related parties for the year ended 31/12/2022 are as follows.

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

	31/12/2021	
	Invoicing to	Invoicing from
PPC SA	1,660,883	-1,567,808
PPC Renewables SA	303	-15,939
Lignite Melitis SA	130	0
Lignite Megalopolis SA	197	0
Athens Water Supply and Sewerage Company (EYDAP)	113	-35
HELLENIC POST OFFICE (ELTA)	17,252	-4,619
ELTA COURIER	0	-55
ETVA	1	-5
EYATH	6	-6
OSY	0	-7
AIA	236	0
DETH [Intern. Exposition of Thessaloniki] - HELEXPO	0	-1
ETAD	79	-26
Attica Greenesco Energy	0	-1

(amounts in thousand EUR unless stated otherwise)

	1,679,200	-1,588,502

Accrued receivables and liabilities with related parties for the year ended 31/12/2022 are as follows.

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

	31/12/2021	
	Accrued receivables	Other accrued liabilities
PPC SA	143,642	-47,983
PPC Renewables SA	1	-768
Lignite Melitis SA	38	0
Lignite Megalopolis SA	58	0
HELLENIC POST OFFICE (ELTA)	696	0
AIA	18	0
	144,453	**-48,751**

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 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. 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.

	31/12/2022	31/12/2021
Directors' fees		
- Non-executive Directors' fees	155	202
- Non-Executive Directors' fees	104	216
- Compensation/extraordinary fees	90	78
- Employer contributions	38	60
Total	**387**	**556**

	31/12/2022	31/12/2021
Remuneration of Deputy CEO and General Managers		

(amounts in thousand EUR unless stated otherwise)

- Regular earnings	696	694
- Compensation/extraordinary fees	458	349
- Employer contributions	106	90
- Other benefits	1	1
Total	1,261	1,134

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

(a) Market risk

i) Currency exchange rate risk

Currency risk is the potential fluctuation in the fair value or cash flows of a financial instrument due to exchange rate changes. Because the majority of the Company's transactions are in Euro, the Company is not exposed to foreign exchange risk. However, the Company's Management constantly monitors its exposure to possible foreign exchange risks and assesses the need to take relevant measures.

ii) Interest rate fluctuation risk

Interest rate risk is the likelihood that the fair value of future cash flows fluctuates of a financial instrument due to changes in market interest rates. The company's financial commitments consist essentially of fixed-rate borrowings from the European Investment Bank ("EIB") and Black Sea Trade & Development Bank, which were transferred by PPC S.A. with the Sector's spin-off on 30/11/2021. In July 2022, the Company entered into two new bond loans with Eurobank and the National Bank of Greece, each with a floating interest rate linked to the 6-month Euribor rate, and in December 2022, the Company used a credit line of financing through a current account with the National Bank of Greece, with a floating interest rate based on the 1-month Euribor rate.

For the purpose of hedging the interest rate risk brought on by two new floating rate loan agreements with Eurobank and the National Bank of Greece as per above, the Company entered into derivative contracts with each bank. Such agreements, known as Interest Rate Cap Transactions, allow the company to be covered against a positive 6-month Euribor rate while also paying a premium.

The Management monitors the fluctuation of interest rates on an ongoing basis and assesses whether it is necessary to take relative measures to hedge the risks resulting therefrom.

The Company's activities expose it to various financial risks: to market risk (including foreign exchange risk, risk of interest rate fluctuation), to credit risk and liquidity risk. The Company's risk management programme focuses on financial market volatility and seeks to minimise the potential negative effects on cash flows. The Company uses financial instruments to hedge its exposure to certain risks.

(c) Credit risk

Credit risk is the possibility that a counterparty may cause financial loss to the Company due to failure to comply with its contractual obligations. Credit risk arises from cash and cash equivalents, as well as customers and other receivables. Only well-established banks and financial institutions are acceptable, and the Company limits its exposure to any individual financial institution.

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

(amounts in thousand EUR unless stated otherwise)

On 01.10.2022, the company insured a part of its credits for proven debtor insolvency with the insurance company Atradius Credito y Caucion S.A. under an annual contract.
With regard to derivative financial instruments, credit risk arises from the potential inability of counterparties to fulfil their obligations arising from the relevant contracts or agreements. The carrying amount of each derivative financial instrument represents the Company's maximum credit risk. The Company does not possess any large value derivative financial assets.

(d) Liquidity risk

Liquidity risk is the risk whereby the Company may be unable to fulfill its financial obligations when needed. The Company actively manages liquidity risk to ensure that it has enough cash to meet its short- and long-term obligations.
This risk is managed using bank overdrafts and bank facilities, both dedicated and undedicated. The Board of Directors has ultimate responsibility for liquidity management and has established an appropriate liquidity management framework to ensure the Company's short, medium, and long term funding needs, as well as other liquidity management needs, are met. The Company manages its liquidity risk by maintaining adequate reserves, bank and borrowing facilities, available bank facilities and by systematically monitoring projected and actual cash flows.

The table below describes Company financial liabilities, as at 31/12/2022 and 31/12/2021, classified in relevant grouped expiry dates, as this is calculated according to the time remaining from the balance sheet date to the contractual expiry date. The table's figures represent the contractual cash flows.

31/12/2022

MATURITY OF FINANCIAL LIABILITIES

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	209,211	-	-	209,211
Other short-term liabilities	93,761	-	-	93,761
Lease liabilities	11,389	20,709	8,399	40,497
Borrowings	218,085	736,225	668,515	1,622,824
	532,446	756,934	676,914	1,966,293

31/12/2021

MATURITY OF FINANCIAL LIABILITIES

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	191,219	-	-	191,219
Other short-term liabilities	175,183	-	-	175,183
Lease liabilities	8,715	20,884	8,532	38,131
Borrowings	173,760	766,903	559,315	1,499,978
	548,877	787,787	565,847	1,904,511

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

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

(amounts in thousand EUR unless stated otherwise)

40.2 Capital management

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

	31/12/2022	31/12/2021
Long-term lease liabilities	23,672	23,630
Short-term lease liabilities	10,194	7,511
Long-term borrowings	1,259,276	1,229,258
Short-term borrowings	185,863	189,997
Less: Cash and cash equivalents	(187,405)	(172,671)
Net borrowings	**1,291,600**	**1,277,725**
Total equity	1,239,860	1,296,882
Total capital employed	**2,531,460**	**2,574,607**
Leverage ratio	**51.02%**	**49.63%**

40.3 Determination of fair values

The Company uses the following hierarchy for the designation and the notification of the fair value of the financial means per assessment technique:

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

Level 2: other techniques for which all the inflows that have a significant effect in the recorded fair value are observable, whether directly or indirectly.

Level 3: techniques using inflows which have a significant effect on the recorded reasonable value, and are not based on observable market data.

During the fiscal year there were no transfers between levels 1 and 2, nor any transfers in and out of level 3 for the measurement of the fair value.

Below, the book and fair values of assets and liabilities of the Company, as reflected in the statement of financial position of 31/12/2022, are compared by category.

	Book value	Fair value	Book value	Fair value
		2022		2021
Tangible and Intangible assets	4,859,952	4,859,952	4,856,174	4,856,174
Derivative financial instruments	11,607	11,607	-	-
Total	**4,871,559**	**4,871,559**	**4,856,174**	**4,856,174**

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.

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

During the year that ended on 31/12/2022, no financial assets were re-positioned between hierarchical levels.

41. REFORMATIONS - RECLASSIFICATIONS

The comparative figures of "Current liabilities" are restated from previous financial statements to be comparable with the amounts for the current fiscal year. In particular, an amount of € 7,511 thousand has been reclassified from the line "Sundry creditors" to the line "Short-term financial liability for right to use assets". The overall current liabilities for the comparable year remain unaffected by this restatement.

The change in income tax amount of € 5,112 thousand in the cash flow statement has been allocated to the lines "Income tax payments" amounting to € 4,754 thousand, "Increase / (decrease) in trade and other short-term Claims" amounting to € 244 thousand and "Increase / (decrease) in trade and other liabilities" amounting to € 114 thousand. The total cash flow from operating activities for the prior year remains unaffected by this restatement.

42. SUBSEQUENT EVENTS

Voluntary Redundancy Programme

On 02/03/2023, the Company's Board of Directors decided to implement a voluntary redundancy programme with a financial incentive for employees for the current fiscal year.

Short-term borrowing repayment

On 03/01/2023, the Company repaid a € 45 mil short-term loan held in the form of a current account with NBG.

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

	2022				2021			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
INCOME:								
Income from contracts with customers	814,335	2,441	0	816,776	756,603	3,100	0	759,703
Other income	12,963	1,490	1,373	15,826	186,362	107	79	186,548
TOTAL INCOME	827,298	3,931	1,373	832,602	942,965	3,207	79	946,251
EXPENSES:								
Personnel remuneration	260,233	2,192	32	262,457	301,088	2,168	24	303,280
Provision for staff departure compensation	-441	0	0	-441	-9,633	-50	0	-9,683
Network usage costs	0	0	0	0	238,705	0	0	238,705
Maintenance and third party services	73,005	135	160	73,300	143,113	74	21	143,208
Consumption of Materials	26,294	187	34	26,515	101,204	120	4	101,328
Third party fees	69,063	579	852	70,494	60,861	471	7	61,339
Provisions for doubtful receivables	-625	-10	-3	-638	2,682	12	0	2,694
Provisions for risks	-15,628	-31	-10	-15,669	3,904	14	0	3,918
Miscellaneous expenses	36,919	201	27	37,147	28,231	97	20	28,348
Depreciation and amortisation	313,719	99	2	313,820	45,377	181	0	45,558
Taxes - Duties	5,187	24	3	5,214	2,315	11	0	2,326
OPERATING RESULT	59,573	555	276	60,404	25,118	109	3	25,230
Financial income	12,194	52	16	12,262	272	1	0	273
Financial expenses	-46,884	-188	-59	-47,131	-6,333	-50	0	-6,383
PROFIT BEFORE TAX	24,883	419	233	25,535	19,057	60	3	19,120

(amounts in thousand EUR unless stated otherwise)

TABLE B

HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR SA (HEDNO)

SEPARATE STATEMENT OF FINANCIAL POSITION PER FUNCTION

	2022				2021			
	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO	TOTAL NETWORK	TOTAL NIIs	TOTAL OTHERS	TOTAL HEDNO
ASSETS								
Non-current assets								
Property plant and equipment	4,844,582	4,170	8,009	**4,856,761**	4,849,283	3,326	403	**4,853,012**
Intangible assets	3,182	4	5	**3,191**	3,159	3	0	**3,162**
Right-of-use assets	32,593	0	54	**32,647**	30,452	0	3	**30,455**
Deferred asset tax	0	0	0	**0**	0	0	0	**0**
Other receivables	37	0	0	**37**	30	0	0	**30**
Derivative financial instruments	11,578	10	19	**11,607**	0	0	0	**0**
Total non-current assets	4,891,972	4,184	8,087	**4,904,243**	4,882,924	3,329	406	**4,886,659**
Current assets								
Inventories	239,540	0	396	**239,936**	173,992	0	14	**174,006**
Trade and other Receivables	108,382	84,677	319	**193,378**	106,832	179,109	24	**285,965**
Accrued and Other Receivables	131,403	92,995	371	**224,769**	135,382	92,127	19	**227,528**
Cash and cash equivalents	135,262	51,834	309	**187,405**	103,244	69,413	14	**172,671**
Total current assets	614,589	229,505	1,394	**845,488**	519,450	340,649	71	**860,170**
Total assets	5,506,560	233,689	9,481	5,749,731	5,402,374	343,978	477	5,746,829
LIABILITIES AND EQUITY								
Equity:								
Share capital	988,737	844	1,634	**991,215**	990,457	676	82	**991,215**
Statutory reserves	6,423	107	11	**6,541**	6,087	19	1	**6,107**
Special reserves	161,722	58	267	**162,047**	164,254	47	14	**164,315**
Retained earnings	-99,681	179,109	131	**79,559**	101,440	33,794	11	**135,245**

(amounts in thousand EUR unless stated otherwise)

Total equity	1,057,201	180,118	2,043	1,239,362	1,262,238	34,536	108	1,296,882
Non-current liabilities:								
Deferred tax liability	304,583	-340	503	304,746	327,769	823	27	328,619
Employee benefits	60,813	482	101	61,396	74,930	479	6	75,415
Lease liabilities	23,627	6	39	23,672	23,623	5	2	23,630
Loans and borrowings	1,256,025	1,175	2,076	1,259,276	1,228,218	938	102	1,229,258
Consumer contributions and subsidies	2,036,513	50	3,364	2,039,927	1,945,344	0	162	1,945,506
Other liabilities	21,918	10,326	53	32,297	7,365	27,106	3	34,474
Provisions	40,028	277	67	40,372	47,790	35	4	47,829
Total non-current liabilities	3,743,507	11,976	6,203	3,761,686	3,655,039	29,386	306	3,684,731
Current liabilities								
Trade and other payables	143,292	65,575	345	209,213	66,112	125,091	16	191,219
Sundry creditors	3,012	162,179	273	165,464	176,107	62,966	20	239,093
Lease liabilities	10,174	3	17	10,194	0	0	0	0
Current portion of non-current borrowings	140,631	0	232	140,863	170,606	19,375	16	189,997
Income tax payable	25,860	451	43	26,354	5,802	18	0	5,820
Loans and borrowings	44,926	0	74	45,000	0	0	0	0
Other tax and insurance liabilities	15,388	16,025	52	31,465	23,259	15,470	3	38,732
Accrued and other liabilities	322,704	-202,772	198	120,130	43,211	57,136	8	100,355
Total current liabilities	705,985	41,461	1,235	748,683	485,097	280,056	63	765,216
Total Liabilities and Equity	5,506,560	233,689	9,481	5,749,731	5,402,374	343,978	477	5,746,829

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-subsidies and competition distortions. These accounts must clearly present the income from the ownership status of the Transmission System and the Distribution Network. These undertakings shall keep consolidated accounts for other functions not falling within the field of electricity. Accounts include a Statement of Financial Position and a Statement of Comprehensive Income and an Income Account for each separate action".

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

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

2. ACCOUNTING SEPARATION METHODOLOGY

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

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

2.1 Determining the functions for which separate financial statements are prepared

Accounting separation is performed for the following functions.

- Network Operator

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

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

It concerns the NII Production Management and Market Operation functions.

- Other functions

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

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

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

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

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

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

2.4 Preparation of a separate Income Statement

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

The Income Statement items are divided into:

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

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

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

2.5 Preparation of a separate Statement of Financial Position

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

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

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

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

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

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

2.6 Accounting Separation Base

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