HERON THERMOELECTRIC SOCIETE ANONYME

85, Messogeion Ave., GR-115 26 Athens

General Commercial Registry of Companies No 5805601000

ANNUAL FINANCIAL REPORT

For the year

1st of January to 31st of December 2019

CONTENTS

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I. INDEPENDENT AUDITOR'S REPORT

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TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

Independent Auditor's Report

To the Shareholders of the Company HERON THERMOILEKTRIKI S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the company HERON THERMOILEKTRIKI S.A. (the Company), which comprise the statement of financial position as at December 31, 2019, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company HERON THERMOILEKTRIKI S.A. as of December 31, 2019, and of its financial performance and its 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 the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the Company, throughout the audit, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek Legislation and the ethical requirements relevant to the audit of the financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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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 principle of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to proceed 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 they have been transposed in Greek Legislation, 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 they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism 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 principle 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 to Management, 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

1. Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

   a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of article 150 of Greek Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31/12/2019.

   b) Based on the knowledge we obtained during our audit about the Company HERON THERMOILEKTRIKI S.A. and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

2. Taking into consideration that Management is responsible for the preparation of the Separated Financial Statements, which comprise the separated by activity Balance Sheet of the Company as at December 31, 2019, as well as the separated by activity Statement of Income before taxes for the period from 1 January 2019 to 31 December 2019, according to the provisions of L. 4001/2011 and the No. 301/2017 Decision of the Regulatory Authority for Energy (RAE), we note that, in our opinion the Separated Financial Statements, as presented in Appendix I to the notes of the financial statements of the Company, have been prepared in accordance with the provisions of L. 4001/2011 and the No. 301/2017 Decision of the RAE.

Athens, 28 May 2020
The Certified Public Accountant

Vassilis Christopoulos
Reg. No. SOEL: 39701
Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou str., 151 25 Maroussi
Reg. No. SOEL: E. 120

Share capital € 2.416.100

85, Messogeion Ave., GR-115 26 Athens

General Commercial Electronic Registry No 5805601000

SA Register No 56860/01/B/04/254

Board of Directors

George KOUVARIS	Chairman of the Board
George DANIOLOS	Managing Director
Styliani Zacharia	Member of the Board
Olivier JACQUIER	Member of the Board
Emmanouil MOUSTAKAS	Member of the Board
Anne-Sophie REYZ	Member of the Board

Auditor

DELOITTE Certified Auditors Accountants S.A.

II. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2019

MANAGEMENT REPORT
To the Ordinary General Meeting of Shareholders
On the 2019 year balance sheet and results
Period 1/1/2019 - 31/12/2019

Dear Shareholders,

We have the honour to present you for your approval the financial statements of the year 1/1-31/12/2019 of our company and give you the following explanations.

1. Main financial indicators

On 31st December 2019, the financial position of the company deems satisfactory. The owner's equity amounted to € 55.004 thousand compared to € 52.252 thousand in 2018.

The Company's main financial ratios for 2019 and 2018 fiscal years are as follows:

Financial structure ratios

(All amounts presented in thousand Euro)

	31/12/2019		31/12/2018	
Current assets	169.524	86,25%	122.394	83,90%
Total assets	196.549		145.881	
Non-current assets	27.025	13,75%	23.487	16,10%
Total assets	196.549		145.881	

The above ratios show the proportion of outstanding capital and fixed assets.

Equity	55.004	38,86%	52.252	55,81%
Total liabilities	141.545		93.629	

The above ratio shows the Company's financial adequacy.

Total liabilities	141.545	72,01%	93.629	64,18%
Total equity & liabilities	196.549		145.881	
Equity	55.004	27,98%	52.252	35,82%
Total equity & liabilities	196.549		145.881	

The above ratios show the Company's leverage.

Equity	55.004	203,53%	52.252	222,47%
Non-current assets	27.025		23.487	

This ratio shows the ratio of corporate intangible assets financing by owner's equity.

Current assets	169.524	121,99%	122.394	136,11%
Current liabilities	138.966		89.924	

This ratio shows the Company's ability to meet its Current liabilities using current assets.

Working capital	30.558	18,02%	32.470	26,53%
Current assets	169.524		122.394	

This ratio reflects the portion of current assets that is financed by the surplus of Owner's Equity and Non – Current liabilities.

Return on equity and performance ratios

	31/12/2019		31/12/2018	
Year net results before tax	3.041	0,66%	9.203	2,65%
Sales of stocks & services	462.343		347.223	

This ratio presents the performance of the Company without including other results.

Year net results before tax	3.041	0,65%	9.203	2,63%
Total income	465.840		349.838	

This ratio reflects the Company's total performance in comparison with its total income.

Year net results before tax	3.041	5,53%	9.203	17,61%
Equity	55.004		52.252	

This ratio presents the return on equity of the Company.

Gross profit	8.833	1,91%	11.134	3,21%
Sales of stocks & services	462.343		347.223	

This ratio reflects the gross profit as a percentage of the Company's sales.

2. Overview of Energy Market

Highlights

The main facts of the Greek energy market are:

Overview of Greek Energy Market

The National Energy and Climate Plan (NECP) adopted in December 2019 (GG 4893/31.12.2019) in accordance with Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action outlines the 2030 energy strategy of Greece, based around the early decommissioning of lignite plants. Greece submitted its plans in advance of other Member States, including its 2050 Long-term Climate Strategy. The final National Energy and Climate Plan showed renewed ambition compared to the first 2019 version with an increase of targets in renewable generation, energy efficiency and a decrease in CO2 emissions. Much of this is a result of the plan for early decommissioning of lignite. More specifically all lignite plants apart from Ptolemaida V will be decommissioned by 2023 and Ptolemaida will operate with an alternative fuel by 2028. This leads Greece to a no carbon era by 2028. Nevetheless, there will be many social challenges to be faced by the Hellenic Republic, particularly in certain regions that are highly dependent on the lignite industry. However, in line with the Commission's Green New Deal and Just Transition Mechanism, targeted support to those regions is at hand, so that the opportunities such a move provides can be explored, in cooperation with the Commission. At a national level, Greece set up an inter-ministerial committee to discuss the transition. Finally, Greece also pre-notified two state aid schemes, for interruptibility and flexibility. The second phase of the flexibility state aid scheme starting on the 1st of April 2019 was suspended due to the delays in the evolvement of the Target Model that prohibited the participation of demand from the auctions for flexible capacity. This of course caused the parallel abolition of the flexible capacity payments from

01.04.2019 until the end of 2019 for the flexible generators. Hopefully within 2020 the flexibility mechanism will be reactivated until either the "mature" operation of the markets of the internal market or the establishment of the permanent capacity mechanism/ market.

Progress towards the completion of Greece's energy market commitments continued with the initial submission of revised proposals to attempt to remedy the anti-trust concerns until the full phase out of lignite, along with the formulation of an overall strategy for energy and climate. Following the failure of the lignite divestment in July 2019 (as it was established by Law 4533/2018 -GG 75/2018) in November 2019 Greece communicated its intention to submit revised remedies by January 2020 to address the outstanding competition concerns related to the privileged access to lignite-fired generation granted by the Public Power Company and finally comply with the Commission's decision and Court's judgements, in line with the programme commitment.

Another important regulatory reform within 2019 was the abolition of the auctions of Forward Electricity Products with physical delivery (NOME). The Hellenic Republic has engaged in discussions with the Commission about equivalent options for allowing Public Power Company's competitors to compete on the market by having access to a share of the existing and operating lignite-based generation until the full phase out of lignite in the country. Once these revised remedies are made binding, the authorities will be expected to support and fully implement them. Addressing the longstanding distortions on the wholesale market will increase the degree of competition in the Greek electricity market, setting the basis for further investments and helping Greece reform its energy sector.

The implementation of the target model for the electricity market, a specific commitment rescheduled for mid-2020, is progressing largely according to the schedule. By the end of 2018 the rulebooks of the day-ahead, intra-day and balancing market have been approved. During 2019 Greece has made steps forward, such as the approval of the spot markets clearing rulebook. Almost all of the remaining technical rules will be based on new timelines (a ministerial decision is established in 2020 establishing very strict timeframes), be completed and submitted to the regulatory authority for approval by January 31st. of 2020. Regular stakeholder workshops and trainings are taking place in order to prepare the market participants for the new market. Although there are some delays in the delivery of some balancing market components by the contractor, the deadline of the go-live of the local day-ahead, intraday and balancing markets remains June 2020. Further work for the coupling with the Bulgarian and Italian markets has taken place ensuring that the local market will be coupled without undue delays after the spot market go-live. Prioritization was given to the up-front development and operation of the forward derivatives market. The target date was set on the 16th of March without the option of the physical delivery and the role of the market maker to be provided at least by the Public Power Corporation. Special attention should be given to the design of the market monitoring mechanisms to prohibit PPC from exercising its dominant position in the market.

The Public Power Corporation presented its new business plan, giving details on its planned timeline for lignite plants decommissioning and ideas for new business ventures. Further details are yet to be fleshed out, including the timing of its planned closures of the mines, which feed the generation plants. However, it is clear the company is aiming for a bold transformation in coming years, founded on the decommissioning plan that underpins Greece's energy strategy. After its strong efforts to stabilize its finances, the results of which were seen in its positive annual report, the further development and implementation of the business plan will be its mid-term focus. The Public Power Corporation provisions of the recent energy law puts in place corporate governance rules, which are being implemented, giving the company a chance to operate more at an "arm's length" from the government and engage in procurement in line with best practices. As of December 2019 (http://www.enexgroup.gr/en/markets/market-analysis/monthly-report/), its retail share in the interconnected system stood at 71.8%, slightly higher than November's 69.8%. However, this generally continues a downward trend, though it should be noted that this varies substantially by customer class. The Public Power Company remains more or less the sole provider to high voltage consumers, whilst at medium voltage and low voltage these shares are much lower, at 52.5% and 73.5% respectively. Given the opening of the market, discussions are ongoing about the rules for universal supply, to make sure that any new obligations on certain providers to supply to all customers will be applied in a proportionate way.

Another important decision that was established in 2019 was the retroactive reduction of the Renewable Energy Levy (known as "ETMEAR") to all consumers. This caused anxiety to the RES Producers for the sustainability of the Renewable Energy Sources Account. Although initial estimates are that the Renewable Energy Sources Special Account will remain in slight surplus for 2019 despite dipping in the 3rd quarter, in the context of the programme commitment to achieve a sustained surplus. The Hellenic Republic has announced intentions to take a sustainable approach to keep the account in balance, such as increasing the inflows of Emissions Trading System carbon allowances. Such an approach for a predictable balance going forward is welcome; The forthcoming projection of the Special Account from the renewables market operator (DAPEEP) will be an important element. Views from market participants indicate that cash-flow issues have stabilized, which is an encouraging sign. The final renewable energies auction of 2019 took place in December with some success, though it is unclear what system will be in place for the future.

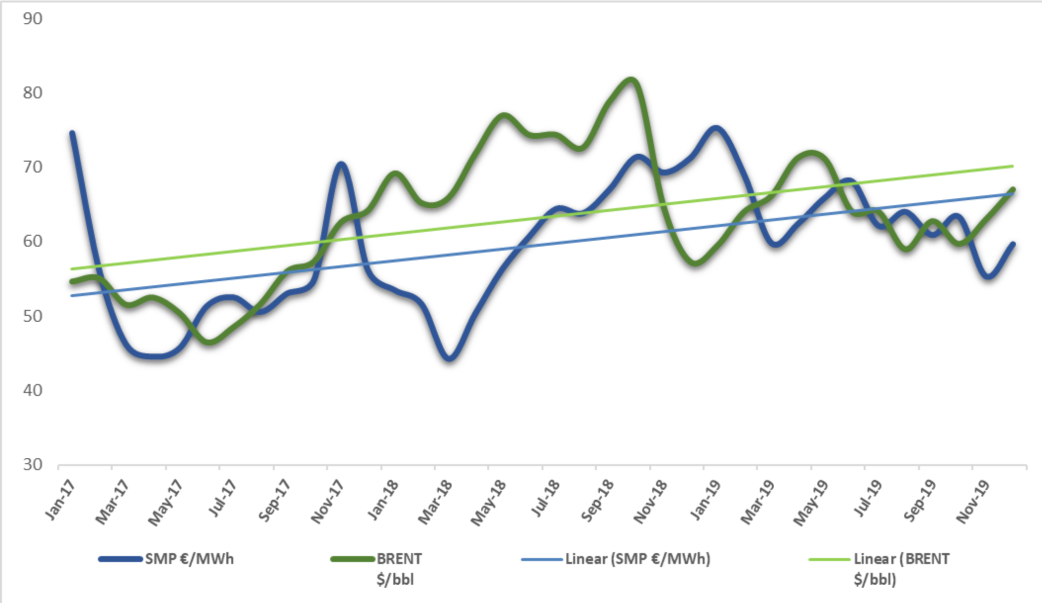
Another significant milestone in 2019 was the active participation of the Renewables in the wholesale market in November 2019 through aggregators. The aggregators and the last resort aggregator submitted offers for the renewable producers with balancing obligations in the wholesale market. The role of the last resort aggregator is currently performed by DAPEEP. Major legal reforms will be established within 2020 for the simplification of the licensing procedure (generation license and environmental terms) to warranty the achievement of the national goals in renewables.

Interconnections to the islands have evolved with Cyclades being fully interconnected. All Greek islands are expected to become interconnected by 2026 together with Crete that is facing severe adequacy issues with the operation of units that violate the Industrials Emissions Directive 2010/75.

From a more international outlook, Greece's development as an 'energy hub' made strides with the agreement between Greece, Israel and Cyprus on the EastMed gas pipeline. Leaders from Greece, Cyprus and Israel signed an accord to start the ambitious project of nearly 2 000 km of pipeline designed to bring gas from the Cyprus area onto European markets, connecting to projects such as the TransAdriatic Pipeline. Other opportunities in gas are positive, such as the Greece-Bulgaria Interconnector currently in construction and the already applicable rules for reverse flow on the Trans-Balkan pipeline, while electricity connections such as the EuroAsia with Cyprus explored may develop further.

Last significant reforms are expected in the wholesale natural gas market within 2020 because of the competition developed in the LNG. In the annual auction procedure for LNG many companies participated to book quantities mainly for the economical operation of their power plants. The competition was heavy and some companies were left without LNG quantities. This pointed out the need to establish a new regulatory regime for the operation of the LNG terminal in Revithoussa that is expected in 2020 together with the development of the natural gas wholesale market by HeNex.

A. SMP



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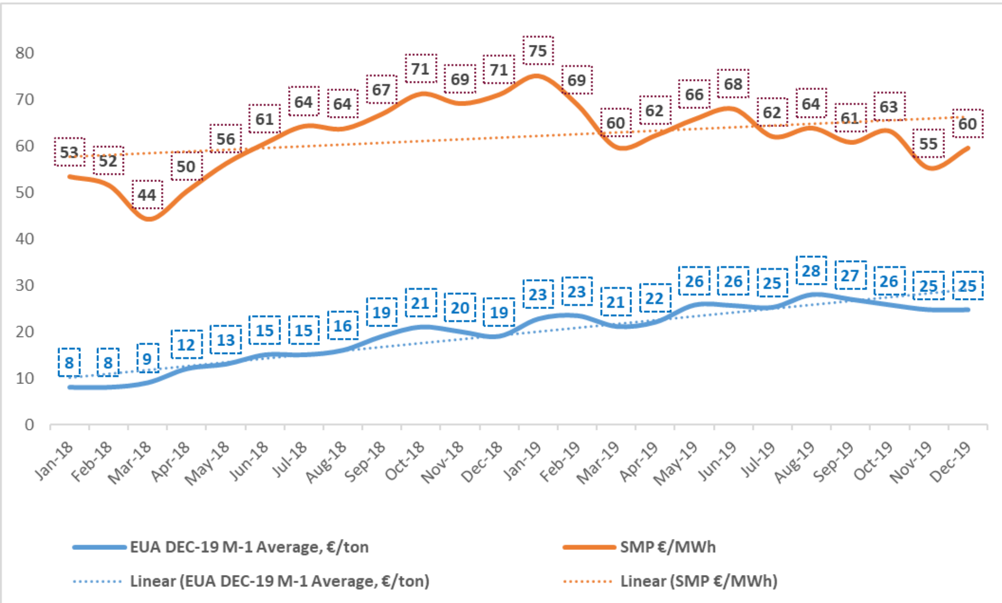
SMP is following the same trend as the Brent price the main reason for that is the link of Gas formula (applied to CCGTs from fuel suppliers) with Brent.

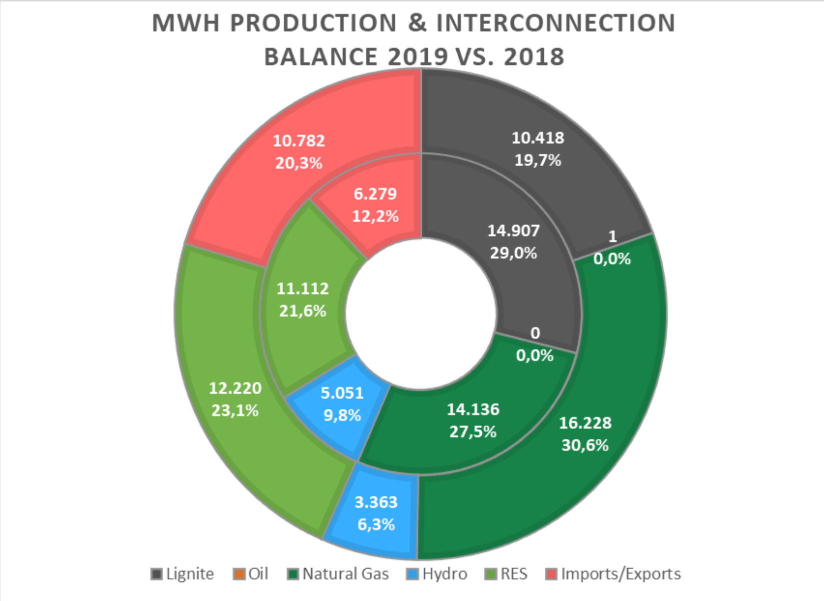


Source: HERON Energy Portfolio Management

In 2019, SMP also showed a very strong correlation with soaring CO2 (EUA) prices which affect both lignite and gas-fired unit variable costs with a factor of approximately 1,5 and 0,4 respectively. Nevertheless, SMP managed to absorb the pressure of CO2 climb due to extended usage of gas fired power units that swapped lignite production. Therefore, lower CO2 emissions of gas production coupled with low gas cost restrained SMP.

B. Production per Technology & Interconnection Balance

Total production & interconnection balance during 2019 has increased by 1.3% compared to last year. The participation of the lignite production in the energy mix decreased from 29% (14.907 GWh) in 2018 down to 20% (10.418 GWh) in 2019, while gas-fired production contributed by 30.6% in above the share of 27.5% recorded in 2018. Lignite production of 10.418 GWh stopped being the predominant supplier in the energy system. Natural Gas production was the predominant energy supplier in the energy system with a total production of 16.228 GWh. RES production was the third contributor in the system with 12.220 GWh (23%). If added to hydro production (which by itself contributed 6.3%), domestic clean (non-fossil) production reached almost 30% and could thus be considered as ranking second in the energy share. Energy import from interconnected countries was the fourth biggest supplier in the system 10.782 GWh (20%).



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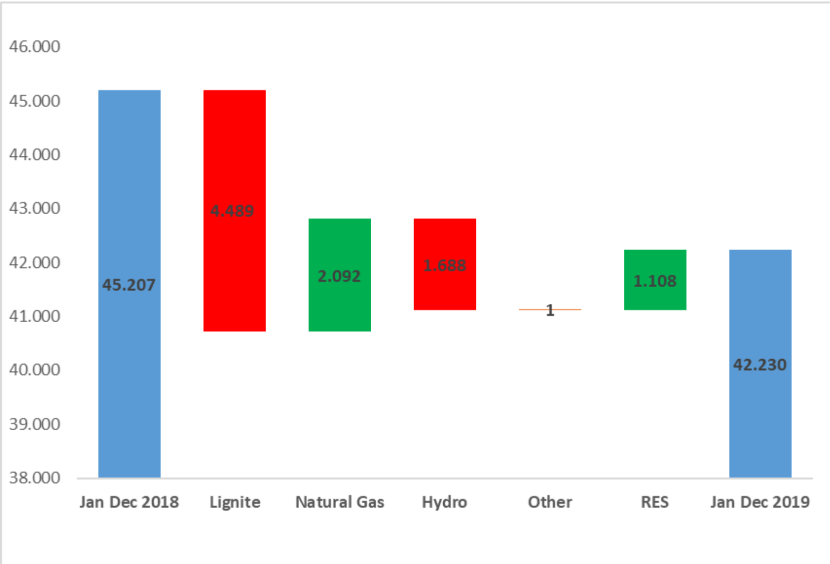

In the adjacent chart it can be noticed that the total production from local producers decreased by almost 7.0%. Lignite production decreased by -30% compared to 2018. Natural Gas plants increased by 15%, Hydro decreased by -33% and RES increased by 10%. The whole picture shows a clear transformation to cleaner energy production mix.

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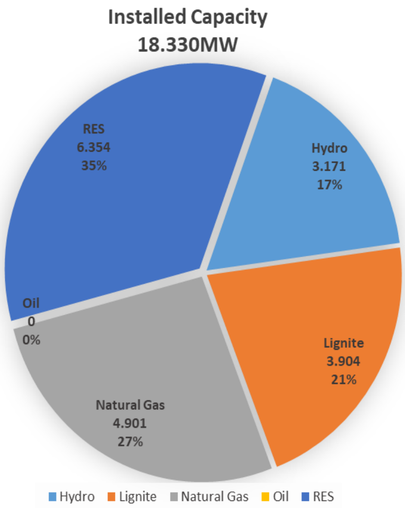
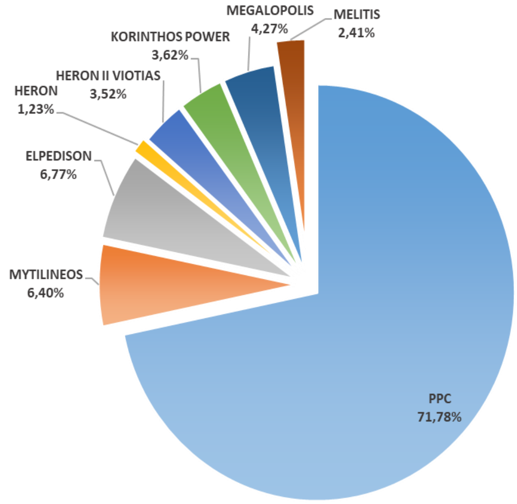
C. Energy mix





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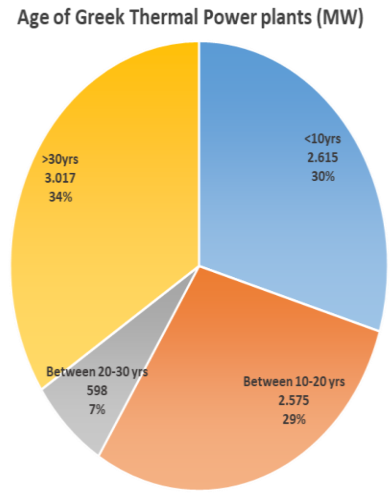
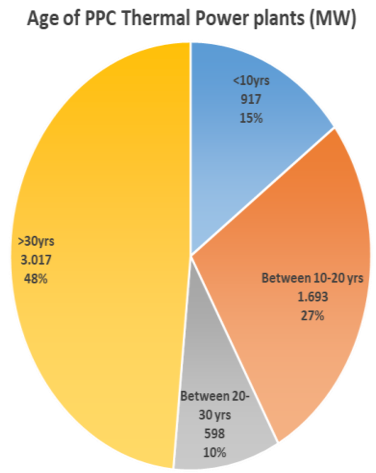
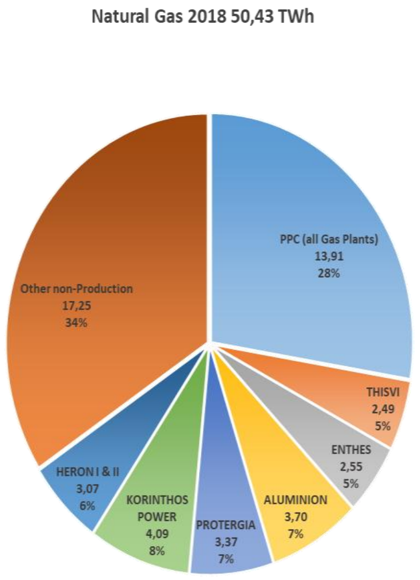
The total capacity of the Greek energy sector rises to a total POWER of 18.330 MW. The predominant power plant owner is PPC owning 8.597 MW of Conventional and Hydro plants, the break down between PPC and IPP installed MW percentage to the energy mix is presented in the chart below.

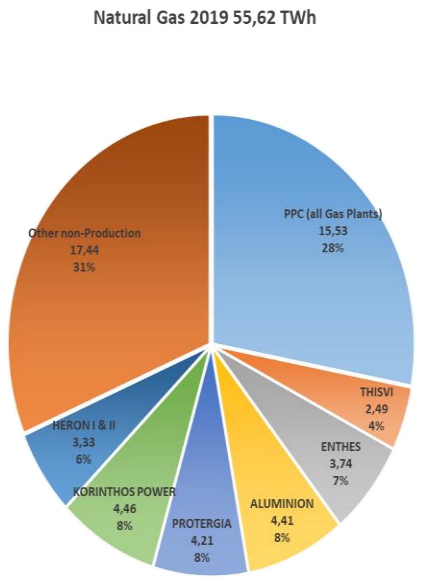




41% of Thermal plants in Greece are over 20 years old, 58% of Thermal plants of PPC are over 20 years old.

D. Gas Consumption





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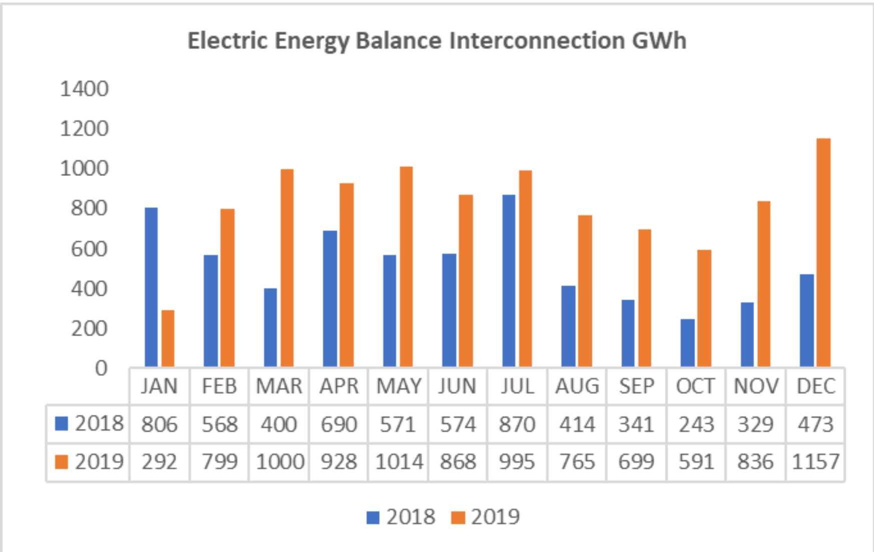
Gas consumption for the year 2019 raised by 10% (5.2TWh thermal), depicting mainly the CO2 €/ton increase resulting to scale up of lignite production cost thus leaving more room to gas power plants.

Imports/Exports



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2018	806	568	400	690	571	574	870	414	341	243	329	473
2019	292	799	1000	928	1014	868	995	765	699	591	836	1157

2019 Proved to be a year of imports since the import quantity increased by 58% compared to 2018. This climb is a reflection to the change of NOME usage coupled with its increase in its cost. Therefore exports directed mainly to Italy or HUPx collapsed.

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The import-export balance has increased within 2019 by 73% compared to 2018. FYROM net trade balance increased by 54% (higher imports), from Albania net trade balance increased by 25%. On the other hand Italy reversed its flow becoming an exporter to Greece in contrast to the net exports to Greece during 2018. The significant decrease in exports (-52%) was mainly due to the NOME regulation in Greece and the need for local suppliers to perform off-peak exports to neighboring countries in order to be allowed to utilize at maximum their full NOME position coupled with increased NOME cost.

TWh	2019	2018	Δ %
IMPORTS	**13,70**	**11,22**	**22%**
Albania	1,90	1,99	-4%
Bulgary	4,08	3,90	5%
Italia	4,08	1,63	150%
Fyrom	2,95	2,98	-1%
Turkey	0,69	0,73	-6%
EXPORTS	**2,92**	**4,98**	**-41%**
Albania	0,68	1,01	-33%
Bulgary	0,35	0,22	55%
Italia	1,03	2,13	-52%
Fyrom	0,81	1,59	-49%
Turkey	0,06	0,02	163%
NET	**10,78**	**6,24**	**73%**
Albania	1,23	0,98	25%
Bulgary	3,74	3,67	2%
Italia	3,05	-0,51	-702%
Fyrom	2,14	1,39	54%
Turkey	0,63	0,71	-11%

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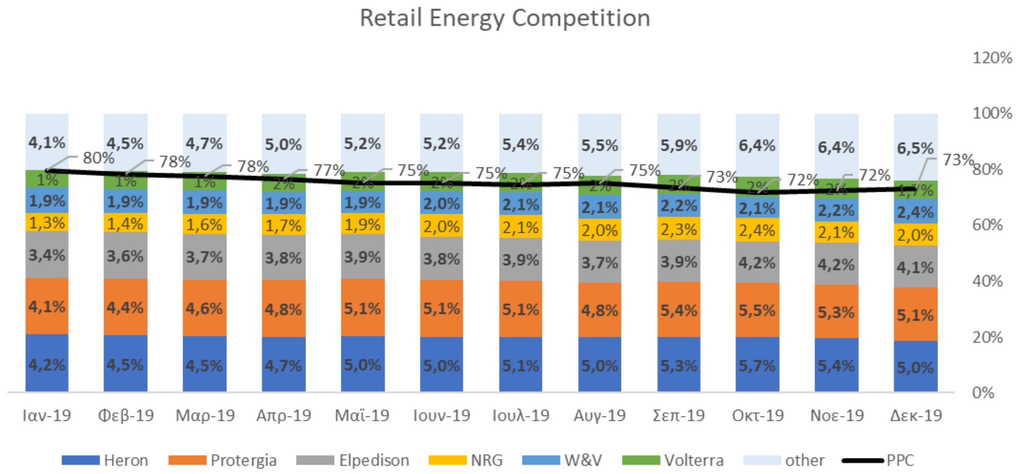
E. Retail

PPC lost 7% of its market share since the beginning of 2019 dropping from 80% to 73% by the end of the year 2019. Private companies are increasing their participation HERON, Protergia and Elpedison are the predominant market players. Auctions of Forward Electricity Products have decreased the cost of energy of the private companies, but unitary cost has increased notably, this increase reduced the pace of further expansion of private companies.



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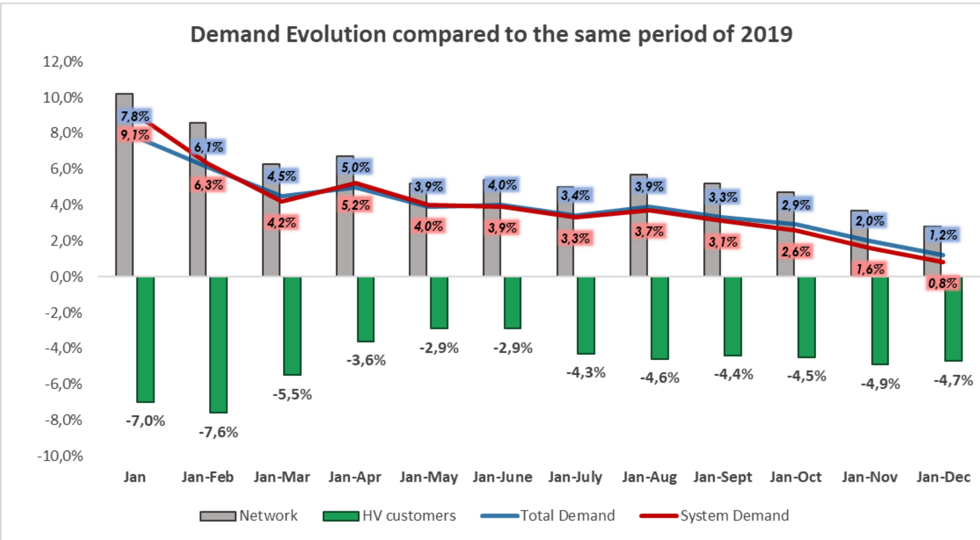

Total demand is presenting an increase of 1.2% compared to 2018. The beginning of the year presented the highest variability, throughout the year the percentage dropped at 1.2% . On the other hand, HV customers have seen a decrease compared to 2018 of 4.7% for the entire 12-month period.

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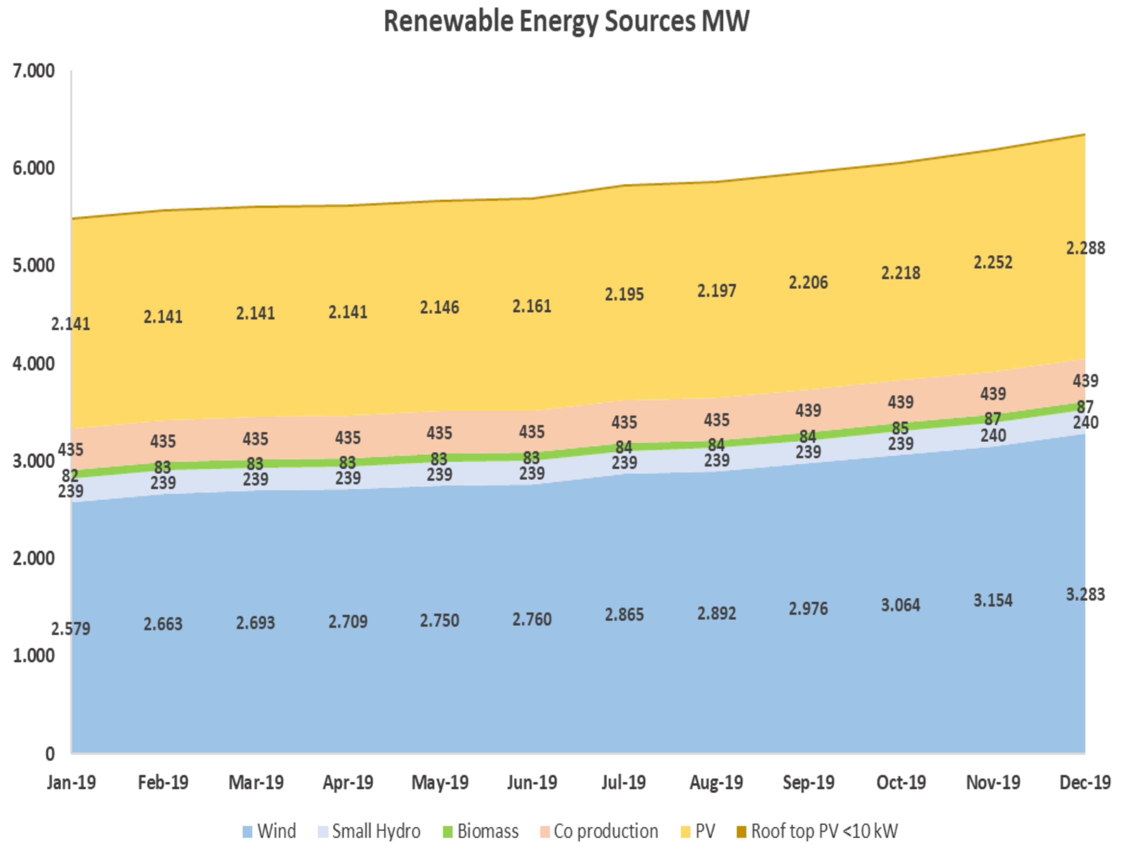
F. <u>Renewable Energy sources</u>

Within Jan-Dec 2019 renewable energy sources capacity has increased by 16% mainly due to Wind farms total capacity that increased by 27%.



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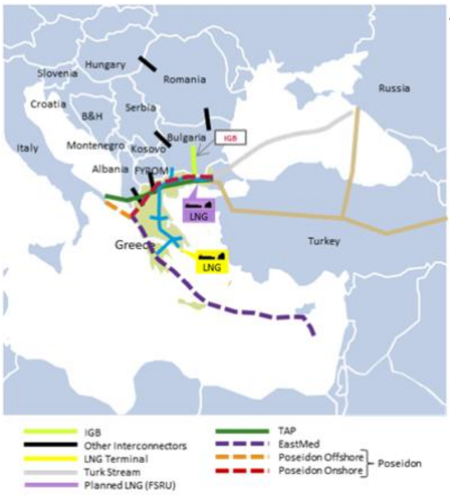
G. Gas Interconnectors

Interconnector Greece – Bulgaria (IGB)



The IGB project consists of an 182 km length pipeline (of which approximately 31 km are on Greek territory), with associated support facilities (Metering Stations, Valve Stations, Operation Center). The Interconnector IGB will start in Komotini (Greece) and end in Stara Zagora (Bulgaria). The IGB Pipeline will therefore act as a strategic gas transportation infrastructure providing diversification of gas supply to the Bulgarian and South East Europe gas market and supply security to Greece. The 32” diameter pipeline is designed to have an initial 3 billion cubic meters (bcm) annual capacity which may be expanded up to 5 bcm per year. The IGB offers reverse flow capacity and a connection with the Trans-Adriatic Pipeline (TAP) is foreseen.

The project is developed by “ICGB AD”, a company established on January 5, 2011 and located in Sofia, with a mission to design, construct and operate the pipeline. The ICGB is a JV between the Bulgarian Energy Holding (BEH) and the Greek IGI Poseidon S.A. DEPA and Edison each hold a 50% stake in IGI Poseidon S.A.

The IGB enjoys the total support of the Greek and Bulgarian Governments and for both countries it is a project of national importance and public interest (Greece: Law 4001/2011, Article 176, Bulgaria: Bulgarian Cabinet Decision No 452 of 07.06.2012). In order to ensure its swift realization Greece has included the IGB in its national list of fast track projects. Endorsed by the EU, the IGB is a Project of Common Interest (PCI) and a priority project of the Central and South Eastern Europe Gas Connectivity Initiative (CESEC).

In 2018, the European Commission confirmed that plans supported by Greece and Bulgaria, to support the construction and operation of a natural gas interconnector - including a fixed corporate tax regime - are in line with EU State aid rules. The IGB will also benefit from a 45 million euro contribution from the European Energy Program for Recovery (EEPR) and a direct financial contribution from the Bulgarian Operational Program Innovation and Competitiveness. Furthermore, the Regulatory Authorities of Greece and Bulgaria, with the approval of the European Commission, granted the IGB an Exemption from Third Party Access rules (TPA Exemption) and other provisions of the Third energy package.

The IGB's Final Investment Decision was taken on 10 December 2015. In March and May 2019, and following the respective international tender process, tenders were awarded regarding the contracts for the Owner's Engineer - which includes services regarding the management, supervision and Third Party Inspection (TPI) - for the manufacture and supply of line pipes for construction as well as for the EPC (Engineering, Procurement and Construction).

On May 22 2019, the IGB's Groundbreaking ceremony took place in Kirkovo, near the Greek-Bulgarian border, and construction works are scheduled to start in earnest during the summer of 2019.

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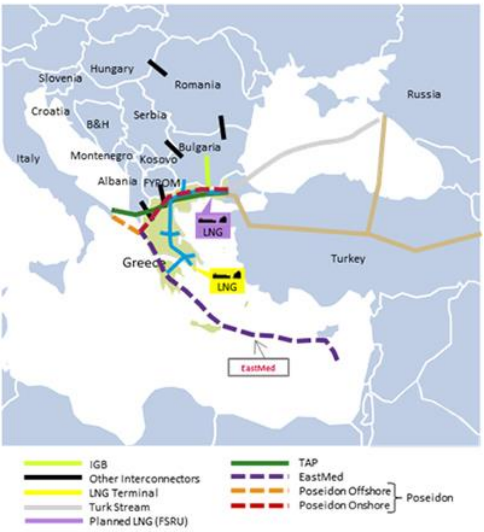
The Eastern Mediterranean Pipeline (EastMed)



EastMed will connect the recently discovered gas fields in the Eastern Mediterranean Basin with mainland Greece and is designed to carry initially 10 bcm/y of natural gas to Greece and Europe. The approximately 1900 km long pipeline runs from the offshore fields to Cyprus and to Greece, following a route through the Peloponnese, Western Greece up to the shore of Thesprotia and, via the Poseidon pipeline, all the way to the Italian gas system. The connection to Poseidon, enables the EastMed to deliver additional diversified gas sources from the Levantine basin to the heart of Europe, enhancing the integration of the EU market.

Since the end of July 2014, the Project is being developed by DEPA's subsidiary company, IGI Poseidon, in which Edison holds a 50% share. The EastMed is designated as a project of national importance of Greece and a priority project of Italy. Endorsed by the EU, the EastMed is a Project of Common Interest, included since 2013 in the EU PCI list and benefitting from the fast-track procedures provided by EU Regulation 347/2013.

The EU supports the project's development activities with co-funding from the Connecting Europe Facility (CEF). In 2015, it approved a grant of up to €2,000,000 for the Pre-FEED stage and in 2018 a grant of up to 34.5 million € for the FEED stage. The Pre-FEED studies that were finalized in March 2018, confirmed that the EastMed is technically feasible, economically viable and commercially competitive. Its added value, as a project that is complementary with other export options developing the East Mediterranean Corridor, was underlined.

The success of the Pre-FEED has allowed IGI Poseidon to proceed to the next development stage that includes a detailed design (FEED), detailed marine survey activities (DMS) and all the engineering details for project implementation, as well as the permitting activities. The EastMed strengthens the EU's energy security goals by enhancing diversification of routes and sources and is complementary with other export options developing the East Mediterranean Corridor.

Apart from the EU, the development of the EastMed Project is also supported by the countries concerned by the Pipeline. Toward this, at the end of 2018, Cyprus, Greece, Israel and Italy, completed negotiations on an Intergovernmental Agreement (IGA) to support the realization of the EastMed. The IGA, regarding the support of the Parties for the realization of the EastMed pipeline, which has been checked by the European Commission, is expected to be signed during the second half of 2019, following the approval of the European Commission.

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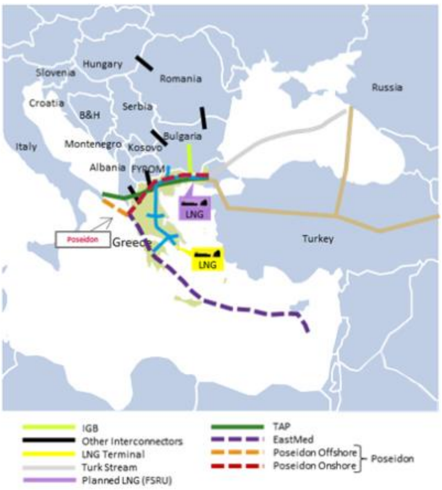
The Poseidon Pipeline Project



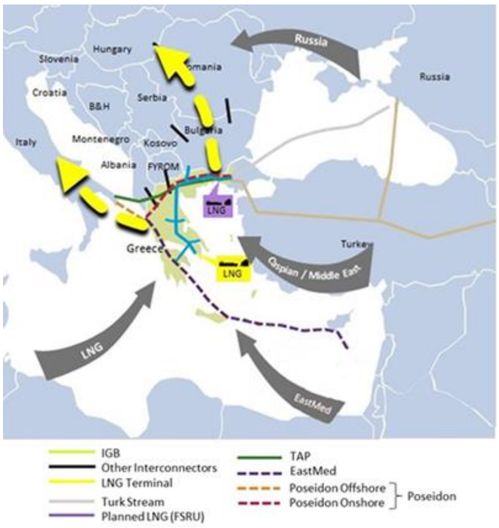
The Poseidon pipeline project, which is developed by the Greek company IGI Poseidon S.A. (50% DEPA – 50% Edison), consists of two sections: The approximately 760 km onshore section, whose route crosses through Greece from the Greek-Turkish border at Kipi to Florovouni in the Thesprotia region, and the approximately 210 km offshore section that connects the shores of the Thesprotia region to the vicinity of Otranto in Italy.

The Poseidon pipeline is designed with an initial capacity of 12 billion cubic meters (bcm) annually for Italy, with the possibility to upgrade up to 20 bcm per year, in order to carry natural gas as it becomes available at Greece's borders. The Poseidon Pipeline enhances Europe's energy security by connecting and integrating European markets and diversifying routes and sources with gas from the Caspian, the Middle East and the Eastern Mediterranean Basin.

The offshore section of Poseidon pipeline is already included in the European Union Projects of Common Interest list (PCI list) and benefits from the fast track procedures provided by the EU Regulation 347 of December 2013. Various studies have been co-financed by the TEN-E and the European Energy Program for Recovery (EEPR) funds.

The promoters have already obtained all mandatory authorizations to build and operate the offshore section of Poseidon project in Italy while in Greece permitting is being finalized. The Poseidon Pipeline is being developed in compliance with EU policies, in line with standards of major international cross-border natural gas projects. The Final Investment Decision is expected to be taken in 2019. Based on the current timetable, the completion and the commercial operation date of the Poseidon pipeline is expected in late 2022 – early 2023.

Other International Activities



DEPA is continually engaged in dialogue, exploring further avenues of cooperation with producers of natural gas, as well as of other innovative forms of gas, with a view to ensuring uninterrupted, sustainable and competitive energy supply for the Greek and regional markets. Moreover, DEPA closely follows global trends, working with stakeholders to shape relevant developments in European and regional markets, and actively seeks strategic partnerships to promote new international initiatives of common interest. DEPA has a long-standing experience and a solid track record in securing and managing European funding for the development of its Projects. Since 2018, DEPA has actively promoted research and development for innovative technologies, establishing new data and broadening prospects in the energy sector, at the national and international level.

3. Company Overview

HERON THERMOELECTRIC SOCIETE ANONYME (namely "HERON I") is part of the Joint Venture 50% between two big players of Energy Sector: ENGIE as a French partner and GEK TERNA as a Greek partner, as well.

ENGIE. Group has been built historically through the privatization of the national public gas company at 1946. During time, it has progressively left production and retails as of "manufactured gas", in order to dedicate to trade, transport and delivery of natural gas. Then, it grew through the merger between GAZ DE FRANCE and SUEZ. More precisely, after the liberalization of Energy Market in Europe, ENGIE has included among its business the energy production and energy trading, as well. ENGIE employs around 170.000 people worldwide. The Group is listed on the Brussels, Luxembourg and Paris stock exchanges and is represented in the main international indices: CAC 40, BEL 20, DJ Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, ASPI Eurozone and ECPI Ethical Index EMU.

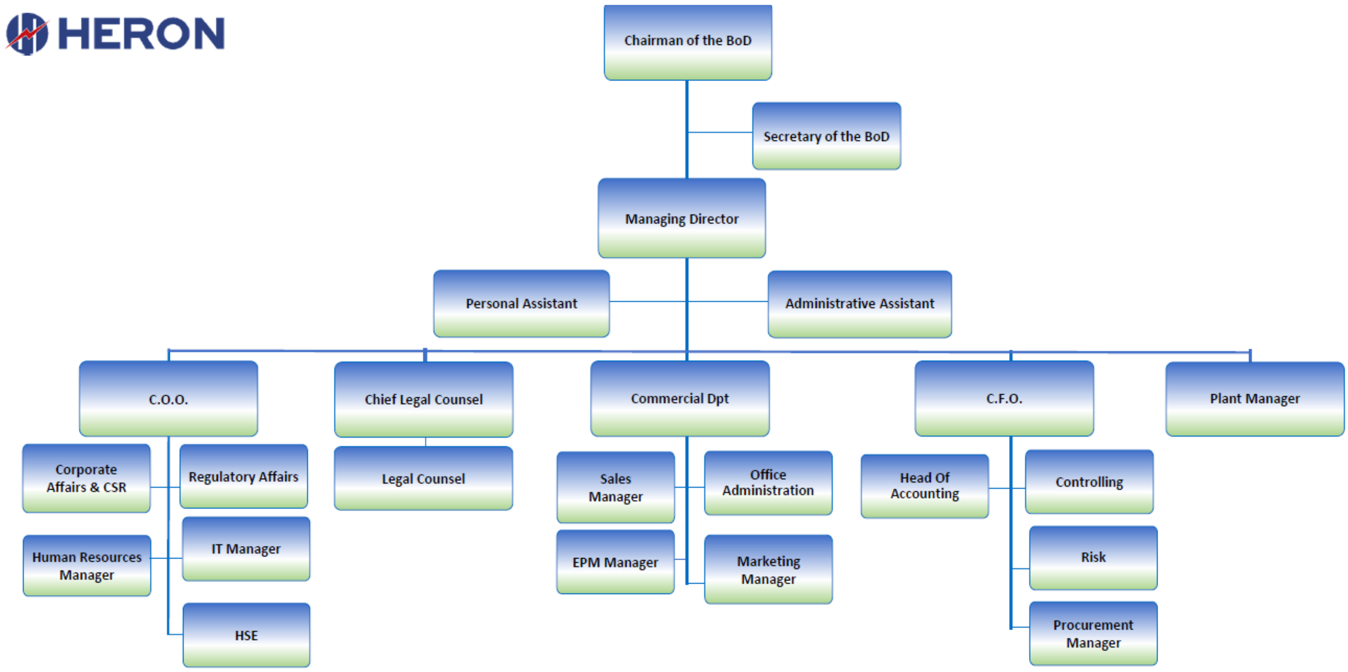
GEK TERNA. In 2002 GEK is transformed into a Holding Company, and its constructions sector is transferred to TERNA. In 2008 GEK absorbed the holding sector of TERNA and was remanded to GEK TERNA. The Group has business in several sectors: constructions, energy, real estate, industrial and concessions, too. The Group, during the last year, has managed to strengthen significantly its position in countries other than Greece, as an important part of its revenues stems from countries of the S.E. Europe and the Middle East, due to the recent developments in these countries.

Being one of the three main private Electricity Producers and the largest private Supplier of electricity, HERON THERMOELECTRIC SA has the same structure as other players in Energy Sector.

More precisely, the Company owns an Open Cycle Gas Turbine (OCGT) power plant. The Company also owns a Production Permit of 185 MW and is located 4 km south of the city of Thiva, in the region of Viotia. The station holds a significant advantage for the Greek Interconnected Transmission System: immediate ignition with maximum capacity performance within only 20 minutes.

The efficiency of the plant using natural gas is high and amounts to 40%, in continuous full load operation conditions. The actual average annual efficiency rate, taking into consideration start-up and stop cycles, as well as the operation of the units in partial load, amounts to 38%.

4. Organization



5. Economical and Financial highlights

The Turnover amounted to € 462.343 thousand compared to € 347.223 thousand in 2018.
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to € 9.697 thousand compared to € 11.558 thousand in 2018.
Earnings before Income Tax stood at € 3.041 thousand compared to € 9.203 thousand in 2018.
Earnings per Share stood at € 57,03 compared to € 139,38 per share in 2018.
Total Assets (which include non-current and current) amount to € 196.549 thousand (compared to € 145.881 thousand in 2018).
Company Liabilities amount to € 141.545 thousand compared to € 93.629 in 2018.
Company Cash amounts to € 10.363 thousand and has been placed in bank deposits (€ 10.809 thousand in 2018).

6. Real estate of the Company

The Company owns 5 plots at the area "HARAINTINI", Thiva, where its power plant is also located.

7. Risk management policies and objectives.

Investments and other (non-derivative) financial assets

Since 01.01.2018, IFRS 9 is applied, substituting its predecessor IAS 39.
For the financial assets that fall under the provisions of IFRS 9, the following are applied :

Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Company becomes a party to the financial instrument.
The Company ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and the Company substantially transfers all the risks and benefits associated with the specific financial asset. A financial liability is derecognized from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expires.

Classification and initial recognition of financial assets
With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.

Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income without recycling cumulative profit and losses on derecognition (equity instruments)

Classification of every asset is defined according to:

– the Company's business model regarding management of financial assets, and
– the characteristics of their conventional cash flows.

Subsequent measurement of financial assets

Financial assets at amortized cost
A financial asset is measured at amortized cost when the following conditions are met:

i. financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows,
ii. contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance ("SPPI" criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.

The amortized cost measured category includes non-derivative financial assets such as cash and cash equivalents, as well as trade and other receivables.

Operational Risks
Main risks related to the development of the Company's activities could refer to property damage, business interruption, human resource and damages ensue from systems or from external events. The Company, to protect itself by operational risks, has agreed with primary insurance institutions policies for *Property Damage*, *Business Interruption* and *Third Party Liabilities*.

Financial Instruments and Risk Management
The Company applies it's own Risk Policy. This represents guidelines to approach and cover the (i) market risk, (ii) volume risk and (iii) credit risk.
Non-derivative financial assets and liabilities in the Statement of financial position include cash balances, receivables and short-term liabilities. The Company does not use derivative financial instruments. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they arise.
Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to reduce possible negative consequences.
More specifically:

(i) Interest rate risk and exchange rate risk
The Company is not exposed to interest or exchange rate risk.

(ii) Fair value risk
The amounts appearing in the attached Statements of financial position for cash balances, short-term receivables and other short-term liabilities approximate their respective fair values due to their short-term nature.

(iii) Credit Risk Concentration
Trade receivables mostly relate to entities of the Public sector. The Company's policy is to seek business with customers of satisfactory credit standing, including risk mitigators, if needed.

(iv) Market Risk
The Company faces the risk of the electricity market.

The Company's financial instruments consist mainly of trade and other receivables and payables, cash and deposits with banks.
The financial risks to which the Company is exposed consist of credit, liquidity and interest rate risks to which detailed reference is made in the respective sections below.

FOREIGN EXCHANGE RISK

The Company is not exposed to foreign exchange risk since all its financial instruments (receivables and payables) are denominated in Euro.

INTEREST RATE SENSITIVITY ANALYSIS

The Company was not exposed in interest rate risk during 2018 since it has repaid all bank loans.

Almost all of the trade and other receivables originate from the wider public sector and, thus, the relevant credit risk is considered limited, so does the risk related to short-term financial assets (cash equivalents) given that the counterparties are creditworthy Greek banks.
Furthermore, the Company has applied insurance in order to protect also the receivables related to some of its retails customers, in addition to legal action and collecting activities through third parties.

LIQUIDITY RISK ANALYSIS

The Company manages its liquidity needs by carefully monitoring its financial liabilities and its everyday payments. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a 30-day rolling period. Liquidity needs for the next 6 months and the next year are determined on a monthly basis.

The Company keeps cash and cash equivalents to banks so as to meet liquidity needs for periods up to 30 days.

8. Important events having occurred during 2019

A. <u>Litigation against ADMIE</u>

a. The Company had filed on 23/11/2016 a lawsuit against ADMIE SA, before the Multimember First Instance Court of Athens, claiming the payment of unpaid or delayed paid invoices (principal) and Default Interest for the Company to ADMIE invoices, regarding above ADMIE obligations. More specifically, the Company holds a claim against ADMIE SA (Independent Power Transmission Operator) regarding its obligations deriving from the Power Transmission System Operation Code (the System Operation Code or SOC). The invoices were issued from October 2011 to May 2015.
b. The amounts required have as follows: €7.851.652,64 for principal and €1.634.691,37 (if Grid Code applies) or € 1.826.483 (if Civil Code applies) or 1.647.888 (if legislation for commercial exchanges applies) for default interest and €1.215.461 as compensation for the material damage caused to the Company according to the law suit.
c. On 24/03/2017, according to the Hellenic Code of Civil Procedure, were deposited the proposals and all evidences from the parties to the dispute.
d. On 27/09/2017, it took place the Court Hearing.
e. Court Decision under 1121/2018 had been issued on 23/3/2018 and rejected the Company's lawsuit against ADMIE.

f. The Company has filed an Appeal under General Deposit Number 63282/2018 and Special Deposit Number 4251/2018 against the aforementioned Decision.
g. The company's appeal was discussed on 10/10/2019. The decision of the Athens Multi-Member Judge Court of First Instance is expected.

B. Surcharge of Load Representatives established by L. 4414/2016

a) In the "MONTHLY BULLETIN of SPECIAL ACCOUNT R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT dated January 2019, Special Management Account R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT of article 40 of L. 2773/1999, as applicable (article 143 of L. 4001/2011) and L. 4414/2016, actual data and provision for their evolution (with energy clearance data from R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT January 2019) ", which is posted on the official website of the RES & GUARANTEES OF ORIGIN OPERATOR S.A. (formerly LAGIE) http://www.lagie.gr/filead-min/groups/EDSHE/MiniaiaDeltiaEL/JAN__2019_DELTIO_ELAPE_22.03.2019.pdf and in particular on page 27, it is expressly provided that:

   «[...] According to L. 4585/2018 (Government Gazette A' 216/24.12.2018), the Surcharge of Load Representatives (PHEFEL) and the Special Lignite Duty have been removed as of 01.01.2019. In particular for the year 2018, the annual cumulative accounting surplus of the Special Account R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT of the Interconnected System and Network, resulting, taking into account special emergency safety reserve of an exceptional amount of seventy million (70.000.000) euros, based on the published present bulletin of the Special Account R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT of the Interconnected System and Network with the clearance of December 2018, is attributed to the following year 2019 to the load representatives from the Market Operator as an outflow of the Special Account R.E.S. & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT of the Interconnected System and Network, while the amount to be refunded is 121,24 million euros.»

b) That being said, the Company, on the basis of the total amount paid by the load representatives for 2018, i.e. an amount of 237.92 million euros and the surplus of EUR 121.24 million, in addition to the security reserve that was returned within 2019 to them, it looks **justified** and **reasonably** in the reimbursement of an amount of 5,1 million euros within 2019 from DAPEEP SA (Market Operator) as the outflow of the Special Account & HIGH EFFICIENCY COGENERATION OF ELECTRICITY AND HEAT of the Interconnected System and Network, resulting from the proportional application of the amount paid in total by the Company to DAPEEP S.A. (formerly LAGIE S.A.) for 2018, i.e. an amount of 5,1 million euros [9.94 x (121.24/237.92)].

C. TRANSITORY FLEXIBILITY REMUNERATION MECHANISM

The new Transitory Flexibility Remuneration Mechanism was pre-communicated by the Greek Republic to the European Commission at 24/12/2019 with the commencement target being within 2020. The decision of the European Commission (General Management of Competition) is expected. The selected providers providers of the auctioned service are going to be the flexible production units, the demand response entities and the storage units. The Mechanism enacts a new recoverability process regarding revenues which derive from the Balancing Market for the period it is going to be implemented simultaneously with the operation of the new Markets.

9. Important events having occurred after year-end until preparation date of this report

A THE TARGET MODEL

- In accordance with the 5th Surveillance Report of the European Commission (General Management of Financial Affairs), which was issued in February 2020, commencement of operation of the four Energy Markets is expected in June 2020. Furthermore, a Ministerial Decision of the Undersecretary of Environment and Energy (GG 172/30.01.2020) was issued on 30/01/2020, under which a specific timeline for the commencement of operation of the Day-Ahead, Intra-Day and Balancing Markets (Regulations, Codes, Manuals, Methodologies, technical decisions, implementation of the operation systems of the Markets, simulation tests for the productive functionalities of the Market systems e.t.c) is expected for 30/06/2020. Commencement of Operation for the Forward Market without the possibility of physical delivery was set for 16/03/2020.

B ***COVID-19 EVENT***

At 30.01.2020, the WORLD HEALTH ORGANISATION (WHO) declared the spread of the COVID-19 spread as a “ special emergency of international interest for the global health “, while in continuance of the additional events, at 11.03.2020, the WHO declared COVID-19 as a pandemic, which spread worldwide. The event remains in progress and therefore, its overall implications cannot be measured and quantified. The duration and intensity of the implications are expected to be defined by : (i) if the virus is subject to seasonality , (ii) the time needed to develop effective methods of dealing with the disease (vaccination and/or medical treatment) , (iii) the effectiveness of fiscal and other government measures as well as decisions of regulatory authorities and banks for the facilitation of financial institutions to provide businesses and households with credit and support.

Following the above and in accordance with the requirements of IAS 10 “ Events after the reporting period “, the pandemic is considered to be a non-adjusting event and therefore, it is not depicted in the recognition and measurement of assets and liabilities in the annual financial statements of the Company for the period 01.01 – 31.12.2019.

Business :

- The decline of SMP even before the Covid-19 crisis, led the Company to not use its NOME positions as of mid-February 2020 (which were, since the end of 2016 its massive cost fixing and hedging tool) because NOME prices were already out of the market compared to the SMP alternative. Thanks to this possibility of selection of whether to use NOME products or not since mid-February 2020, the Company is only exposed to the ever declining SMP. Such declining SMP has had a direct positive impact on the retail margin of Electricity.
- On top of this and in respect to the Natural Gas market, the constant and significant drop of TTF (Title Transfer Facility) prices has also lowered the company’s cost of LNG supply, which is valuated internationally in correlation with the TTF rate and has increased its Margins on Gas resale.
- However, the above mentioned enhancement of profit margins is expected to be temporary.

- The decline of SMP prices, as a result of the lower electricity demand due to the crisis of the Covid-19 pandemic, combined with the significant reduction of the variable costs of gas-operating electricity production units due to the decline in LNG supply cost is very soon expected to create intense competition circumstances among electricity suppliers in industrial, commercial and household consumers and as a result, profit margins are compressed into before-crisis levels and even lower.

- Additionally, in the natural gas purchase sector, Brent price has dropped significantly and much faster compared to TTF price and this is expected to compress profit margins from gas resale. The reason for this is that gas resale prices in Greece mainly rely on Brent prices and are thus expected to present decline movement by July 2020. At this premise, profit margins are expected to reduce as resale prices rely on Brent are going to converge to the purchase prices which are more related to TTF. Finally, there is a currently slight possibility of these two becoming basically equal (however, such risk is not going to arise earlier than Q4 2020).

Liquidity:

- The company's liquidity has started to face some limitations and is around 5 million Euros. However, this is mainly due to a significant receivable from the associated company, under the provisions of L. 4548/2018, HERON II VIOTIAS S.A. The specific amount is expected to be soon repaid, at least by a large percentage.

Actions taken :

- Immediately after the measures of limiting civil transportation taken by the Greek Government, the Company implemented daily monitoring actions concerning its receivables. The company hasn't noticed a drop in its collections rate so far with the sole exception being the second fortnight of March.
- There is constant communication through promoting actions with the B2C clients that normally paid in cash considering alternative payment methods.
- The process of cash flow forecasting has improved by the Company and partial payments of several of its suppliers has already begun.
- At present state, it is not possible to predict the evolution of the Covid-19 pandemic and also the timeframe for which it is going to affect the country's economy and particularly the Company's operations. However, the Company, being in cooperation and constant communication with its parent companies, pays careful attention to the developments around this matter, examines different scenarios and takes measures in order to secure its ongoing operations in the foreseeable future. More specifically, the Company has already planned and agreed with its parent companies on the reduction of its expenses. The improvement of the Company's organizational operation as well as its increased liquidity during the date of preparation of its financial statements and the support of its parent companies, could, based on the Company's judgement, secure its operations in the foreseeable future. It is also noted that besides the continuation of operations, it is a major priority for the company to secure safety of its employees and thus, public health. Under these premises, the Company is fully in line with the instructions and legislation that the Government has applied in consideration of the issue.

Besides the above until the preparation date of this report no other important event has occurred.

Dear Shareholders,
Following the foregoing, we kindly request you to approve the balance sheet and the results of 2019 year.

Athens, 18 May 2020
On behalf of the Board of Directors,

The Chairman

George Kouvaris

III. ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

(1 January - 31 December 2019)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of HERON THERMOELECTRIC S.A. (hereinafter the "Company") on 18 May 2020 and have been published on the website of the Company, www.heron.gr, where they will remain available to investors for at least a 5-years period from the date they are prepared and published. It is stressed that the attached financial statements are subject to the approval of the Annual General Meeting of the Company's shareholders. The Annual General Meeting of the Company's shareholders has the power to amend the attached financial statements.

HERON

HERON THERMOELECTRIC S.A.

STATEMENT OF FINANCIAL POSITION

31st December 2019

(All amounts are in thousand Euros, unless otherwise stated)

ASSETS	**Note**	**31.12.2019**	**31.12.2018**
Non-current assets			
Intangible assets	4	743	415
Tangible fixed assets	5	15.720	16.768
Right-of use assets	6	1.283	0
Other long-term receivables	7	9.279	6.304
Total non-current assets		**27.025**	**23.487**
Current assets			
Inventories	8	3.766	2.113
Trade receivables	9	141.757	97.480
Prepayments and others receivables	10	13.638	10.989
Income tax receivables		-	1.003
Cash and cash equivalents	11	10.363	10.809
Total current assets		**169.524**	**122.394**
TOTAL ASSETS		**196.549**	**145.881**
EQUITY & LIABILITIES			
Share Capital	17	2.416	2.416
Reserves	18	747	751
Profit/(Loss) Retained earnings		51.841	49.085
Total equity		**55.004**	**52.252**
Non - Current liabilities			
Liabilities from leases	16	759	160
Provision for staff retirement indemnities	12	259	225
Provision for dismantlement	13	314	286
Deferred tax liabilities	19	1.247	3.034
Total Non - Current liabilities		**2.579**	**3.705**
Current liabilities			
Long term liabilities payable during the next financial year	16	489	39
Suppliers	14	75.037	49.467
Prepayments , Accrued and other short-term payables	15	62.372	40.418
Income Tax payable		1.068	0
Total current liabilities		**138.966**	**89.924**
TOTAL EQUITY & LIABILITIES		**195.549**	**145.881**

HERON THERMOELECTRIC S.A.
STATEMENT OF COMPREHENSIVE INCOME
31st December 2019
(All amounts are presented in thousand Euro, unless otherwise stated)

	Note	1.1-31.12.2019	1.1-31.12.2018
Revenue	20	462.343	347.223
Cost of goods sold	21	(453.510)	(336.089)
Gross profit/(loss)		**8.833**	**11.134**
Administrative and selling expenses	21	(5.791)	(4.950)
Other income / (expenses)	24	799	3.645
Net financial income	25	15	13
Net financial expenses	25	(815)	(639)
Earnings/ (loss) before income tax		**3.041**	**9.203**
Income tax	19	(285)	(2.469)
Earnings/(loss) after income tax		**2.756**	**6.734**
Other Comprehensive Income (not to be recycled in profit and loss)			
Actuarial gains/losses	12	(3)	(54)
Income tax	19	(1)	13
		(4)	**(41)**
TOTAL COMPREHENSIVE INCOME		**2.752**	**6.693**

HERON THERMOELECTRIC S.A.
STATEMENT OF CASH FLOWS
31st December 2019
(All amounts are presented in thousand Euro, unless otherwise stated)

	Note	2019	2018
Cash flows from operating activities			
Earnings/(loss) before income tax		**3.041**	**9.203**
Adjustments for reconciliation of net flows from operating activities			
Depreciation	4, 5,6	3.275	2.801
Impairment of trade receivables	9	2.580	(1.120)
Provisions		28	54
Interest and related income	25	(15)	(13)
Interest charges and related expenses	25	815	639
Results from fixed assets		0	72
Operating profit before changes in working capital		**9.724**	**11.636**
(Increase)/decrease in:			
Inventories		(1.653)	(15)
Trade receivables		(46.857)	(15.951)
Prepayments and other short-term receivables		(5.623)	(9.528)
(Increase)/decrease in:			
Suppliers		25.570	8.372
Accrued and other short-term payables		21.951	9.342
Income tax payments		0	659
Net cash flows from operating activities		**3.112**	**4.515**
Cash flows from investing activities			
(Purchases)/ sales of tangible assets	4,5	(2.327)	(976)
Interest and related income received		15	13
Cash flows from investing activities		**(2.312)**	**(963)**
Cash flows from financing activities			
Payments for financial leases		(462)	(31)
Interest charges and related paid-up expenses		(784)	(659)
Cash flows from financing activities		**(1.246)**	**(690)**
Net increase/ (decrease) in cash		**(446)**	**2.862**
Cash and cash equivalents at the beginning of the year		**10.809**	**7.947**
Cash and cash equivalents at year end		**10.363**	**10.809**

HERON THERMOELECTRIC S.A.

STATEMENT OF CHANGES IN EQUITY

31st December 2019

(All amounts are presented in thousand Euro, unless otherwise stated)

	Share Capital	Reserves	Profit carried forward	Total
1st January 2018	**2.416**	**792**	**44.794**	**48.002**
Changes in accounting policies	-	-	(2.443)	**(2.443)**
	2.416	**792**	**42.351**	**45.559**
Total comprehensive income	-	(41)	6.734	**6.693**
Formation of statutory Reserves		-		-
31st December 2018	**2.416**	**751**	**49.085**	**52.252**
1st January 2019	**2.416**	**751**	**49.085**	**52.252**
Changes in accounting policies (note 31)	-	-	-	-
	2.416	**751**	**49.085**	**52.252**
Total comprehensive income	-	(4)	2.756	**2.752**
Formation of statutory Reserves		-		-
31st December 2019	**2.416**	**747**	**51.841**	**55.004**

1. ESTABLISHMENT AND COMPANY ACTIVITY

HERON THERMOELECTRIC S.A. is a company incorporated in Greece and it was set up in 2001, initially as a general partnership and then it was converted into a société anonyme in 2004.
It has its registered office at 85, Messogeion Avenue, 115 26 Athens, Greece and its term is set at fifty (50) years.
The company is registered at the Greek Société Anonyme Registry under No 56860/01/B/04/254 and at the General Commercial Electronic Registry under No 005805601000.
Its main activity is the construction, installation and operation of thermoelectric open cycle power plants (using gas and fuel oil).

2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) Preparation basis of financial statements
The attached financial statements have been prepared on the basis of the historic cost principle and have been prepared in compliance with International Financial Reporting Standards (IFRS) which have been issued by the International Accounting Standards Board, as well as their Interpretations which have been issued by the Standards Interpretations Board, as adopted by the European Union up to the 31st December 2019. There are no standards that have been adopted before their effective date.

Going concern

The Company's management estimates that it holds sufficient resources which secure its normal continuation of operations as a Going Concern in the foreseeable future.

b) New standards, amendments of standards and interpretations

The accounting principles applied during the preparation of the financial statements are the same as those followed for the preparation of the financial statements for the period ended on December 31, 2018, except for the adoption of new standards and interpretations, whose application is mandatory for periods beginning on 1 January 2019.

From January 1st 2019 the Company adopted new standards, amendments of standards and interpretations as follows:

Impact of adoption of IFRS 16

Under the provisions of IAS 17, the Company classified each of its leases (as a lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company has opted to recognize a lease expense on a straight-line basis for short-term leases and leases of low value assets.
The Company has not made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease and related guidance in IFRS 16 has been applied to all lease contracts that were effective as of 1 January 2019. The reassessment did not change significantly the scope of the contracts that meet the definition of a lease for the Company . In applying IFRS 16, the Company also elected to use the following practical expedients available by the standard at the date of initial application: (a) the exclusion of initial direct costs from the measurement of the right-of-use asset, (b)

reliance on the assessment made before the date of initial application on whether leases are onerous by applying the provisions of IAS 37 and (c) the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

After excluding the short-term leases and leases of low-value assets, the Company recognized a right-of-use sets and corresponding lease liabilities for all leases previously classified as operating. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for prepayments previously recognized. There were no onerous lease contracts that would have required an adjustment to the right-of-use asset at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. For leases previously classified as finance, the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

The effect of IFRS 16 adoption as at 1 January 2019 (increase / (decrease)) is as follows:

(Amounts in Thousand Euros)	Note	
Assets		
Non – Current Assets		
Right-of-use assets (i)	6	1.591
Tangible Fixed Assets	5	(267)
Total Assets		**1.324**
Liabilities		
Non-Current Liabilities		
Lease Liabilities (i)	16	915
Short-term Liabilities		
Lease Liabilities (i)	16	409
Total Liabilities		**1.324**

(i)The application of IFRS 16 to leases previously classified as operating leases resulted in the recognition of right-of-use assets and lease liabilities.

IFRIC 23 "Uncertainty over Income Tax Treatments"

The interpretation sets out to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 (Income Taxes). The Interpretation requires from an entity to assess the probability that the relevant authority will accept each tax treatment (or group of tax treatments) that it used or plans to use in its income tax filing.
In case the entity concludes that it is most probable that a particular tax treatment will be accepted from the relevant authority, it has to determine the relevant tax effect in accordance with the tax treatment included in its income tax filings.

In case the entity concludes that it is not highly probable that a particular tax treatment will be accepted, it has to use the most likely amount or the expected value of the tax treatment when determining the relevant tax effect.

The decision should be based on which method provides better predictions of the resolution of the uncertainty.
The interpretation does not have significant impact on the financial position and / or the financial performance the Company.

IAS 19 (Amendment) "Plan Amendment, Curtailment or Settlement"

The Amendments to IAS 19 clarify that in case a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment does not have significant impact on the financial position and / or the financial performance of the Company.

IAS 28 (Amendment) "Long-term Interests in Associates and Joint Ventures"

The amendment clarifies that an entity applies IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Detailed amendments to the initial IAS text are provided. The amendment does not have an impact on the financial position and / or the financial performance of the Company

Amendments to standards being part of the annual improvement program of 2017 of the IASB (International Accounting Standards Board) 2015 – 2017 Cycle.

The following amendments describe the most important changes brought to the IFRS as a result of the annual improvement program of the IASB published in December 2017. The amendments have been endorsed by the E.U. with an effective date of January 1st, 2019.

IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements"

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasures previously held interests in that business.

IAS 12 "Income Taxes"

The amendment clarifies that an entity must recognize all income tax consequences of dividends in profit
or loss, other comprehensive income or equity, depending on where the entity recognized the originating
transaction or event that generated the distributable profits giving rise to the dividend.

IAS 23 “Borrowing Costs”

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that outstanding amount becomes part of the funds that an entity borrows generally.

Amendments effective for periods beginning on or after January 1st, 2020

The following amendments were issued by the International Accounting Standards Board (IASB) and are effective for periods beginning on or after January 1st, 2020.

IAS 1 and IAS 8: Definition of Material

The amendments aim to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition.
The new definition states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. Additionally, the entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.
The amendments are not expected to have significant impact on the financial position and / or the financial performance of the Company.

IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments published deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 (Financial Instruments) and IAS 39 (Financial Instruments: Recognition and Measurement), which require forward-looking analysis.
There are also amendments to IFRS 7 (Financial Instruments: Disclosures) regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.
The amendments are not expected to have significant impact on the financial position and / or the financial performance of the Company.

IFRS 3 Business Combinations - (issued on 22 October 2018)

In October 2018, the International Accounting Standards Board (IASB) issued Definition of a “Business” (Amendments to IFRS 3).
The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets in the process of determining the nature of the activities and assets acquired.
The amendments to IFRS 3 are effective as of January 1st, 2020 and must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after January 1, 2020, Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

The amendment has not yet been endorsed by the European Union.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I) The main accounting policies adopted during the preparation of the attached financial statements are the following:

a) Intangible Assets

Intangible assets mainly consist of software costs and all expenses incurred to develop the software in order to bring it to operating condition.

Amortization on software is accounted for based on the straight line method for a period of three years.

b) Tangible Fixed Assets

The land, buildings, machinery and vehicles are measured at cost less accumulated depreciation and any provisions for impairment.

Repairs and maintenance are booked as expenses during the year in which they are incurred. Significant improvements are capitalized in the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.

Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the financial year in which the fixed asset in question is eliminated.

Depreciation is calculated according to the straight-line method using rates that approximate the relevant useful economic life of the respective assets.

Tangible Fixed Assets	Useful life (in years)
Landplots and Buildings	5-20
Machinery	6-20
Vehicles	5
Furniture and Other Equipment	1-7

Fixed assets under construction include fixed assets that are work in progress and are recorded at cost. Fixed assets under construction are not depreciated until the asset is completed and put into operation.

c) Leases

The Company as a lessee

The Company assesses whether a contact is or contains a lease, at inception of a contract. Accordingly, it recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the leases. If this rate cannot readily be determined, the Company uses its incremental borrowing rate. Lease payment included in the measurement of the lease liability comprise:

- fixed lease payment (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under the residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The Company applies IAS 36 to determine whether a right-of-use asset is impaired.
Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset. The Company did not incur any such costs during the periods presented.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the lease commencement date.
The right-of-use assets are presented as a separate line in the statement of financial position.
Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the captions of "Distribution expenses" and "Administrative expenses" in the statement of profit or loss and other comprehensive income.
As permitted by IFRS 16, the Company applied the practical expedient according to which a lessee is not required to separate non-lease components, and as such, it accounts for any lease and associated non lease components as a single arrangement.

d) Impairment of Non-Financial Assets
The book values of long-term assets, other than tangible fixed assets with an indefinite life, are reviewed for impairment purposes when facts or changes in circumstances imply that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is recorded in the net earnings. The recoverable amount is defined as the largest between the fair value minus the sale cost and the value in use.
The fair value minus the sale cost is the plausible income from the sale of an asset , in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset. The value in use consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful economic life. In order to determine the impairment, the asset items are grouped at the lowest level for which cash flows can be recognized separately.
A reversal of an impairment for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income in net earnings.
The Management estimates that there is no trigger event and thus no calculation of the assets recoverable amounts has been performed.
e) Inventories
Inventories include spare parts and other material. Inventories are valued at the lower of cost and net realizable value. A provision for impairment is made if it is deemed necessary.
f) Financial assets – Trade receivables
I. Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Company becomes a party to the financial instrument.
The Company ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and the substance substantially transfers all the risks and benefits associated with the specific financial asset. A financial liability is derecognized from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expires.

II. Classification and initial recognition of financial assets

With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.
Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income without recycling cumulative profit and losses on derecognition (equity instruments)

Classification of every asset is defined according to:

– the Company's business model regarding management of financial assets, and
– the characteristics of their conventional cash flows.

All income and expenses related to financial assets recognized in the Income Statement are included in the items "Other financial results", "Financial expenses" and "Financial income", except for the impairment of trade receivables included in operating results.

III. Subsequent measurement of financial assets

Financial assets at amortized cost
A financial asset is measured at amortized cost when the following conditions are met:

iii. financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows,
iv. contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance ("SPPI" criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.
The amortized cost measured category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

Financial assets measured at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value.
Financial assets are classified as held for trading if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for trading, unless defined as effective hedging instruments.
Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets classified at fair value through total income (equity interests)
In accordance with the relevant provisions of IFRS 9, at initial recognition, the Group may irrevocably choose to disclose to other profit or loss directly in equity the subsequent changes in the fair value of an equity investment that is not for trading.

Profits and loss from these financial assets are never recycled to the income statement. Dividends are recognized as other income in the income statement when the payment entitlement has been proved, unless the Company benefits from such income as a recovery of part of the cost of the financial asset, then such profit is recognized in the statement of comprehensive income. Equity interests designated at fair value through total income are not subject to an impairment test. This option is effective for each security separately.

IV. Impairment of financial assets

Adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit losses.
Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.
The Company recognizes provisions for impairment for expected credit losses for all financial assets except those measured at fair value through profit or loss. The objective of the IFRS 9 impairment provisions is to recognize the expected credit losses over the life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.
To facilitate implementation of this approach, a distinction is made among:

- financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,
- financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2). For these financial assets, the expected credit loss is recognized up to their maturity.
- financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

Trade receivables, other receivables and receivables from contracts with customers

The Company apply the simplified approach of IFRS 9 to trade and other receivables. The Company applies the simplified approach of IFRS 9 to trade and other receivables as well as to receivables from on construction contracts and receivables from leases, estimating the expected credit losses over the life of the above items. In this case, the expected credit losses represent the expected shortfalls in the contractual cash flows, taking into account the possibility of default at any point during the life of the financial instrument. In calculating the expected credit losses, the Company uses a provisioning table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment.

g) Cash and Cash Equivalents

The Company considers time deposits and other highly liquid investments with an initial maturity less than three months, as cash and cash equivalents.
For the compilation of the cash flow statements, cash and cash equivalents consist of cash, deposits in banks and cash and cash equivalents as defined above.

h) Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when, and only when, the Company is subject to the financial instrument. As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Group's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9.
The Company's financial liabilities include mainly borrowings from lease agreements, suppliers and other liabilities. Financial liabilities are initially recognized at cost, which is the fair value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.
Financial liabilities are classified as short-term liabilities unless the Company has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

i) Provisions for Staff Retirement Indemnities

According to the provisions of L. 2112/1920, the Company reimburses its retiring or dismissed employees, and the amount of the relevant indemnities depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement).
The liabilities for staff retirement indemnities are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees' benefit rights during the duration of their expected working years. The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation.
Net retirement costs for the period are included in the net earnings or other conrehensive income, as the case may be, and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability, the cost of prior service, the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized

immediately. The liabilities for retirement benefits are not financed. Actuarial profits and losses are registered in other comrehensive income not recycled in profit and loss.

j) Government Pension Plans

The staff of the Company is mainly covered by the main Government Social Security Fund for the private sector (IKA) and which provides pension and medical-pharmaceutical benefits. Each employee is required to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the Company. At the time of retirement, the pension fund is responsible for the payment of retirement benefits to the employees. Consequently, the Company has no legal or constructive obligation for the payment of future benefits according to this plan.

k) Income Tax (Current and Deferred)

Current and deferred taxes are calculated based on the financial statements of the company that are compiled according to the tax regulations in effect in Greece. Current income tax is calculated based on the earnings of the Company as such are reformed on the company's tax returns, additional income tax emerging from the Tax Authorities' tax audits, on deferred income tax based on the enacted tax rates, as well as any possible extraordinary tax contribution calculated on earnings.

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the date of the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all the exempt temporary differences and the transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.

The deferred tax assets are estimated on each date of the financial statements and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.

Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the date of the financial statements.

Income tax that relates to items, which have been directly recognized in other comprehensive income, is also recognized in other comprehensive income.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is possible that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed on each date of the financial statements and are adjusted in order to reflect the present value of expenses that are expected to be required for the settlement of the liability. If the effect of the time value of money is significant, then provisions are calculated by discounting the expected future cash flows with a pre-tax rate, which reflects the market's current estimations for the time value of money, and wherever considered necessary, the risks related specifically to the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, unless the outflow of economic resources that include an economic loss is small.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of financial benefits is possible.

m) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will result for the Company and that the relevant amounts can be accurately measured. The following specific recognition criteria must also be met for the recognition of revenue.

(i) Revenue from the sale of Electric Energy

Revenue from the sale of Electric Energy is accounted for in the year in which it occurs. Revenue from sales of electric energy to ADMIE and ENEX that have not yet been invoiced is recognized as accrued non-invoiced income in the financial statements.

(ii) Interest

Interest income is recognized on an accruals basis.

n) Contracts' acquisition costs
According to IFRS 15, contracts' acquisition costs are defined as these costs which an economic entity incurs in order to acquire a contract with a customer. To the extent that the entity expects to redeem the aforementioned costs, it may then recognise an asset and amortise it in accordance with the frequency it expects to redeem the benefits of the contract with the customer. In other cases, these costs are recognised as expenses of the period. The Company, upon implementation of the above, capitalises the commission costs of the agents, also called "Agency Costs". In particular, the Company uses dealers/agents for promotion of its sales. The costs associated with the agents' achievement of initial connections are capitalised and amortised in accordance with the annual customers' turnover frequency. The specific amount is depicted in the " Other Long-term receivables " of the Company's Statement of Financial Position.

II) Use of estimates, judgements and assumptions

The Company proceeds to estimates, assumptions and judgments in order to select the most suitable accounting principles in relation to the future progress of events and transactions. The said estimates, assumptions and judgments are periodically reviewed so as to be in line with actual circumstances and reflect the actual risks at the time and are based on past experience of Management in relation to the level/ volume of relevant transactions or events. The basic estimates and judgments related to data whose development could affect the items of financial statements over the next 12 months are as follows:
i) Fixed assets depreciation: In order to calculate depreciation, the Company reviews the useful life and residual value of tangible and intangible assets having as criterion the technological, institutional and economic developments as well as its experience from their operation.
ii) Assets impairment and reversal: The Company evaluates the technological, institutional and economic developments by looking for indications of any type of impairment of its assets (fixed assets, trade and other receivables, financial assets, etc.) and of their reversal.
iii) Provision for staff retirement indemnities: Based on IAS 19, the Company assesses the assumptions according to which the provision for staff retirement indemnities is calculated in an actuarial manner.
iv) Provision for income tax: Based on IAS 12, the Company makes a provision for current and deferred income tax. It also provides, as the case may be, for the additional taxes that may arise from tax audits. The final settlement of income taxes may differ from the relevant amounts that have been registered in the annual financial statements.

4. INTANGIBLE ASSETS

Intangible assets in the attached financial statements relate to software and their movement has as follows:

(All amounts are presented in thousand Euro)	**2019**	**2018**
Net book value 1.1	**415**	**390**
Additions	0	55
Transfer (from)/to intangible fixed assets-cost	577	251
Write-off intangible assets	0	(72)
(Depreciation)	(249)	(209)
Net book value 31.12	**743**	**415**
Cost as at 1.1	1.350	1.116
Accumulated depreciation 1.1	(935)	(726)
Net book value 1.1	**415**	**390**

Cost 31.12	1.927	1.350
Accumulated depreciation 31.12	(1.184)	(935)
Net book value 31.12	**743**	**415**

The depreciation of the presented period has been recognized in the account Administrative and Selling Expenses by 2 thousand € and in the account Cost of Goods Sold by 247 thousand €, of the Statement of Comprehensive Income.

5. TANGIBLE FIXED ASSETS

The movement of the Tangible fixed assets presented in the attached financial statements has as follows:

Year of 2019 (All amounts are presented in thousand Euro)	**Land - Plots**	**Buildings**	**Machinery**	**Vehicles**	**Other**	**Fixed assets under construction**	**Total**
Net book value 1.1.2019	**2.385**	**1.603**	**12.269**	**0**	**434**	**77**	**16.768**
Transfer to right of use assets (Note 2)	0	0	0	0	(267)	0	(267)
Net book value 1.1.2019	**2.385**	**1.603**	**12.269**	**0**	**167**	**77**	**16.501**
Additions	-	-	-	-	-	2.326	2.326
Transfer (from)/to intangible assets-cost	-	-	-	-	-	(577)	(577)
Transfer (from)/to tangible fixed assets-cost	-	419	324	-	249	(992)	-
Year depreciation	-	(210)	(2.144)	-	(176)	-	(2.530)
Net book value 31.12.2019	**2.385**	**1.812**	**10.449**	**0**	**240**	**834**	**15.720**
Cost 01.01.2019	2.385	16.297	51.681	22	1.457	77	71.919
Transfer to right-of use assets - cost	0	0	0	0	(288)	0	(288)
Accumulated depreciation	0	(14.694)	(39.412)	(22)	(1.023)	0	(55.151)
Transfer to right-of use assets - accumulated depreciation	0	0	0	0	21	0	21
Net book value 1.1.2019	**2.385**	**1.603**	**12.269**	**0**	**167**	**77**	**16.501**
Cost 31.12.2019	2.385	16.716	52.005	22	1.418	834	73.380
Accumulated Depreciation	0	(14.904)	(41.556)	(22)	(1.178)	0	(57.660)
Net book value 31.12.2019	**2.385**	**1.812**	**10.449**	**0**	**240**	**834**	**15.720**

Year of 2018 (All amounts are presented in thousand Euro)	Land - Plots	Buildings	Machinery	Vehicles	Other	Fixed assets under construction	Total
Net book value 1.1.2018	**2.385**	**1.520**	**14.286**	**0**	**206**	**63**	**18.460**
Additions	-	236		-		685	921
Leasing acquisition					230		230
Transfer (from)/to tangible fixed assets-cost						(251)	(251)
Transfer (from)/to intangible fixed assets-cost	-	-	177	-	243	(420)	-
Year depreciation	-	(153)	(2.194)	-	(245)		(2.592)
Net book value 31.12.2018	**2.385**	**1.603**	**12.269**	**0**	**434**	**77**	**16.768**
Cost 01.01.2018	2.385	16.061	51.503	22	984	63	71.018
Accumulated depreciation		(14.541)	(37.217)	(22)	(778)		(52.558)
Net book value 1.1.2018	**2.385**	**1.520**	**14.286**	**0**	**206**	**63**	**18.460**
Cost 31.12.2018	2.385	16.297	51.681	22	1.457	77	71.919
Accumulated Depreciation		(14.694)	(39.412)	(22)	(1.023)		(55.151)
Net book value 31.12.2018	**2.385**	**1.603**	**12.269**	**0**	**434**	**77**	**16.768**

Depreciation for the year 2019, € 2.530 thousand (€2.591 thousand for 2018) was recognised in the Income Statement by € 2.522 thousand (€2.529 thousand for 2018) in the account Cost of Goods Sold and by € 8 thousand (€62 thousand for the previous year) in the account Administrative and Selling Expenses.

6. RIGHT-OF USE ASSETS

Right-of use assets were recognized as a consequence of first-time implementation of IFRS 16 (refer to note 2 – Basis For The Presentation Of The Financial Statements). The analysis of their movement is presented as follows :

	Buildings	Transportation means	Other	Total
Cost as of January 1 2019	**0**	**0**	**0**	**0**
Additions from initial recognition as a result of the adoption of new standards	991	333	0	**1.324**
Transfer from/to tangible fixed assets (note 2)	0	0	288	**288**
Additions	52	93	50	**195**
Write-offs	(11)	0	0	**(11)**
December 31 2019	**1.032**	**426**	**338**	**1.796**

Accumulated depreciation as of January 1 2019	0	0	0	**0**
Transfer from/to tangible fixed assets – accumulated depreciation (note 2)	0	0	(21)	**(21)**
Depreciation for the period	(299)	(131)	(67)	**(497)**
Write-offs accumulated depreciation	4	0	0	**4**
December 31 2019	**(295)**	**(131)**	**(87)**	**(513)**
Net Book Value as of December 31 2019	**737**	**295**	**251**	**1.283**

Depreciation for the year 2019 was equal to € 497 thousand and was recognised in the Income Statement by € 198 thousand in the account Cost of Goods Sold and by € 299 thousand in the account Administrative and Selling Expenses.

7. OTHER LONG-TERM RECEIVABLES

The account other long-term receivables is analysed as follows:

(All amounts are presented in thousand Euro)	**31.12.2019**	**31.12.2018**
Agents' commissions cost	9.193	6.231
Given guarantees	86	73
Total	**9.279**	**6.304**

The movement of agents' commissions cost is presented below:

	2019	**2018**
Opening balance 01/01	6.231	2.898
Capitalised cost	3.965	3.914
Costs recognized as expenses	(1.003)	(581)
Balance 31/12	**9.193**	**6.231**

8. INVENTORIES

On 31 December 2019, Inventories presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Fixed assets spare parts	1.420	1.383
Consumables (mainly oil)	706	730
Merchandise (natural gas)	1.640	0
Total	**3.766**	**2.113**

The amount of € 1.640 thousand in Merchandise regards safety stock of natural gas as a result of a specific obligation set by RAE.

9. TRADE RECEIVABLES

Trade receivables presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Customers – Public entities	38.287	12.898
Customers - Private entities	85.297	66.410
Post-dated cheques receivables	6.255	5.847
Unbilled revenue- Private companies and consumers	28.997	21.555
Unbilled revenue- Public entities	2.862	3.262
Unbilled revenue – Sales discounts	(4.869)	-
Impairment loss on trade receivables	(15.072)	(12.492)
Total	**141.757**	**97.480**

The above trade receivables also include trade receivables from related parties amounting to € 21.022 thousand (€ 7.872 thousand on 31/12/2018).

The public entities receivables include mainly the amount from ADMIE (Independent Power Transmission Operator) for an amount of €8.542 thousand (€ 5.337 thousand on 31/12/2018), from DAPEEP (Operator of Electricity Market) for an amount of €1.063 thousand (€ 667 thousand on 31/12/2018), from HEnEx (Hellenic Energy Exchange) for an amount of €26.112 thousand (€ 4.823 on 31/12/2018), from DEDDIE (Hellenic Electricity Distribution Network) for an amount of € 2.116 thousand (€ 1.320 thousand on 31/12/2018) and from other public institutions for an amount of € 454 thousand (€ 751 thousand on 31/12/2018). The other receivables relate to sales customers of low electricity, medium and high voltage and other services. The increase in claims compared to the previous period is due mainly to the increase in turnover and the number of customers.

The Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.Trade and other receivables that are interest free are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, whereas those with a significant financing component are initially recognized at their fair value.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL since apply the IFRS 9 simplified model to estimate the ECL of trade and other receivables, classifying them either at Stage 2 or at Stage 3 and measuring lifetime ECL.

To measure the ECL, the trade and other receivables have been grouped based on their credit risk characteristics and their ageing (days past due) at the reporting date. This measurement is based on specific credit risk metrics (i.e. Probability of Default-PD, Loss Given Default), which are calculated based on historical data, existing market conditions as well as forward looking estimates at the end of each reporting period.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributes to customers are reviewed on a permanent basis.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following tables depict the risk profile of trade receivables and other receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

31 December 2019	**Not Past Due**	**0-180 days**	**181-365 days**	**365 and over days**	**Total**
Expected credit loss rate	1,90%	4,40%	11,06%	65,16%	**9,61%**
Estimated total gross carrying amount at default	67.384	67.329	6.626	15.490	**156.829**
Lifetime ECL	(1.283)	(2.962)	(733)	(10.094)	**(15.072)**
Totals	**66.101**	**64.367**	**5.893**	**5.396**	**141.757**

31 December 2018	Not Past Due	0-180 days	181-365 days	365 and over days	Total
Expected credit loss rate	1,42%	7,80%	24,16%	64,36%	**11,36%**
Estimated total gross carrying amount at default	65.417	27.966	3.223	13.366	**109.972**
Lifetime ECL	(930)	(2.180)	(779)	(8.603)	**(12.492)**
Totals	**64.487**	**25.786**	**2.444**	**4.763**	**97.480**

As of 1/1/2018 the Company apply the IFRS 9 simplified model to estimate the ECL of trade and other receivables, classifying them either at Stage 2 or at Stage 3 and measuring lifetime ECL.

	31.12.2019	
	Stage 2	**Stage 3**
Expected credit loss rate	3,43%	95,33%
Estimated total gross carrying amount at default	146.276	10.553
Lifetime ECL	5.012	10.060

	31.12.2018	
	Stage 2	**Stage 3**
Expected credit loss rate	3,78%	77,02%
Estimated total gross carrying amount at default	98.591	11.381
Lifetime ECL	3.726	8.766

The movement of the impairment of trade receivables for the period is analysed as follows:

(All amounts are presented in thousand Euro)

	2019	2018
Impairment of trade receivables balance 01.01	**12.492**	**11.122**
Readjustment from IFRS 9 adoption	0	2.443
Readjusted balance	12.492	13.565
Gain/(Loss) from Trade Receivables Impairment for the year 2019	2.580	(1.073)
Total Impairment 31.12.2019	**15.072**	**12.492**

The Company, in order to safeguard its contingent loss from trade receivables allowance, receives advances from its customers , which for the year 2019 amounts to € 12.349 thousand (€ 11.160 thousand for 2018, refer to note 15).

10. OTHER RECEIVABLES

Other receivables presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
VAT for refunding	6.699	4.054
Accrued expense liability	4.701	4.726
Other receivables	2.238	2.209
Total	**13.638**	**10.989**

The account Other Receivables mainly includes advances to suppliers, amounting to € 2.149 thousand (€ 2.158 thousand at 2018).

11. CASH AND CASH EQUIVALENTS

On 31 December 2019, the cash and cash equivalents presented in the attached financial statements concern bank deposit. The company does not possess cash in hand.

12. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to the Hellenic Labour Law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of indemnity depends on the past service time and the salary of the employee on the day of his dismissal or retirement. Employees that resign or are justifiably discharged are not entitled to any indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the amount which would be payable upon dismissal without cause.
The estimates for staff retirement indemnities were determined through an actuarial study where the Projected Unit Credit Method was used. The tables below present the composition of the expenses for the relevant provision recognised in the statement of comprehensive income of the year ended on 31 December 2018 and the movement of the relevant provisions account for staff retirement indemnities presented in the attached Statement of Financial Position of the year ended on 31 December 2019.
The expense for staff retirement indemnities is recognized in the Cost of goods sold and is broken down as follows:

(All amounts are presented in thousand Euro)	2019	2018
Current service cost	33	53
Financial cost	3	2
Effect of cut-backs or settlements	18	1
	54	**56**

The movement of the relevant provision in the Statement of financial position has as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Opening balance	**225**	**116**
Provision recognized in the statement of comprehensive income	54	56
Actuarial result write off	3	54
Compensation payments	(23)	(1)
Closing Balance	**259**	**225**

The main actuarial assumptions for the years 2019 and 2018 are as follows:

(All amounts are presented in thousand Euro)	2019	2018
Discount rate[1]	1.0%	1.5%
Mortality: Greek Table of Mortality	2012	2012
Future wage increases	1.25%	1.25%
Salaried employees' turnover (voluntary retirement)	1%	1%
Wages turnover (voluntary retirement)	1%	1%
Salaried employees' turnover (dismissal)	6%	6%
Wages turnover (dismissal)	6%	6%

The following table presents the sensitivity of the provision for staff termination indemnities in the Comprehensive Income in cases of changes of certain actuarial assumptions.

Change in discount rate +0,5% & Change in wages-Voluntary retirements-Dismissals 0%	(15)
Change in discount rate -0,5% & Change in wages-Voluntary retirements-Dismissals 0%	16
Change in discount rate 0%, Change in wages +0,25% & Change in Voluntary retirements-Dismissals 0%	8
Change in discount rate 0%, Change in wages -0,25% & Change in Voluntary retirements-Dismissals 0%	(8)
Change in discount rate 0%, Change in wages 0%, Change in Voluntary retirements +1% & Change in Dismissals 0%	(20)
Change in discount rate 0%, Change in wages 0%, Change in Voluntary retirements -1% & Change in Dismissals 0%	23
Change in discount rate 0%, Change in wages - Voluntary retirements 0% & Change in Dismissals +1%	7
Change in discount rate 0%, Change in wages - Voluntary retirements 0% & Change in Dismissals -1%	(8)

[1] Due to current non-regular economic conditions, for the calculation of the discount rate, European Central Bank bonds are used in the yield curve instead of Greek government bonds.

13. PROVISIONS FOR DISMANTLEMENT

The company has set up a provision for the dismantling costs of the power plant that are expected to occur after the termination of operations of the plant, based on contractual obligations, the present value of which on 31.12.2019 amounted to € 314 thousand (31.12.2018: € 286 thousand). This provision is calculated based on expected cash flows required to meet this obligation at the end of the year. This amount was then increased according to the estimated expected inflation and discounted according to the required discount rate. The provision is increased due to maturity of one year and there was no change in the amount of the future outflow.

14. SUPPLIERS

On 31 December 2019, the account "Suppliers" presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Electricity and Natural Gas trade suppliers	57.156	45.036
Electricity production suppliers	659	334
Electricity local portfolio management (LPM) suppliers	16.417	3.555
Other suppliers	805	542
Total	**75.037**	**49.467**

Electricity suppliers mainly include obligations to the Transmission System Operator (ADMIE) worth € 17.978 thousand (€ 18.661 thousand on 31/12/2018), as well as the Electricity Market Operator (renamed LAGIE to DAPEEP) worth € 4.324 thousand (€ 513 thousand on 31/12/2018) and to HEnEx (Hellenic Energy Exchange) worth € 27.155 thousand (€ 6.317 thousand on 31/12/2018). Finally, an amount of approximately € 9.594 thousand regards the Distribution Network Operator (DEDDIE) (€ 7.901 thousand on 31/12/2018).

15. ACCRUED AND OTHER LIABILITIES

On 31 December 2019, "Accrued and Other Liabilities" presented in the attached financial statements are broken down as follows:

	31.12.2019	31.12.2018
(All amounts are presented in thousand Euro)		
Sundry Creditors	14.388	11.654
Customers Deposits	12.349	11.160
Taxes- duties	1.343	1.255
Social security funds	201	169
Unbilled purchases	2.284	819
Other short term payables	109	0
Accrued expenses and deferred income	31.698	15.361
	62.372	**40.418**

The amount of € 14.388 thousand, Sundry Creditors, mainly includes Municipality Taxes of € 12.855 thousand (€ 10.400 thousand on 2018),which the company collects from low, medium and high voltage customers and gives it to the municipalities and NERIT of amount € 1.448 thousand (€ 1.004 thousand at 2018), personnel salaries payable of amount € 1 thousand (€ 157 thousand on 2018) and other sundry suppliers of amount € 84 thousand (€ 93 thousand on 2018).

The amount of € 31.698 thousand, Accrued expenses, mainly includes Natural gas Cost (€ 6.296 thousand (€ 3.190 thousand on 2018), charges from ADMIE (€ 12.097 thousand (€ 8.743 thousand on 2018),credit charges from DAPEEP (ex LAGIE) of amount € 2.875 thousand (€ 5.064 thousand on 2018), charges from DEDDIE € 8.913 thousand (€ 7.508 thousand on 2018), charges from agents € 798 thousand (702 thousand on 2018) and other accruals of amount € 719 thousand (€ 281 thousand on 2018).

16. LIABILITIES FROM LEASES

During the current period, the company established a new contract of telecommunications equipment lease. The annual discounting interest rate of the aforementioned lease is equal to 5,25%.

The account's movement for the period is depicted as follows:

	Finance Lease Liabilities	
	Long-Term Portion	**Short-Term Portion**
Balance 1/1	160	39
Liabilities from new contracts	194	0
Additions from initial recognition as a result of the adoption of new accounting standards	915	409
New contracts expenses	0	0
Write-offs from early terminations of leases	(7)	0
Transfer to short-term portion of long-term liabilities	(503)	503
Capital additions/(repayments)	-	(462)
Interest payments	-	(61)
Interest for the period	-	61
Balance 31/12	**759**	**489**

The respective movement for the period of 2018 is analysed as follows :

	Finance Lease Liabilities	
	Long-Term Portion	**Short-Term Portion**
Balance 1/1	-	-
Liabilities from new contracts	215	-
New contracts expenses	15	-
Payment of ew contracts expenses	(15)	-
Transfer to short-term portion of long-term liabilities	(55)	55
Capital additions/(repayments)	-	(16)
Interest payments	-	(5)
Interest for the period	-	5
Balance 31/12	**160**	**39**

The repayment period of the company's finance lease liabilities is analysed on the following table :

	31.12.2019	31.12.2018
0-1 year	489	39
2-5 years	743	160
Above 5 years	16	0

17. SHARE CAPITAL

The share capital of the company was initially set at ten million fifty-nine thousand (10.059.000) Euros, divided into three hundred thirty-five thousand three hundred (335.300) ordinary registered shares with a nominal value of € 30 each.
By way of decision dated 25/02/2006 of the Extraordinary General Meeting of the company's shareholders, the company's share capital increase was decided by six million forty-one thousand (6.041.000) Euros and after the share's nominal value was set at fifty (50) Euros, 322.000 ordinary registered shares with voting rights were issued with a new nominal value of € 50 each.
The Extraordinary General Meeting of the company's shareholders dated 27.12.2007 decided to increase the share capital by € 316.100 and especially a) by € 316.084,66 due to capitalization from the company's fixed assets value adjustment in accordance with Law 2065/1992 and b) through deposit of € 15,34 through the issue of six thousand three hundred twenty-two (6.322) new registered shares with a nominal value of € 50 each. Following this change, the company's share capital currently stands at sixteen million four hundred sixteen thousand one hundred Euros (16.416.100) with the payment made fully in cash, which is divided into three hundred twenty-eight thousand three hundred twenty-two (328.322) ordinary registered shares with a nominal value of € 50 each.
By virtue of the Resolution dated 15/03/2013 of the Extraordinary General Meeting of Shareholders, it was decided the reduction of the Share Capital of the Company by the amount of five million (5.000.000,00 €) Euros, with equal amount's cash return to the shareholders and cancellation of one hundred thousand (100.000) registered shares with a nominal value of Fifty (50) Euros each.
By virtue of the Resolution dated 02/05/2014 of the Extraordinary General Meeting of Shareholders, it was decided the reduction of the Share Capital of the Company by the amount of five million (5.000.000,00 €) Euros, with equal amount's cash return to the shareholders and cancellation of one hundred thousand (100.000) registered shares with a nominal value of 50 Euros (50,00 €) each. The cash return to shareholders was held in two stages: a) First payment to the shareholders on 01.08.2014 amounting 1.500.000 € to each shareholder and b) Second payment to the shareholders on 11.28.2014 amounting 1.000.000 € to each shareholder.
By virtue of the Resolution dated 13/02/2015 of the Extraordinary General Meeting of Shareholders, it was decided the reduction of the Share Capital of the Company by the amount of four million (4.000.000,00 €) Euros, with equal amount's cash return to the shareholders and cancellation of eighty hundred thousand (80.000) registered shares with a nominal value of Fifty Euros (50,00 €) each.
Thereafter, the Share Capital of the Company amounts to two million four hundred sixteen thousand one hundred Euros (2.416.100,00 €), divided into forty-eight thousand three hundred twenty-two (48.322) common registered shares with a nominal value of 50 Euros (50,00 €) each."
The share capital is held by half by GEK TERNA SA, company of the Group of the Athens Stock Exchange listed GEK TERNA (24.161 shares) and the other half by ENGIE INTERNATIONAL HOLDING B.V., company of the Group of the Paris Stock Exchange listed ENGIE (24.161 shares).

18. RESERVES

The reserves of the Company at the end of the presented period are analysed to a statutory reserve of amount € 805 thousand (€ 805 thousand at 2018) and a reserve from actuarial losses of amount minus € 58 thousand (minus € 54 thousand at 2018).
The formation of statutory reserves is determined by the Law 4548/2018 and is obligatory to the level of a third of paid-up share capital and its purpose is to offset future losses.
The formation of such reserves is recognized by a resolution of the annual general assembly based on after-tax annual profits at a rate of 5%.

19. INCOME TAX

According to Greek tax legislation the tax rate corresponds to 24% for the year 2019 (29% for the year 2018).
The effective tax rate differs from the nominal rate. Various factors affect the determination of the effective tax rate. Most important of which is the non-tax deductibility of certain expenses, changes in depreciation rates and the ability of companies to set up tax-free discounts and tax-free reserves.

(a) Income tax expense
Income tax in the statement of comprehensive income is broken down as follows:

(All amounts are presented in thousand Euro)	2019	2018
Current income tax	2.464	728
Prior year income tax difference	(391)	233
Deferred tax expense	(1.788)	1.508
Total expense	**285**	**2.469**

Below the reconciliation of the actual income tax for the year and the accounting profit multiplied by the applicable tax rate is presented.

(All amounts are presented in thousand Euro)	2019	2018
Earnings/ (loss) before tax	**3.041**	**9.203**
Nominal tax rate	**24%**	**29%**
Income tax expense/(income) based on applicable nominal tax rate	**730**	**2.669**
Adjustments attributed to:		
Expenses not included in tax calculation	3	3
Taxable differences of previous year	(10)	(21)
Property income tax	0	0
Prior year income tax difference	(391)	233
Effect of permanent tax differences	84	29
Effect of change in tax rate	(131)	(444)
Actual tax expense	**285**	**2.469**
Effective tax rate	9,37%	26,83%

Tax returns are filed annually. The Company has been audited by tax authorities until the year 2009. Due to POL 1154/2017, POL 1191/2017, POL 1192/2017, POL 1194/2017 και POL. 1208/2017 of the Governor's of the Independent Public Revenue Authority, provided guidance on the uniform application of what was accepted from the decisions Council of State (CoS) 1738/2017, CoS 2932/2017, CoS 2934/2017 και CoS 2935/2017, as well as the no. 268/2017 Opinion of the State Legal Council. From the aforementioned decisions a five-year limitation period - on the basis of the general rule – is occurred, for the fiscal years of 2012 onwards, as well as for the fiscal years that the Code of Tax Procedure – CTP (from 2014 onwards), except for the specific exceptions specified in the relevant provisions of CTP.
Consequently, and in accordance with the foregoing in POL. 1192/2017, the right of the State to charge a tax up to and including the fiscal year 2011 is time-barred unless the specific provisions on 10-year, 15-year and 20-year limitation periods apply.

Tax compliance report
For the fiscal years 2011-2012-2013, the Company is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 82 par. 5 of L. 2238/1994 (Min. Dec. 1159/26/7/2011), whereas for the years 2014, 2015, 2016 and 2017 it is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 65A, par. 1, Law 4174/2014 (Min. Dec. 1124/22/6/2015). The finalization of the tax audit from the Ministry of Finance is pending for all the above fiscal years.

For the fiscal year 2019, the Company fulfill the conditions of article 1 of Min. Dec. 1124/22/6/2015 and is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 65A, par. 1, Law 4174/2013 (Min. Dec. 1124/22/6/2015). This audit is underway and the relevant tax certificate is expected to be issued following the publication of the financial statements for the year 2018.
The tax liabilities for these years have not become definitive and therefore additional contingencies may arise when the relevant tax audits are carried out.
The Management estimates that the taxes that may arise from the audit by the tax authorities will not have a material effect on the financial statements.

(b) Deferred tax

Deferred income tax is calculated using all temporary tax differences between the book value and the tax base of assets and liabilities. Calculation is made by using the expected applicable tax rate at the time the tax asset/liability will mature.

(All amounts are presented in thousand Euro)	**31.12.2019**	**31.12.2018**
Net deferred tax asset/(liability)	**(1.247)**	**(3.034)**
Opening Balance	**(3.034)**	**(1.539)**
(Expense)/ Income recognized in net earnings	1.788	(1.508)
(Expense)/ Income recognized in net Other comprehensive income	(1)	13
Closing balance	**(1.247)**	**(3.034)**

Deferred taxes (asset and liability) of the years 2019 and 2018 are broken down as follows:

(All amounts are presented in thousand Euro)	Statement of financial position		Net profit (Debit)/ Credit	Other Comprehensive Income (Debit)/ Credit
	31.12.2019	**31.12.2018**	**2019**	**2019**
Deferred tax asset				
Expensing of intangible assets	59	58	1	-
Depreciation differences	7.812	7.928	(116)	-
Provision for staff retirement indemnities	63	57	6	(1)
Other provisions	258	1.067	(809)	-
Deferred tax liability				
Accrued Expenses	255	(1.913)	2.168	-
Recognition of finance leases and provisions	(9.693)	(10.230)	538	-
Unearned income	-	-	-	-
Deferred tax (expense)/income			**1.788**	**(1)**
Net deferred tax - asset/(liability)	**(1.247)**	**(3.034)**		

(All amounts are presented in thousand Euro)	Statement of financial position		Net profit (Debit)/ Credit	Deferred tax recognised in Total Equity
	31.12.2018	**31.12.2017**	**2018**	**2018**
Deferred tax asset				
Expensing of intangible assets	58	25	32	-
Depreciation differences	7.928	8.518	(590)	-
Provision for staff retirement indemnities	57	34	10	13
Accrued expenses	(1.913)	(840)	(1.073)	-
Other provisions	1.067	2.457	(1.390)	-
Deferred tax liability				-
Actuarial gains/(losses) recognised in Total Equity	-	-	-	-
Recognition of finance leases and provisions	(10.230)	(11.733)	1.503	-
Unearned income	-	-	-	-
Deferred tax (expense)/income			**(1.508)**	**13**
Net deferred tax - asset/(liability)	**(3.034)**	**(1.539)**		

20. REVENUE

Itemized breakdown	2019	2018
(All amounts are presented in thousand Euro)		
Revenue from electricity trade	378.470	302.766
Revenue from electricity production & cost recovery	755	1.898
Revenue from natural gas	82.158	41.321
Revenue from capacity	960	1.238
Total	**462.343**	**347.223**

Breakdown per customer category:	2019	2018
Public entities	64.541	45.821
External customers	334.142	251.135
Affiliated companies	63.660	50.267
Total	**462.343**	**347.223**

The amount of Total Revenue minus revenue from capacity regards transfers of goods which take place at a certain time.

21. COST OF GOODS SOLD, ADMINISTRATIVE AND SELLING EXPENSES

On 31 December 2019, the cost of goods sold, administrative and selling expenses presented in the attached financial statements are broken down as follows:

Cost of goods sold	2019	2018
(All amounts are presented in thousand Euro)		
Professional fees	340.319	269.898
Cost of electricity trade	46.764	18.939
Depreciation	2.758	2.737
Right-of use assets amortisation	198	0
Utilities	426	353
Personnel cost	3.911	2.803
Diesel/other fuel consumption	57.721	40.260
Other expenses	1.413	1.099
	453.510	**336.089**

The above-mentioned amount of € 340.319 thousand mainly includes charges from the ADMIE amounting to€ 36.229 thousand (2018: € 57.022 thousand), DAPEEP amounting to € 23.417 thousand (2018: € 49.904 thousand), HEnEx amounting to € 153.103 thousand (2018: € 68.054 thousand) and DEDDIE amounting to € 116.451 thousand (2018: € 87.236 thousand).

Administrative & selling expenses

(All amounts are presented in thousand Euro)	2019	2018
Professional fees	850	770
Leases	2	292
Personnel cost	1.141	650
Services received	64	76
Utilities	20	16
Taxes - duties	52	91
Promotion and advertising expenses	3.074	2.715
Depreciation	20	63
Right-of use assets amortisation	299	0
Auditors' fees	32	42
Other expenses	237	235
	5.791	**4.950**

22. PERSONNEL COST

The expenses for personnel on 31 December 2019 are broken down as follows:

(All amounts are presented in thousand Euro)	2019	2018
Personnel salaries and benefits	4.131	2.747
Social security fund contributions	870	652
Provision for staff retirement indemnities	51	54
Total expenses	**5.052**	**3.453**

Personnel cost for the year ended in 31st of December 2019, € 5.052 k (€3.453 k in 2018) was recognised in the income statement by €3.911 k (€2.804 k in 2018) in the Cost of goods sold and by € 1.141 k (€649 k in 2018) in Administrative and Selling Expenses (kindly see note 19).

23. AUDITORS' FEES

(All amounts are presented in thousand Euro)	2019	2018
Fees for statutory audit	25	25
Fees for tax compliance audit	12	12
	37	**37**

24. OTHER INCOME / (EXPENSE)

On 31 December 2019, the other income/ (expense) presented in the attached financial statements is broken down as follows:

(All amounts are presented in thousand Euro)	2019	2018
Other income:		
Default interest on delay payments from customers	1.019	788

Transmission capacity rights	0	0
Income from leases to related company	63	54
Gains from reversal of bad debt provision (note 8)	0	1.073
Other revenues	2.401	1.759
	3.483	3.674
Other expenses:		
Taxes – duties	(104)	(1)
Provision of bad debt (note 8)	-	-
Other expenses	(2.580)	(28)
	(2.684)	(29)
Total income / (expenses)	**799**	**3.645**

25. FINANCIAL INCOME/ (EXPENSE)

On 31 December 2019, the financial income/ (expense) presented in the attached financial statements is broken down as follows:

(All amounts are presented in thousand Euro)	2019	2018
Financial income:		
Interest on bank deposits	15	13
	15	**13**
Financial expenses:		
Interest and charges for short-term financing and guarantees	(783)	(611)
Discounting expense relating to provision for staff retirement indemnities	(3)	(2)
Discounting expense relating to provision for dismantlement	(28)	(26)
	(815)	**(639)**
Net Total	**(800)**	**(626)**

26. TRANSACTIONS WITH RELATED PARTIES

The Company's transactions and balances with related parties for fiscal years 2019 and 2018 are broken down as follows:

2019 (All amounts are presented in thousand Euro)	**Sales**	**Purchases**	**Debit balances**	**Credit balances**
Jointly controlling companies- GEK TERNA Group (Electricity Sale)	10.387	5.202	3.936	920
Jointly controlling companies - GEK TERNA Group (administrative support services)	480	340	595	699
Jointly controlling companies - GEK TERNA Group (purchase of other support)	835	10	430	-
Jointly controlling companies - GEK TERNA Group (leases)	54		57	
Jointly controlling companies - GEK TERNA Group (Natural gas and emission rights)	44.975	35	13.461	45
Jointly controlling companies - ENGIE Group (administrative support services)		304		34

Jointly controlling companies - ENGIE Group (maintenance services)		275		234
Jointly controlling companies - ENGIE Group (Electric energy and emission rights)	6.929	14.841	38	-
Totals	63.660	21.007	18.517	1.932

2018 (All amounts are presented in thousand Euro)	**Sales**	**Purchases**	**Debit balances**	**Credit balances**
Jointly controlling companies- GEK TERNA Group (Electricity Sale)	15.785	2.301	5.118	1.066
Jointly controlling companies - GEK TERNA Group (administrative support services)	125	309	155	382
Jointly controlling companies - GEK TERNA Group (purchase of other support)	854	14	67	1
Jointly controlling companies - GEK TERNA Group (leases)	54		56	
Jointly controlling companies - GEK TERNA Group (Natural gas and emission rights)	25.400	14	808	14
Jointly controlling companies - ENGIE Group (administrative support services)		276		30
Jointly controlling companies - ENGIE Group (maintenance services)		221		173
Jointly controlling companies - ENGIE Group (Electric energy and emission rights)	9.180	2.765	1.669	176
Totals	51.398	5.900	7.873	1.842

Remuneration paid to BoD members and top executives of the Company: The remuneration paid to BoD members and top executives of the Company is the following for the period 2018, which is compared to the previous period:

(All amounts are presented in thousand Euro)	**2019**	**2018**
Fees for services received	459	459

27. RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company is exposed to financial risks such as market risk, credit risk and liquidity risk. The risk management plan aims to eliminate the negative effect of these risks on financial results of the company which arise from the inability of predicting the financial markets and the changes in costs and sales.

The procedure implemented is as follows:

- Evaluation of risks related to Company's activities and operations.
- Planning of the methodology and choice of the necessary financial products for the limitation of risk.
- Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

The financial instruments of the Company are mainly deposits in banks, trade debtors and creditors and liabilities arising from leasing.

Operational Risks
Main risks related to Generation Company's activities could refer to property damage, business interruption, human resource and damages ensue from systems or from external events. The Company, to protect itself by operational risks, has agreed with primary insurance institutions policies for *Property Damage*, *Business Interruption* and *Third Part Liabilities*.

Financial Instruments and Risk Management
The Company applys it's own Risk Policy. This represents guidelines to approach and cover the (i) market risk, (ii) volume risk and (iii) credit risk.
Non-derivative financial assets and liabilities in the Statement of financial position include cash balances, receivables and short-term liabilities. The Company does not use derivative financial tools. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting principles. Financial instruments are disclosed as receivables, liabilities or equity based on the substance and the contents of the relevant contracts from which they arise.

Interest, dividends, gains and losses resulting from the financial instruments that are classified as receivables or liabilities are accounted for as expenses or income respectively. The distribution of dividends to shareholders is accounted for directly through equity. Financial instruments are netted-off when the Company, according to the law, has this legal right and intends to set them off (against each other) on a net basis or to recover the asset and net the liability off at the same time. Financial risk management aims to reduce possible negative consequences. More specifically:

I. *Interest rate risk and exchange rate risk*
The Company is not exposed to interest or exchange rate risk.

II. *Fair value risk*
The amounts appearing in the attached Statements of financial position for cash balances, short-term receivables and other short-term liabilities approximate their respective fair values due to their short-term nature.

III. *Credit Risk Concentration*
Trade receivables mostly relate to entities of the Public sector. The Company's policy is to seek business with customers of satisfactory credit standing, including risk mitigators, if needed.

IV. *Market Risk*
The Company faces the risk of the electricity market.

The Company's financial instruments consist mainly of trade and other receivables and payables, cash and deposits with banks.
The financial risks to which the Company is exposed consist of credit and liquidity risks to which detailed reference is made in the respective sections below.

FOREIGN EXCHANGE RISK
The Company is not exposed to foreign exchange risk since all its financial instruments (receivables and payables) are denominated in Euro.

INTEREST RATE SENSITIVITY ANALYSIS

The Company was not exposed in interest rate risk during 2018 since it has repaid all bank loans.

CREDIT RISK ANALYSIS

The Company's exposure to credit risk with regard to financial assets is broken down as follows:

(All amounts are presented in thousand Euro)	**31.12.2019**	**31.12.2018**
Other non-current receivables (Note 6)	86	73
Trade receivables (Note 8)	141.757	97.480
Other receivables (Note 9)	2.238	2.209
Cash and cash equivalents	10.363	10.809
Total	**154.444**	**110.571**

Almost all of the trade and other receivables originate from the wider public sector and, thus, the relevant credit risk is considered limited, so does the risk related to short-term financial assets (cash equivalents) given that the counterparties are creditworthy Greek banks.
Furthermore, the Company has applied insurance in order to protect also the receivables related to some of its retails customers, in addition to legal action and collecting activities from third party.

LIQUIDITY RISK ANALYSIS

The Company manages its liquidity needs by carefully monitoring its financial liabilities and its everyday payments. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a 30-day rolling period. Liquidity needs for the next 6 months and the next year are determined on a monthly basis.
The Company keeps cash and cash equivalents to banks so as to meet liquidity needs for periods up to 30 days.
The maturity of financial liabilities on 31 December 2019 for the Company is broken down as follows:

	Short-term		**Long-term**
(All amounts are presented in thousand Euro)	**0 to 12 months**	**1st-5th year**	**Over 5th year**
Long term liabilities payable during the next financial year	489	743	16
Suppliers	75.037	0	0
Other payables	62.372	0	0
Total	**137.898**	**743**	**16**

The maturity of financial liabilities on 31 December 2018 for the Company is broken down as follows:

(All amounts are presented in thousand Euro)	Short-term		Long-term
	0 to 12 months	1^{st}-5^{th} year	Over 5^{th} year
Long term liabilities payable during the next financial year	39	160	0
Suppliers	49.467	0	0
Other payables	40.418	0	0
Total	**89.924**	**160**	**0**

The above contractual maturity dates reflect the gross cash flows, which may differ from the book value of liabilities on the balance sheet date.

28. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets and financial liabilities on the date of the financial statements are categorized as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Non-current assets		
Loans and receivables – Other long-term receivables	86	73
Total	**86**	**73**
Current assets		
Trade receivables	141.757	97.480
Prepayments and other receivables	2.238	2.209
Bank accounts	10.363	10.809
Total	**154.358**	**110.498**
Non-current liabilities		
Finance leases liabilities	759	160
Total	**759**	**160**
Current liabilities		
Financial liabilities at amortized cost - Suppliers	75.037	49.467
Financial liabilities at amortized cost - Accrued and other liabilities	60.719	38.175
Financial liabilities at amortized cost - Short term liabilities payable during the next financial year	489	39
Total	**136.245**	**87.681**
Financial liabilities at amortized cost	**136.245**	**87.681**

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's goals as regards to capital management are the following:
- to ensure the capacity of the Company to pursue its activity (going concern); and
- To ensure satisfactory yield for the shareholders, by invoicing products and services proportionately to the risk level.

The Company specifies the level of capital proportionately to the risk of activities, monitors developments in the economic environment and their effect on risk characteristics, manages capital structure (debt to equity ratio) by adjusting the level and duration of loans, issuing new shares or refunding capital to the shareholders, adjusting the dividend's amount and/or selling separate assets or groups of assets.
To this effect, the Company monitors capital based on leverage ratio which is defined as follows: Net debt/ Equity where Net debt shall mean the total Liabilities from loans and finance leases less cash, as presented in the Statement of Financial Position.

30. EXISTING ENCUMBRANCES AND OTHER LIENS

The contingent liabilities, for letter of guarantees assuring the good performance and operation of the Company amount at € 19.429 thousand. There are no encumbrances or liens raised on the company's assets.

31. COMMITMENTS AND CONTINGENT LIABILITIES

In the context of its operations, the Company may face eventual legal claims from third parties. According to both Management and the Company's Legal Consultant, any claims of such type are not expected to have a significant effect on the Company's operation and financial position on 31 December 2019.

Litigation against ADMIE

a. The Company had filed on 23/11/2016 a lawsuit against ADMIE SA, before the Multi-member First Instance Court of Athens, claiming the payment of unpaid or delayed paid invoices (principal) and Default Interest for the Company to ADMIE invoices, regarding above ADMIE obligations. More specifically, the Company holds a claim against ADMIE SA (Independent Power Transmission Operator) regarding its obligations deriving from the Power Transmission System Operation Code (the System Operation Code or SOC). The invoices were issued from October 2011 to May 2015.
b. The amounts required have as follows: €7.851.652,64 for principal and €1.634.691,37 (if Grid Code applies) or € 1.826.483 (if Civil Code applies) or 1.647.888 (if legislation for commercial exchanges applies) for default interest and €1.215.461 as compensation for the material damage caused to the Company according to the law suit.
c. On 24/03/2017, according to the Hellenic Code of Civil Procedure, were deposited the proposals and all evidences from the parties to the dispute.
d. On 27/09/2017, it took place the Court Hearing.
e. Court Decision under 1121/2018 had been issued on 23/3/2018 and rejected the Company's lawsuit against ADMIE.
f. The Company has filed an Appeal under General Deposit Number 63282/2018 and Special Deposit Number 4251/2018 against the aforementioned Decision.
g. The company's appeal was discussed on 10/10/2019. The decision of the Athens Multi-Member Judge Court of First Instance is expected.

32. EVENTS AFTER THE BALANCE SHEET DATE

The following important events have occurred after the balance sheet date and the date of approval of the financial statements for the year ended on December 31, 2019:

THE TARGET MODEL

- In accordance with the 5th Surveillance Report of the European Commission (General Management of Financial Affairs), which was issued in February 2020, commencement of operation of the four Energy Markets is expected in June 2020. Furthermore, a Ministerial Decision of the Undersecretary of Environment and Energy (GG 172/30.01.2020) was issued on 30/01/2020, under which a specific timeline for the commencement of operation of the Day-Ahead, Intra-Day and Balancing Markets (Regulations, Codes, Manuals, Methodologies, technical decisions, implementation of the operation systems of the Markets, simulation tests for the productive functionalities of the Market systems e.t.c) is expected for 30/06/2020. Commencement of Operation for the Forward Market without the possibility of physical delivery was set for 16/03/2020.

COVID-19 EVENT

At 30.01.2020, the WORLD HEALTH ORGANISATION (WHO) declared the spread of the COVID-19 spread as a " special emergency of international interest for the global health ", while in continuance of the additional events, at 11.03.2020, the WHO declared COVID-19 as a pandemic, which spread worldwide. The event remains in progress and therefore, its overall implications cannot be measured and quantified. The duration and intensity of the implications are expected to be defined by : (i) if the virus is subject to seasonality , (ii) the time needed to develop effective methods of dealing with the disease (vaccination and/or medical treatment) , (iii) the effectiveness of fiscal and other government measures as well as decisions of regulatory authorities and banks for the facilitation of financial institutions to provide businesses and households with credit and support.

Following the above and in accordance with the requirements of IAS 10 " Events after the reporting period ", the pandemic is considered to be a non-adjusting event and therefore, it is not depicted in the recognition and measurement of assets and liabilities in the annual financial statements of the Company for the period 01.01 – 31.12.2019.

Business :

- The decline of SMP even before the Covid-19 crisis, led the Company to not use its NOME positions as of mid-February 2020 (which were, since the end of 2016 its massive cost fixing and hedging tool) because NOME prices were already out of the market compared to the SMP alternative. Thanks to this possibility of selection of whether to use NOME products or not since mid-February 2020, the Company is only exposed to the ever declining SMP. Such declining SMP has had a direct positive impact on the retail margin of Electricity.
- On top of this and in respect to the Natural Gas market, the constant and significant drop of TTF (Title Transfer Facility) prices has also lowered the company's cost of LNG supply, which is valuated internationally in correlation with the TTF rate and has increased its Margins on Gas resale.
- However, the above mentioned enhancement of profit margins is expected to be temporary.

- The decline of SMP prices, as a result of the lower electricity demand due to the crisis of the Covid-19 pandemic, combined with the significant reduction of the variable costs of gas-operating electricity production units due to the decline in LNG supply cost is very soon expected to create intense competition circumstances among electricity suppliers in industrial, commercial and household consumers and as a result, profit margins are compressed into before-crisis levels and even lower.

- Additionally, in the natural gas purchase sector, Brent price has dropped significantly and much faster compared to TTF price and this is expected to compress profit margins from gas resale. The reason for this is that gas resale prices in Greece mainly rely on Brent prices and are thus expected to present decline movement by July 2020. At this premise, profit margins are expected to reduce as resale prices rely on Brent are going to converge to the purchase prices which are more related to TTF. Finally, there is a currently slight possibility of these two becoming basically equal (however, such risk is not going to arise earlier than Q4 2020).

Liquidity:

- The company's liquidity has started to face some limitations and is around 5 million Euros. However, this is mainly due to a significant receivable from the associated company, under the provisions of L. 4548/2018, HERON II VIOTIAS S.A. The specific amount is expected to be soon repaid, at least by a large percentage.

Actions taken :

- Immediately after the measures of limiting civil transportation taken by the Greek Government, the Company implemented daily monitoring actions concerning its receivables. The company hasn't noticed a drop in its collections rate so far with the sole exception being the second fortnight of March.
- There is constant communication through promoting actions with the B2C clients that normally paid in cash considering alternative payment methods.
- The process of cash flow forecasting has improved by the Company and partial payments of several of its suppliers has already begun.
- At present state, it is not possible to predict the evolution of the Covid-19 pandemic and also the timeframe for which it is going to affect the country's economy and particularly the Company's operations. However, the Company, being in cooperation and constant communication with its parent companies, pays careful attention to the developments around this matter, examines different scenarios and takes measures in order to secure its ongoing operations in the foreseeable future. More specifically, the Company has already planned and agreed with its parent companies on the reduction of its expenses. The improvement of the Company's organizational operation as well as its increased liquidity during the date of preparation of its financial statements and the support of its parent companies, could, based on the Company's judgement, secure its operations in the foreseeable future. It is also noted that besides the continuation of operations, it is a major priority for the company to secure safety of its employees and thus, public health. Under these premises, the Company is fully in line with the instructions and legislation that the Government has applied in consideration of the issue.

33. ANNEX I – SEPARATE FINANCIAL STATEMENTS OF THE INTEGRATED COMPANY OF PRODUCTION AND SUPPLY OF ELECTRICITY

HERON THERMOELECTRIC SOCIETE ANONYME
SEPARATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY
31/12/2019

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	OTHER	COMPANY TOTAL
ASSETS				
Non Current Assets	**14.180**	**12.584**	**261**	**27.026**
Tangible Assets	14.133	1.580	7	15.720
Intangible Assets	23	642	78	743
Right of Use Assets	3	1.112	168	1.283
Other Non Current Assets	21	9.250	8	9.279
Current Assets	**4.808**	**126.414**	**38.302**	**169.524**
Inventory	2.126	13	1.627	3.766
Trade and Other Receivables	3.500	117.224	34.671	155.395
Deferred Tax Assets	-	-	-	-
Income Tax Receivables	-	-	-	-
Cash & Equivalents	(818)	9.177	2.004	10.363
TOTAL ASSETS	**18.988**	**138.998**	**38.563**	**196.549**
STOCKHOLDERS' EQUITY				
Share Capital	2.416	-	-	2.416
Additional Paid In Capital	-	-	-	-
		-	-	
Reserves	805	(45)	(13)	747
Retained earnings	30.923	11.308	9.611	51.841
Total Equity	**34.144**	**11.263**	**9.597**	**55.004**
Capital contribution per business unit	**(17.878)**	**17.878**	**0**	**0,00**
LIABILITIES				
Non Current liabilities	**1.842**	**518**	**219**	**2.579**
Leasing Liabilities	2	649	107	**759**
Pension Fund Provision	1	199	59	**259**
Deferred Tax Liability	1.524	(330)	53	**1.247**
Other provisions	314	-	-	**314**
Current liabilities	**881**	**109.339**	**28.746**	**138.966**
Trade and Other Payables	876	108.101	28.432	**137.409**
Short-term portion of long-term liabilities	1	418	70	**489**
Provisions	-	-	-	**-**
Debt	-	-	-	**-**
Income Tax Liabilities	4	820	244	**1.068**
Total Liabilities	**2.723**	**109.857**	**28.965**	**141.545**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**18.988**	**138.998**	**38.563**	**196.549**

HERON THERMOELECTRIC SOCIETE ANONYME
SEPARATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY
31/12/2018

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	OTHER	COMPANY TOTAL
ASSETS				
Non Current Assets	**16.131**	**7.277**	**78**	**23.486**
Tangible Assets	16.063	699	5	16.768
Intangible Assets	47	302	66	415
Other Non Current Assets	21	6.276	7	6.304
Current Assets	**3.883**	**104.894**	**13.618**	**122.395**
Inventory	2.113	-	-	2.113
Trade and Other Receivables	2.201	92.515	13.753	108.469
Deferred Tax Receivables	-	-	-	-
Income Tax Receivables	7	799	198	1.003
Cash & Cash Equivalents	438	11.580	333	10.809
TOTAL ASSETS	**20.014**	**112.172**	**13.695**	**145.881**
STOCKHOLDERS' EQUITY				
Share Capital	2.416	-	-	2.416
Additional Paid In Capital	-	-	-	-
Reserves	805	- 44	- 11	751
Retained earnings	31.460	13.075	4.550	49.085
Total Equity	**34.681**	**13.032**	**4.540**	**52.252**
Capital contribution per business unit	**(17.400)**	**16.966**	**434**	**-**
LIABILITIES				
Non Current liabilities	**2.377**	**1.265**	**64**	**3.705**
Liabilities from Leases	-	160	-	160
Pension Fund Provision	1	179	44	225
Deferred Tax Liabilities	2.089	926	20	3.034
Other Non Current liabilities	286	-	-	286
Current liabilities	**357**	**80.909**	**8.658**	**89.924**
Trade and Other Payables	357	80.870	8.658	89.885
Short-term portion of long-term liabilities	-	39	-	39
Provisions	-	-	-	-
Debt	-	-	-	-
Total Liabilities	**2.733**	**82.174**	**8.722**	**93.629**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**20.014**	**112.172**	**13.695**	**145.881**

HERON THERMOELECTRIC SOCIETE ANONYME
SEPARATED INCOME STATEMENT OF THE FULLY INTEGRATED COMPANY
31/12/2019

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	OTHER	COMPANY TOTAL
SALES				
Energy Sales - Generation	1.390	0	0	**1.390**
Energy Sales - Supply	11	307.774	0	**307.785**
Revenue from Utilities Charges	315	26.514	0	**26.829**
Revenue from Utilities Supply	0	0	0	**0**
Energy Exports	0	20.271	26.500	**46.771**
Other Income	114	3.081	79.856	**83.051**
Total Sales	**1.830**	**357.640**	**106.356**	**465.826**
EXPENSES				
Natural Gas Cost	(192)	0	(76.525)	**(76.717)**
Energy Supply	(12)	(208.524)	0	**(208.536)**
Energy Imports	0	(18.392)	(21.819)	**(40.211)**
Expenses from Utilities Charges	0	(35.538)	0	**(35.538)**
Expenses for System Use	0	(10.439)	0	**(10.439)**
Expenses for Grid Use	0	(34.767)	0	**(34.767)**
Expenses for Emissions Reduction Fee	0	(33.308)	0	**(33.308)**
Emission rights - Purchase of CO_2 Rights	(31)	0	0	**(31)**
Impairement	(73)	(1)	0	**(73)**
Personnel Fees & Expenses	(5)	(4.741)	(463)	**(5.208)**
Third party fees	(59)	(5.623)	(457)	**(6.139)**
Repairs & Maintenance	(74)	(46)	(3)	**(123)**
Other Expenses	(183)	(4.706)	(178)	**(5.067)**
Depreciation	(2.308)	(858)	(109)	**(3.275)**
Bad Debt Provision	0	(1.678)	(902)	**(2.580)**
Financial Expenses	(2)	(654)	(130)	**(786)**
Financial Income	0	11	3	**15**
Total Expenses	**(2.939)**	**(359.263)**	**(100.583)**	**(462.786)**
PROFIT (LOSS) BEFORE TAXES	**(1.109)**	**(1.623)**	**5.773**	**3.041**

HERON THERMOELECTRIC SOCIETE ANONYME

SEPARATED INCOME STATEMENT OF THE FULLY INTEGRATED COMPANY

31/12/2018

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	OTHER	COMPANY TOTAL
SALES				
Energy Sales - Generation	1.412	-	-	**1.412**
Energy Sales - Supply	4	241.465	-	**241.469**
Revenue from Utilities Charges	320	18.071	-	**18.391**
Revenue from Utilities Supply	-	-	-	-
Energy Exports	-	16.933	26.988	**43.921**
Other Income	275	2.307	42.053	**44.634**
Total Sales	**2.011**	**278.776**	**69.041**	**349.827**
EXPENSES				
Natural Gas Cost	(80)	-	(40.150)	**(40.229)**
Energy Supply	-	(145.566)	-	**(145.566)**
Energy Imports	-	(13.985)	(25.646)	**(39.631)**
Expenses from Utilities Charges	-	(26.913)	-	**(26.913)**
Expenses for System Use	-	(8.400)	-	**(8.400)**
Expenses for Grid Use	-	(32.507)	-	**(32.507)**
Expenses for Emissions Reduction Fee	-	(31.830)	-	**(31.830)**
Emission rights - Purchase of CO2 Rights	-	-	-	-
Impairment	(31)	-	-	**(31)**
Personnel Fees & Expenses	(28)	(3.357)	(259)	**(3.644)**
Third party fees	(190)	(4.404)	(245)	**(4.840)**
Repairs & Maintenance	(27)	(25)	(5)	**(57)**
Other Expenses	(347)	(4.062)	(239)	**(4.648)**
Depreciation	(2.356)	(415)	(30)	**(2.801)**
Bad Debt Provision	-	1.073	-	**1.073**
Financial Expenses	(2)	(527)	(83)	**(612)**
Financial Income	0	10	3	**13**
Total Expenses	**(3.061)**	**(270.909)**	**(66.654)**	**(340.623)**
PROFIT (LOSS) BEFORE TAXES	**(1.050)**	**7.867**	**2.387**	**9.204**

A. Introduction

In accordance with the provisions of Directive 2009/72/EC article 31 and Article 141 of Law 4001/2011, as in force, the Integrated Electricity Companies:

i. Integrated undertakings shall keep separate accounts for each of the activities of generation, transmission, distribution, supply to eligible customers and supply to non-eligible customers and the provision of services of general interest, precisely as they would be required to do if these activities were carried out by different undertakings, with a view to avoiding discrimination, cross-subsidization and distortion of competition. These accounts must clearly show the revenue from ownership of the transmission system and distribution system.
ii. These undertakings shall keep consolidated accounts for other, non-electricity activities.
iii. Integrated undertakings shall clarify the rules for allocating assets and liabilities and income and expenditure used to prepare the separate accounts referred to in the previous paragraph.

The Regulatory Authority on Energy (RAE) approves the principles and allocation rules applied by these companies and their amendment in order to ensure non-discrimination, cross-subsidization or distortion of competition.

Based on the above, HERON THERMOELECTRIC SOCIETE ANONYME (Company or Heron Thermoelectric SA) is required to keep separate accounts for each of its electricity activities, Production and Supply.

B. Principles and Rules for the Allocation of Assets - Liabilities, Expenses - Revenues

1. General Principles and Methodology

The Company drafts, submits for audit and publishes according to the International Financial Reporting Standards annual financial statements in accordance with the relevant provisions of C.L. 4548/2018 and, Laws 3229/2004 and 3301/2004. The Company, being an integrated company took into account the provisions of Law 4001/2011 as amended and Directive 2009/72/EC, no. 31 on the separation of the accounts of Integrated Electricity Companies and maintains separate accounts, Balance Sheet and Income Statement, for the activities of Generation and Supply (Trading) in the Electricity Market in and supply of Utilities Services. The remaining Company activities, besides Electricity, are kept in consolidated accounts (Others).

At the end of the financial year, the Company drafts and publishes under IFRS its separate Balance Sheet and Income Statement per activity. The sum of the separate accounts are equal and in accordance to the Balance Sheet and Income Statement of the company, that have been prepared under the IFRS as adopted by the EU, with the exemption of Income Tax, as the separated Financial Statements are presented in the pretax stage. The separated statements are contained in the notes of the annual financial statements of the Company, which are approved and signed according to the law and contain a certificate by the auditors, where reference is made to the rules which are approved by RAE, as referred to in Article 141 paragraph 4 of Law 4001/2011.

2. Method and Rules of Distribution

The methods and accounting rules followed by the Company are dictated by the general accounting principles and the articles of the IFRS, which must be mandatorily kept. The process of keeping separated accounts per activity is supported by the Company's Resource Planning

System (SAP). In specific, the mandatory registration of all accounting records per business area (in SAP) is currently applied, as designated by the Company in accordance with the above General Principles, as follows:

(a) Business Areas / Activities

- Generation of electricity.
- Supply of electricity.
- Other activities apart from electricity, (Other).

(b) Business Areas not activities

- Management

In each system entry of a document or transaction, as well as any other entry, the amounts are characterized by "business area" and then the corresponding accounts of expenditure - income, assets - liabilities are automatically updated. The program has a security key based on which no entry is allowed without the above characterization.

The separated Financial Statements of each activity includes the Company's transactions with third parties.

In particular, each activity includes the following:

a) Electricity Generation

This activity includes Income, Expenditure and Assets and Liabilities, which are derived solely from the operation of the power plant. Specifically, income from the operation of the plant in Thebes, Boeotia, with a nominal power capacity of 147 MW, with combustible natural gas, as they are cleared and priced by the Independent Power Transmission Operator S.A. (ADMIE) and the Operator of Electricity Market S.A. (LAGIE). Also included are expenses relating to the above income, mainly the following: purchase of natural gas, purchase of diesel, pollutant markets, third party and personnel fees and expenses, maintenance and operational costs, consumption of spare parts, other production expenses and depreciation, as well as finance costs.
b) Supply of electricity

This activity includes Income, Expenditure and Assets and Liabilities, which are derived from the wholesale and retail sales of electricity. Purchases concern the purchase of Electricity from LAGIE and domestic and foreign companies, the rights of Electricity import and export, and the other services from ADMIE and, the network usage from Hellenic Electricity Distribution Network Operator S.A. (DEDDIE). Expenses mainly relate to personnel remunerations and costs, third party fees, finance and miscellaneous expenses.

c) Other activities besides Electricity

They include Income from any incidental activities. The Expenses include fees, expenses, depreciations, financial and extraordinary profits or losses, which relate to the other activities of the Company, apart from the Generation and Supply of Electricity, as they are mentioned above.

3. Separated Income Statement

3.1 Direct Income and Expenses

Documents and transactions which are solely related to one of the activities of the Company or which state a separate amount per activity, update immediately the separate accounts of each Activity / Business Areas (a).

3.2 Indirect Income and Expenses

Any documents and transactions which do not separately state the activity they are related to, shall update, when entered, the business area accounts (b), “Management.

At the end of each month, the balances of Common Management accounts are allocated as an assessment to each one of the activities (business areas a), whereas the allocation key is the participation percentage of each one in the total revenue of the Company during each financial year closing.

Thereafter, the Company prepares the annual profit and loss statements of each financial year per activity.

4. Separated Balance Sheet

The entries updating the Assets and Liabilities Accounts, such as fixed assets, reserves, customers, other receivables, suppliers, liabilities and loans are allocated to the relative activity. At the end of each financial year, the Equity total is allocated based on the difference of Assets and Liabilities of each activity, which is designated as “capital allocation to business units”.

Based on the above “capital allocation”, as well as the general accounting principles, the following Assets and Liabilities are also allocated by activity:

- Cash
- Financial products
- Tax liabilities and receivables
- Provisions
- Deferred taxes.

C. Verification of Regulatory Information

RAE may perform out extraordinary inspections in order to ascertain the implementation by the Integrated Company "HERON THERMOELECTRIC SA" and / or its associate controllers of the provisions of Article 141 of Law 4001/2011 regarding the obligation to maintain distinct Balance Sheet and Income Statement accounts for each activity and the proper application of the Principles and Rules of distribution of Assets and Liabilities, and Income and Expenses for the preparation of these separate accounts.

To this end, RAE has access to the accounts of the Integrated Company, as well as the right to contact the auditors of this company to provide additional explanations or clarifications on their reports, as well as additional financial information regarding issues contained in these reports. For this purpose, the Company shall endeavor to legally ensure that possibility, so as RAE may perform these tasks in relation to the above obligations arising.

The Principles and Rules for the Allocation of Assets and Liabilities and the Expenses and Expenses that apply to the preparation of the separate accounts of each of the Company's operations are fixed and may be amended upon RAE's approval upon a reasoned request from the Company.

D. Publishing of the Separate Financial Statements

The Company shall notify to RAE, within 15 working days of the approval of the annual financial statements by the General Meeting of the Company, the annual financial statements including the separate financial statements and which shall also contain the certificate and report of the certified auditors on the application of the Allocation Principles and Rules.

E. Annexes

The Annexes of the Principals and Rules of Separation of the Balance Sheet and the Income Statement per activity of the Company "Heron Thermoelectric S.A." is an integral part of the Company's Financial Statements and is amended by the same procedure.

THE CHAIRMAN OF THE BOARD	**THE MANAGING DIRECTOR**
GEORGE KOUVARIS	**GEORGE DANIOLOS**

THE ACCOUNTANT

VALMAS NIKOLAOS