HERON SOCIETE ANONYME ENERGY SERVICES

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 2020

CONTENTS

Deloitte.

Deloitte Certified Public
Accountants S.A.
3a Fragkokklisias & Granikou str.
Marousi Athens GR 151-25
Greece

Tel: +30 210 6781 100
www.deloitte.gr

TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

Independent Auditor's Report

To the Shareholders of the Company HERON SOCIETE ANONYME ENERGY SERVICES

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the company HERON SOCIETE ANONYME ENERGY SERVICES (the Company), which comprise the statement of financial position as at December 31, 2020, 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 SOCIETE ANONYME ENERGY SERVICES as of December 31, 2020, 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

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.

Deloitte.

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.

Deloitte.

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 Codified Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31/12/2020.

b) Based on the knowledge we obtained during our audit about the Company HERON SOCIETE ANONYME ENERGY SERVICES 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, 2020, as well as the separated by activity Statement of Income before taxes for the period from 1 January 2020 to 31 December 2020, 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, 8 July 2021
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

MAKING AN IMPACT THAT MATTERS since 1845

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
Damien TEROUANNE	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 2020

MANAGEMENT REPORT
To the Ordinary General Meeting of Shareholders
On the 2020-year balance sheet and results
Period 1/1/2020 - 31/12/20120

Dear Shareholders,

We have the honour to present you for your approval the financial statements of the year 1/1-31/12/2020 of our company and give you the following explanations.

1. Main financial indicators

On 31st December 2020, the financial position of the company deems satisfactory. The owner's equity amounted to € 54.211 thousand compared to € 55.004 thousand in 2019.

The Company's main financial ratios for 2020 and 2019 fiscal years are as follows:

Financial structure ratios
(All amounts presented in thousand Euro)

	31/12/2020		31/12/2019	
Current assets	164.228	84,45%	169.524	86,25%
Total assets	194.465		196.549	
Non-current assets	30.237	15,55%	27.025	13,75%
Total assets	194.465		196.549	

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

Equity	54.211	38,65%	55.004	38,86%
Total liabilities	140.254		141.545	

The above ratio shows the Company's financial adequacy.

Total liabilities	140.254	72,12%	141.545	72,01%
Total equity & liabilities	194.465		196.549	
Equity	54.211	27,88%	55.004	27,98%
Total equity & liabilities	194.465		196.549	

The above ratios show the Company's leverage.

Equity	54.211	179,29%	55.004	203,53%
Non-current assets	30.237		27.025	

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

Current assets	164.228	117,90%	169.524	121,99%
Current liabilities	139.300		138.966	

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

Working capital	24.928	15,18%	30.558	18,02%
Current assets	164.228		169.524	

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

	31/12/2020		31/12/2019	
Year net results before tax	(964)	(0,21%)	3.041	0,66%
Sales of stocks & services	463.047		462.343	

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

Year net results before tax	(964)	(0,21%)	3.041	0,65%
Total income	467.954		465.840	

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

Year net results before tax	(964)	(1,78%)	3.041	5,53%
Equity	54.211		55.004	

This ratio presents the return on equity of the Company.

Gross profit	5.715	1,23%	8.833	1,91%
Sales of stocks & services	463.047		462.343	

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

2. 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 SOCIETE ANONYME ENERGY SERVICES 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%.

3. Economical and Financial highlights

The Turnover amounted to € 463.047 thousand compared to € 462.343 thousand in 2019.
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to € 3.365 thousand compared to € 9.697 thousand in 2019.
Earnings before Income Tax stood at minus € 964 thousand compared to € 3.041 thousand in 2019.
Earnings per Share stood at minus € 17,69 compared to € 57,03 per share in 2019.
Total Assets (which include non-current and current) amount to € 194.465 thousand (compared to € 196.549 thousand in 2019).
Company Liabilities amount to € 140.254 thousand compared to € 141.545 in 2019.
Company Cash amounts to € 19.131 thousand and has been placed in bank deposits (€ 10.363 thousand in 2019).

4. Real estate of the Company

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

5. Important events during 2020

A. Legal dispute with IPTO - Independent Power Transmission Operator - (ADMIE)

a. The Company had filed on 23/11/2016 a lawsuit against IPTO S.A. before the Athens Multi-Member Court of First Instance, requesting the payment of the unpaid or late payment invoices (per chapter) as well as the interest on arrears of the above mentioned invoices, which IPTO owed to the Company. More specifically, the Company has a claim against IPTO S.A. (Independent Power Transmission Operator) based on its obligations arising from the Electricity Transmission System Management Code (System Management Code or S.M.C.). These invoices were issued from October 2011 to May 2015.
b. The amounts claimed were as follows: € 7,851,652.64 for capital and € 1,634,691.37 (if the S.M.C. applies) or € 1,826,483 (if the Civil Code applies) or 1,647,888 (if the provisions for commercial transactions apply) for interest on arrears and € 1,215,461 as compensation for the material damage caused to the Company according to the lawsuit.
c. The no. 1121/2018 decision of the Court was issued on 23/3/2018 and was presented to the Company on 29/5/2018. The Court via the particular decision rejected the Lawsuit of the Company.
d. The Company filed on 28/6/2018 an Appeal via the General Deposit Number 63282/2018 and Special Deposit Number 4251/2018 against the above mentioned Decision.
e. The Company's Appeal was discussed on 10/10/2019. The decision of the Athens Multi-Member Court of First Instance is expected.
f. On 30.07.2020 the Company filed an appeal against IPTO S.A. before the Athens Court of Appeal as well as against the decision no. 2799/2020 of the Three-Member Court of Appeal of Athens.
g. According to the above decision 2799/2020, the Company's appeal for the cancelation of the decision under No. 1121/2018 was rejected. The Company's demand concerned its claim against IPTO for the services provided by the Company and for the injection of energy into the system in the context of the provision of these services. In the appeal that was filed, the main reasons are as follows:

i. The decision ruled that IPTO does not have the status of a counterparty and is not obliged to pay the obligations of the respective overdue Participant from its own resources, while it accepted that the Company entered into an Administration Transaction Agreement with IPTO.

ii. The decision violated provisions of Law 4001/2011 as well as the Electricity System Management Code as these provisions constitute the independent obligation of IPTO to pay the amounts due to the Participants in the System for the services provided on its behalf, without any term or condition and regardless of whether the other Participants in the System have previously paid the amounts due for the services received.

iii. The decision was erroneously based on the non-existence of an independent obligation of IPTO regarding the adjudication of IPTO's arrears as this obligation is not subject to the prior collection of any amounts due to IPTO by the overdue Participants.

iv. The decision refers to provisions of Law 4425/2016, which, however, were introduced after the creation of the receivables of the Company and with which provisions a different legal regime was introduced from the one that had been introduced by Law 4001/2011.

v. The decision leads to a violation of the provisions of Articles 330, 340, 341 and 342 of the Civil Code by accepting that there was no disputed obligation, meaning the disputed debt of IPTO, and therefore that the latter did not fall into arrears.

The trial of the case has been set for 21.02.2022 before the A1 Department of the Supreme Court.

B. Case of HERON versus HEDNO - Hellenic Electricity Distribution Network Operator (DEDDIE) in Athens Multi-Member Court of First Instance

a. On June 9, 2020, the Company filed a lawsuit before the Athens Multi-Member Court of First Instance against the company "Hellenic Electricity Distribution Network Operator Societe Anonyme" ("HEDNO") with the following claims:

i. Recognize that HEDNO has systematically made increases in the calculation of settlements in the Manual of Administering the Measurement and Periodic Settlement, that these increases are illegal and are also due to the fault of the defendant and, consequently, that the systematic calculation of energy losses at lower levels than the actual ones is illegal and culpable.

ii. To acknowledge that HEDNO caused illegal and culpable damage during the period March 2017 - January 2018, which amounts to € 2,366,585.92 and to be obliged to pay the said amount to the Company.

b. HEDNO proceeded at the invitation of the independent RAE (Regulatory Authority for Energy) authority and IPTO S.A..

c. On 19.10.2020 the Proposals were submitted by the parties, while on 03.11.2020 their Supplements were also filed. In this Supplement, the Company adjusted the request to € 1,362,751.03 and in any case not less than € 850,892.49.

d. The case has not yet been heard.

C. Extraordinary charge L.4759 / 2020:

Pursuant to paragraph 2 of Article 157 of Law 4759/2020, an extraordinary charge for the year 2021 was imposed on each Electricity Supplier and self-procured Customer, based on: (a) the quantities of their cargo declarations that were included in the Daily Energy Planning for the period 01.01.2020 until 31.10.2020 and (b) the net position of the settled orders for their purchase and sale in the Next Day Purchase and the Intraday Purchase for the period from 01.11.2020 to 31.12.2020. The amount of this charge is fixed and equal to 2 € / MWh. The amounts of the charge for each month of the year are calculated by the competent managers of D.A.P.E.E.P. SA – RES & Guarantee Manager SA for the interconnected system and interconnected network and of HEDNO - Hellenic Electricity Distribution Network Operator (DEDDIE) for the Non-Interconnected Islands (NIS). The relevant settlement or clearing notes are then sent to the cargo representatives.

6. Significant events after the end of the year and until the preparation of this Report

Apart from the above, no other significant events have occurred until the date of submission of this Report.

7. Risk management objectives and policies.

Operational Risks

The main risks associated with the development of the Company's business activities could be or relate to material losses, business interruptions, human resources and losses arising from systems or external events. The Company, in order to protect itself against operational risks, has entered into agreements with primary insurance companies for Material Loss insurance, Cessation of Business Activity and Civil Liability Insurance.

Market Risks

The Company, during its activity in the Market, supplies all categories of customers with Electricity. Customers are divided into categories (Low, Medium and High Voltage), as well as additional subcategories such as customers who receive a standard offer in energy plans already announced on the Company's site as well as large corporate customers who receive a special offer after analysis of their energy characteristics.

Regarding the customers who receive a standard offer, the company does not face any risk as the offered prices are linked to an Adjustment Clause, which means that when the costs increase there is a corresponding (incremental) compensation for the Competitive Part of the Invoice from the Adjustment Clause. Respectively, when the costs fall, then the Adjustment Clause acts in such a way that the customer benefits through relevant credits, while at the same time the Company keeps its profit margin constant.

For customers who receive a special offer, the above risk compensation did not exist until recently. The prices offered in the Electricity Market were entirely fixed prices for a period of one year. In Customer-Supplier contracts, the supplier always made sure that there was a paragraph that provided the flexibility of an adjustment in case the costs increased excessively. During the COVID-19 period, the costs of Electricity decreased dramatically, mainly due to a decrease in demand, and as a result the Suppliers, who maintained a customer base in the second category, generated relatively large profits, especially in the first months of the lockdown, since they had agreed on prices with customers at a higher level.

However, within a few months, due to competition conditions, the Market balanced at lower levels. The problem in this category began to grow when with the advent of the Target Model, costs towards the end of the year began to increase. The fixed contracts at low prices that had been given in the previous period had to be "broken" as there were no Adjustment Clauses, which would protect the Supplier. Given that these contracts are subject to negotiation, valuable time was lost at this stage, and as result all Energy Companies recorded losses in this category of customers in the first half of 2021. However, this problem created a huge opportunity as all contracts are no longer traded at fixed prices but at index prices. The Management of the Company considers that from the autumn of 2021, all contracts in the specific category of customers will be connected with parameters of the Market, leaving small but stable profit margins. Our Company has been moving towards this direction since May 2021.

As mentioned above, the fluctuation of the prices of basic goods and other related items or accounts that affect the formation of the cost of purchasing electricity is at times particularly large and follows directly both global trends, e.g. gas prices, carbon dioxide rights prices, as well as local-national conditions, such as changes in demand in times of crisis or economic recovery, and are greatly influenced by regulatory changes in markets' planning. At the same time, the formation of sale prices to final consumers is dictated by the conditions of competition in the supply market and can take the form of a variable sale price based on the purchase cost plus a bonus or a fixed price.

In the above context, the Company analyses its exposure to the ever changing prices of the electricity market in relation to the sales prices agreed with its customers and develops a dynamic hedging

strategy through the various tools available (indicative: futures contracts concluded in the energy and gas market at a predetermined price for long periods of months or a year, financial dispute agreements for individual market prices / costs with electricity producers, direct participation in the carbon dioxide options market, etc.).
Immediately after the outbreak of the COVID-19 pandemic and the restrictive measures imposed, the Company focused on processes of continuous analysis and assessment of the main sources of risk that emerged or were expected to emerge, such as increased volatility (like initial drop and then subsequent increase) of all energy prices worldwide, the significant drop in demand and the assessment of the impact of the pandemic on GDP, especially in the peak summer period, the difficulty in forecasting and estimating customer demand due to restrictive measures and the cessation of the operation of many companies, etc. Based on this analysis, the Company made decisions to manage the relevant risk, while implementing a strategy to support vulnerable groups of customers who have been significantly affected by the pandemic.
Regarding the outbreak of the COVID-19 epidemic at the beginning of 2020 and the unprecedented related restraint measures that followed, which resulted in the creation of a particularly negative economic and social environment, globally and locally, the Company's Management considers that the industry belongs to those business categories that are not significantly affected in the event of a slowdown in the global economy due to the spread of the disease.
The Management of the Company constantly monitors and carefully evaluates the situation and its possible effects on the business activities of the Company itself, taking initiatives that deal as much as possible with the impact of the effects of the pandemic.

Financial Products and Risk Management

The Company implements its own Risk Policy which represents and serves the guidelines regarding the approach and coverage of (i) market risk, (ii) volume risk and (iii) credit risk.
Non-derivative financial assets and liabilities of the Statement of financial position include cash and cash equivalents, trade receivables, other financial receivables, loans, leases, trade payables and other current liabilities. The Company does not use derivative financial instruments. Financial risk management aims to minimize the potential negative effects.
Specifically, the Company is exposed to the following financial risks:

(i) Interest rate risk
Interest rate risk is the probability that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market interest rates.
The Company's short-term borrowing is in Euro with a floating interest rate linked to the euribor. Short-term loans are taken primarily as working capital. The Company's policy is the conversion of these loans into a long-term loans with fixed spread with a connection to euribor and where necessary given the repayment schedule, and with the aim of applying approved interest rate risk management policies through Interest Rate Swaps.

(ii) Foreign exchange risk
Foreign exchange is the risk that arises when the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in exchange rates. This type of risk may arise from exchange differences in the valuation of financial assets, mainly receivables and financial liabilities, from transactions denominated in a currency other than the Company's operating currency, which is the Euro.
The Company is not exposed to foreign exchange risk as all its financial instruments (receivables and liabilities) are denominated in Euro.

(iii) Credit risk
The Company's policy is to seek business activities with customers with satisfactory creditworthiness, including customers who minimize the risk if necessary. The Company has also insurance to protect the claims related to some of the retail customers, in addition to legal and other procedures through third parties. The Company's policy for existing customers who make a large turnover, requires the use of the credit alert service of Teiresias. Any change in the financial data for these large customers comes in immediately, in order to take the necessary drastic actions to reduce the risk of these customers.

Using the SAP dunning program with specific actions per day of delay, also enables drastic decisions to reduce the risk as immediately as possible.
The daily communication with the commercial department for resolving any problems in relation to the Company's customers is the reason for monitoring the customers' financial problems as well.
Finally, continuous efforts are made to reduce the risk concerning the formation of provisions by seeking to have as many payments as possible through fixed bank orders and credit card orders.

(iv) Market risk
The Company for its financial assets is not exposed to any market risk.

(v) Liquidity risk
The Company manages its liquidity needs by carefully monitoring the financial liabilities as well as the payments made daily. Liquidity needs are monitored in various time zones, on a daily and weekly basis as well as in a rolling period of 30 days. Liquidity needs for the next 6 months and the following year are determined monthly.
The Company maintains sufficient cash in banks to meet liquidity needs for a period of up to 30 days.

8. Global public health crisis from the coronavirus pandemic (COVID -19)

At the end of December 2019, the new coronavirus strain SARS-CoV-2, which causes coronavirus disease (COVID-19), appeared in China. In the following months, coronavirus disease (COVID-19) spread rapidly worldwide and on March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The COVID-19 pandemic has led to an unprecedented crisis in global health and the economy. In Greece, the virus was first detected in late February 2020, leading to a national quarantine. At the beginning of May 2020, a gradual easing of quarantine restrictions began, which lasted until June 2020. During the summer, however, the increase in COVID-19 cases in Greece led to the early end of the tourist season and the resumption of restriction measures. Measures of limited reopening of the stores were implemented during the festive period of Christmas 2020. Throughout the pandemic, the Company constantly acts based on the instructions and decisions of all relevant bodies and authorities, observing and complying with the requirements and the action plan adopted by the Greek authorities.
In the context of the public health protection, many countries have adopted extraordinary, temporary and costly restraining measures (some countries have required companies to restrict or even suspend their normal business activities). The Greek Government, in an effort to keep the infection cases and deaths low to the point where a large percentage of the population could be vaccinated, has taken stricter measures than in other European countries, taking repeated restraining measures in the fields of tourism, trade, food catering and entertainment. To support workers and businesses affected, the Greek government has also taken fiscal measures through combined actions to safeguard employment and suspend the payment of various obligations, measures that have subsequently reduced the negative impact on the economy.
According to the Bank of Greece, all these measures resulted into a recession in the Greek economy of 8.2% for 2020, while at the level of the Eurozone, the economy contracted by 6.6%.
The global impact of the pandemic has resulted in the European Union being forced to approve € 1.824 billion in funding to help its members deal with the effects of the COVID-19 pandemic on the European economy. Greece is expected to raise € 72 billion from these funds, € 31 billion through the Recovery and Resilience Fund (€ 18 billion in grants, € 13 billion in loans) and € 40 billion through the EU Cohesion Fund (ESPA) for the period 2021-2027.
The health crisis from the coronavirus pandemic (COVID-19) has led the world economy to a period of uncertainty and instability, the consequences of which are difficult to assess based on the data so far, as the situation is constantly evolving. The economic impact will depend on the duration and intensity of the recession, as well as the prospects for recovery. Already to address the health and consequently the economic aspects of the pandemic, governments around the world have launched ongoing mass vaccination programs aimed at covering the entire population and building the required immune wall, which will lead back to normality. Based on the fact that the pandemic has not yet been fully controlled, in combination with the presence of virus mutations that alter the transmissibility rate of the virus and the effectiveness of vaccines, this particular risk remains one of the main risks of the Company.

The Company's Management with an extremely high sense of responsibility, towards its customers, employees, suppliers, and partners, monitors the developments regarding the coronavirus pandemic (COVID-19), assessing the possible risk factors that could influence its financial position, business activities and financial results. Specifically, the Company has implemented and is enforcing the law on compulsory teleworking, giving priority to its employees, who use the means of transport and defining the location of specific spots in the workplace in order to maintain distances. The Company also asked its employees to take molecular tests after returning from summer vacation and self - tests after Easter holidays. It has increased cleaning and disinfection of its offices in the area of its facilities and its leased stores. Finally it has reduced physical meetings to the absolutely necessary ones.
The Company in the area of its production facilities where teleworking could not be applied organized the work in shifts which are carried out by specific individuals. At the entrance of the factory space, a thermometer-based measurement is taking place, while during the maintenance works, external collaborators enter the space only after presenting a (negative) molecular test.

9. Non-financial data

Adopting the provisions of Law 4403/2016, a section of non-financial data is being drafted and developed, which concerns the areas with the greatest impact for the company in environmental, social, labor and human rights issues, fight against corruption and bribery.
The Company pursues business excellence and aims at best practices with responsible development and absolute respect for the environment in which it operates.

(i) Vision and principles
The Company, based on the principles of Sustainable Development, its effective organizational structure, its insightful business strategy and the high know-how of its people, excels in important areas of business activity. Its dynamic presence is accompanied by its unwavering support to the local community in which it operates, by absolute respect for the natural environment and by the completion of projects-landmarks that create value for future generations.
The Company operates by prioritizing values showing at the same time that ethical and sustainable entrepreneurship are a lever for growth.
These are:
• Respect for humans and the natural environment
• Creating value for its employees, partners and customers
• Honesty and reliability
• The targeted social contribution

(ii) Strategic approach to Corporate Responsibility
The Company is exposed to multiple risks, which are related to a number of external factors that come mainly from economic conditions in Greece. Additional financial risks affect the financial position of the Company and the way in which it makes business decisions and enters into strategic partnerships in Greece.

(iii) Responsibility for the environment
Corporate Responsibility is accompanied by a framework of principles, the effective integration of which affects the operation of the Company and guarantees the protection of the environment and optimal management of natural resources as well as the adoption of environmentally friendly technologies thus minimizing the burden of the Company's activity.
The Company recognizes the degree of its impact on the natural environment, and for this reason it has set the latter's protection as a priority within its strategy. At a minimum, the Company fully complies with the current legislation and the regulatory framework in the environments where it operates and seeks to exceed the minimum requirements.

(iv) Occupational Health and Safety Issues
The Company, through a specific Health and Safety Policy but also a strict Health and Safety Management System, aims at the timely identification and minimization of the risks that concern all of its business activities.
The approach followed by the Company is based on the following 5 axes:

1. Active role of the Management
2. Employee participation
3. Collaborations based on Health and Safety
4. Actions that promote Health and Safety
5. Compliance control inspections

(v) Labor Issues
Corporate Responsibility is accompanied by a framework of principles, the effective integration of which affects the operation of the Company and guarantees:
- The development and strengthening of human resources
- The strengthening of employees' skills
- Ensuring equality and a fair working environment
- Enhancing know-how and innovation
- Health and Safety
- Ensuring Health and Safety for the employees and associates of the Company and
- Ensuring Health and Safety for the users

The Company invests in the human resources element which staffs its operations whereas it continuously and uninterruptedly takes care of its personnel's professional development, security and prosperity. The continuous training and development it offers is in line with the anthropocentric approach of the Company, which is officially reflected in the Code of Ethics & Conduct of the Company, "based on a system of principles that promotes mutual trust, transparency, cooperation, recognition , integrity, equal opportunities and motivation for progress and which distinguishes the skills and personality characteristics of each person, contributes to overcoming personal and interpersonal difficulties, promotes the innovation of thoughts and actions based on the latest achievements each time and ultimately creates a sense of security and meritocracy for all the Company's employees in a modern environment".

Training and providing opportunities boosts employees' confidence, strengthens culture and team spirit and promotes innovation. At the same time, the personal and professional development of the executives ensures the continuous development and growth of the Company itself, thus securing its leading position in the market.

10. Transactions with related parties

The transactions as well as the balances of the Company with related parties for the period ended 31.12.2020 and 31.12.2019 are as follows:

Fiscal Year 31.12.2020

Related party	Income	Purchases	Debit Balances	Credit Balances
Affiliated Companies	43.439	13.764	6.257	3.863

Fiscal Year 31.12.2020

Related party	Income	Purchases	Debit Balances	Credit Balances
Affiliated Companies	63.660	21.007	18.517	1.932

The earnings of the Members of the Board and the senior executives of the Company recognized on 31st December 2020 as well as the respective balances are:

1.1-31.12.2020	1.1-31.12.2019

Services fees	270	257
Payroll	184	202
Total	**454**	**459**

	31.12.2020	31.12.2019
Liabilities	0	0
Assets	0	8

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, 30 June 2021
On behalf of the Board of Directors,

The Chairman

George Kouvaris

ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

(1 January - 31 December 2020)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of HERON SOCIETE ANONYME ENERGY SERVICES (hereinafter the "Company") on 30 June 2021 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 THERMOELECTRIC S.A.

STATEMENT OF FINANCIAL POSITION

31st December 2020

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

ASSETS	Note	31.12.2020	31.12.2019
Non-current assets			
Intangible assets	4	2.485	743
Tangible fixed assets	5	13.040	15.720
Right-of use assets	6	865	1.283
Other long-term receivables	7	13.847	9.279
Total non-current assets		**30.237**	**27.025**
Current assets			
Inventories	8	2.247	3.766
Trade receivables	9	127.411	141.757
Prepayments and other receivables	10	14.653	13.638
Income tax receivables		786	-
Cash and cash equivalents	11	19.131	10.363
Total current assets		**164.228**	**169.524**
TOTAL ASSETS		**194.465**	**196.549**
EQUITY & LIABILITIES			
Share Capital	17	2.416	2.416
Reserves	18	809	747
Profit/(Loss) Retained earnings		50.986	51.841
Total equity		**54.211**	**55.004**
Non - Current liabilities			
Liabilities from leases	16	358	759
Provision for staff retirement indemnities	12	251	259
Provision for dismantlement	13	345	314
Deferred tax liabilities	19	0	1.247
Total Non - Current liabilities		**954**	**2.579**
Current liabilities			
Short-term liabilities	16	9.000	-
Short-term leasing liabilities	16	493	489
Suppliers	14	64.672	75.037
Accrued and other payables	15	65.135	62.372
Income Tax payable		-	1.068
Total current liabilities		**139.300**	**138.966**
TOTAL EQUITY & LIABILITIES		**194.465**	**196.549**

HERON THERMOELECTRIC S.A.
STATEMENT OF COMPREHENSIVE INCOME
31st December 2020
(All amounts are presented in thousand Euro, unless otherwise stated)

	Note	1.1-31.12.2020	1.1-31.12.2019
Revenue	20	463.047	462.343
Cost of goods sold	21	(457.332)	(453.510)
Gross profit/(loss)		**5.715**	**8.833**
Administrative and selling expenses	21	(6.133)	(5.791)
Other income / (expenses)	24	230	799
Net financial income	25	11	15
Net financial expenses	25	(787)	(815)
Earnings/ (loss) before income tax		**(964)**	**3.041**
Income tax	19	109	(285)
Earnings/(loss) after income tax		**(855)**	**2.756**
Other Comprehensive Income (not to be recycled in profit and loss)			
Actuarial gains/losses	12	81	(3)
Income tax	19	(19)	(1)
		62	**(4)**
TOTAL COMPREHENSIVE INCOME		**(793)**	**2.752**

HERON THERMOELECTRIC S.A.
STATEMENT OF CASH FLOWS
31st December 2020
(All amounts are presented in thousand Euro, unless otherwise stated)

	Note	2020	2019
Cash flows from operating activities			
Earnings/(loss) before income tax		**(964)**	**3.041**
Adjustments for reconciliation of net flows from operating activities			
Depreciation	4, 5,6	3.552	3.275
Impairment of trade receivables	9	4.234	2.580
Provisions		137	28
Interest and related income	26	(11)	(15)
Interest charges and related expenses	26	787	815
Results from fixed assets		0	0
Operating profit before changes in working capital		**7.735**	**9.724**
(Increase)/decrease in:			
Inventories		1.519	(1.653)
Trade receivables		10.112	(46.857)
Prepayments and other short-term receivables		(5.005)	(5.623)
(Increase)/decrease in:			
Suppliers		(10.365)	25.570
Accrued and other short-term payables		2.696	21.951
Income tax payments		(4.589)	0
Net cash flows from operating activities		**3.103**	**3.112**
Cash flows from investing activities			
(Purchases)/ sales of tangible assets	4,5	(2.093)	(2.327)
Interest and related income received		11	15
Cash flows from investing activities		**(2.082)**	**(2.312)**
Cash flows from financing activities			
Payments for financial leases	16	(500)	(462)
Income from short-term loans		9.000	-
Interest charges and related paid-up expenses		(753)	(784)
Cash flows from financing activities		**7.747**	**(1.246)**
Net increase/ (decrease) in cash		**8.768**	**(446)**
Cash and cash equivalents at the beginning of the year		**10.363**	**10.809**
Cash and cash equivalents at year end		**19.131**	**10.363**

HERON THERMOELECTRIC S.A.

STATEMENT OF CHANGES IN EQUITY

31st December 2020

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

	Share Capital	Reserves	Profit carried forward	Total
1st January 2019	2.416	751	49.085	52.252
Changes in accounting policies	-	-	-	-
	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
1st January 2020	2.416	747	51.841	55.004
Changes in accounting policies (note 31)	-	-	-	-
	2.416	747	51.841	55.004
Total comprehensive income	-	62	(855)	(793)
Formation of statutory Reserves	-	-	-	-
31st December 2020	2.416	809	50.986	54.211

1. ESTABLISHMENT AND COMPANY ACTIVITY

HERON SOCIETE ANONYME ENERGY SERVICES 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).
The Company belongs to GEK TERNA SA, which is listed on the Athens Stock Exchange, and to ENGIE SA, which is listed on the Paris Stock Exchange, while its financial statements are consolidated using the equity method in the consolidated financial statements of these companies.

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 2020. 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, 2019, except for the adoption of new standards and interpretations, whose application is mandatory for periods beginning on 1 January 2020.

From January 1st 2020 the Company adopted new standards, amendments of standards and interpretations as follows:

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 have no 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 have no significant impact on the financial position and / or the financial performance of the Company.

IFRS 3: "Definition of a Business"

The amendments provide entities with application guidance to 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.

The amendments have no significant impact on the financial position and / or the financial performance of the Company.

IFRS 16: "Covid-19-Related Rent Concessions"

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

Specifically, lessees who chose to apply the practical expedient are not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. Lease concessions in the form of a one-off reduction in rent, will be accounted for as variable lease payments and be recognized in profit or loss of the reporting period.

The practical expedient is applicable to rent concessions which occurred as a direct consequence of the covid-19 pandemic and only when the revised consideration is substantially the same or less than the original consideration, the reduction in lease payments relates to payments due on or before 30 June 2021 and no other substantive changes have been made to the terms of the lease.

The application of the practical expedient shall be disclosed along with the consequent amount recognized in profit or loss for the reporting period.

The IASB decided not to provide any additional relief for lessors.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The amendments have no significant impact on the financial position and / or the financial performance of the Company.

New standards, interpretations and amendments effective for periods beginning on or after January 1st, 2021

IFRS 3: "Reference to the Conceptual Framework"

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 and introduce an exception to the recognition principle in order to determine what constitutes an asset or a liability in a business combination.

The amendments are effective as of January 1st, 2022 and are not yet endorsed by the European Union.

IAS 16: "Proceeds before Intended Use"

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective as of January 1st, 2022 and are not yet endorsed by the European Union.

IAS 37: "Onerous Contracts — Cost of Fulfilling a Contract"

The amendments specify which costs a company must include when assessing whether a contract will be loss-making. Specifically, the amendments require that the cost of fulfilling a contract should include both the incremental costs of fulfilling that contract along with an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective as of January 1st, 2022 and are not yet endorsed by the European Union.

IAS 1: "Classification of Liabilities as Current or Non-current"

The amendments aim to provide guidance for the consistent application of IAS 1 requirements regarding the classification of debt and other liabilities with an uncertain settlement date, as current or non-current in the statement of financial position.

The amendments are effective as of January 1st, 2023 and are not yet 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	5-20
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.

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.

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.

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 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.

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 replaced provisions of L. 2112/1920 by L.4093/2012, 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 (EFKA) 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)	2020	2019
Net book value 1.1	**743**	**415**
Additions	1.358	0
Transfer (from)/to intangible fixed assets-cost	834	577
Write-off intangible assets	(5)	0
(Depreciation)	(445)	(249)
Net book value 31.12	**2.485**	**743**
Cost as at 1.1	1.927	1.350
Accumulated depreciation 1.1	(1.184)	(935)
Net book value 1.1	**743**	**415**
Cost 31.12	4.114	1.927
Accumulated depreciation 31.12	(1.629)	(1.184)
Net book value 31.12	**2.485**	**743**

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 443 thousand €, of the Statement of Comprehensive Income (2 thousand € and 247 thousand € respectively for the year 2019).

5. TANGIBLE FIXED ASSETS

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

Year of 2020 (All amounts are presented in thousand Euro)	**Land - Plots**	**Buildings**	**Machinery**	**Vehicles**	**Other**	**Fixed assets under construction**	**Total**
Net book value 1.1.2020	**2.385**	**1.812**	**10.449**	**0**	**240**	**834**	**15.720**
Additions	-	-	-	-	-	741	741
Transfer (from)/to intangible assets-cost	-	-	-	-	-	(834)	(834)
Transfer (from)/to tangible fixed assets-cost	-	12	371	-	306	(689)	-
Year depreciation	-	(255)	(2.090)	-	(243)	-	(2.588)
Net book value 31.12.2020	**2.385**	**1.569**	**8.730**	**0**	**303**	**52**	**13.040**
Cost 01.01.2020	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 1.1.2020	**2.385**	**1.812**	**10.449**	**0**	**240**	**834**	**15.720**
Cost 31.12.2020	2.385	16.728	52.376	22	1.724	52	73.287
Accumulated Depreciation	0	(15.159)	(43.646)	(22)	(1.421)	0	(60.247)
Net book value 31.12.2020	**2.385**	**1.569**	**8.730**	**0**	**303**	**52**	**13.040**

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**

Depreciation for the year 2020, € 2.588 thousand (€2.530 thousand for 2019) was recognised in the Income Statement by € 2.578 thousand (€2.522 thousand for 2019) in the account Cost of Goods Sold and by € 10 thousand (€8 thousand for the previous year) in the account Administrative and Selling Expenses.

6. RIGHT-OF USE ASSETS

The analysis of their movement is presented as follows:

	Buildings	**Transportation means**	**Other**	**Total**
Cost as of January 1 2020	1.032	426	338	1.796
Additions	0	102	1	103
Write-offs	0	0	0	0
December 31 2020	1.032	528	339	1.899
Accumulated depreciation as of January 1 2020	(295)	(131)	(87)	(513)
Depreciation for the period	(308)	(145)	(68)	(521)
Write-offs accumulated depreciation	0	0	0	0
December 31 2020	(603)	(276)	(155)	(1.034)
Net Book Value as of December 31 2020	429	252	184	865

	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 accounting standards	991	333	0	**1.324**
Transfer (from)/to tangible fixed assets-cost (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 deprecia-tion as of January 1 2019	0	0	0	**0**
Transfer (from)/to tangible fixed assets-cost (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 2020 was equal to € 521 thousand (€ 497 thousand in 2019) and was recognised in the Income Statement by € 213 thousand (€ 198 thousand in 2019) in the account Cost of Goods Sold and by € 308 thousand (€ 299 thousand in 2019) 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)	**31.12.2020**	**31.12.2019**
Agents' commissions cost	13.172	9.193
Given guarantees	97	86
Total	13.269	**9.279**

The movement of agents' commissions cost is presented below:

	2020	**2019**
Opening balance 01/01	9.193	6.231
Capitalised cost	5.624	3.965
Costs recognized as expenses	(1.645)	(1.003)
Balance 31/12	13.172	**9.193**

8. INVENTORIES

On 31 December 2020, Inventories presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2020	31.12.2019
Fixed assets spare parts	1.435	1.420
Consumables (mainly oil)	661	706
Merchandise (natural gas)	151	1.640
Total	2.247	**3.766**

The amount of € 151 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)	31.12.2020	31.12.2019
Customers – Public entities	8.050	38.287
Customers - Private entities	75.489	85.297
Post-dated cheques receivables	5.910	6.255
Unbilled revenue- Private companies and consumers	54.895	28.997
Unbilled revenue- Public entities	2.373	2.862
Unbilled revenue – Sales discounts	-	(4.869)
Impairment loss on trade receivables	(19.306)	(15.072)
Total	127.411	141.757

The above trade receivables also include trade receivables from related parties amounting to € 6.257 thousand (€ 18.517 thousand on 31/12/2019).

The public entities receivables include mainly the amount from ADMIE (Independent Power Transmission Operator) for an amount of €2.823 thousand (€ 8.542 thousand on 31/12/2019), from DAPEEP (Operator of Electricity Market) for an amount of €2.140 thousand (€ 1.063 thousand on 31/12/2019), from HEnEx (Hellenic Energy Exchange) for an amount of €0 thousand (€ 26.112 on 31/12/2019), from DEDDIE (Hellenic Electricity Distribution Network) for an amount of € 1.864 thousand (€ 2.116 thousand on 31/12/2019) and from other public institutions for an amount of € 1.223 thousand (€ 454 thousand on 31/12/2019). 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 2020	**Not Past Due**	**0-180 days**	**181-365 days**	**365 and over days**	**Total**
Expected credit loss rate	2,16%	6,44%	29,03%	84,56%	13,16%
Estimated total gross carrying amount at default	85.213	40.319	5.494	15.690	146.716
Lifetime ECL	(1.844)	(2.599)	(1.595)	(13.268)	(19.306)
Totals	83.362	37.728	3.898	2.423	127.411

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**

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.

	31.12.2020	
	Stage 2	**Stage 3**
Expected credit loss rate	5,53%	77,36%
Estimated total gross carrying amount at default	131.140	15.576
Lifetime ECL	7.257	12.050

	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

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

(All amounts are presented in thousand Euro)

	2020	**2019**
Impairment of trade receivables balance 01.01	15.072	**12.492**
Readjusted balance	15.072	12.492
Gain/(Loss) from Trade Receivables Impairment for the year 2019	4.234	2.580
Total Impairment 31.12	19.306	**15.072**

The Company, in order to safeguard its contingent loss from trade receivables allowance, receives advances from its customers, which for the year 2020 amounts to € 14.365 thousand (€ 12.349 thousand for 2019, 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)	31.12.2020	31.12.2019
VAT for refunding	10.142	6.699
Accrued expense liability	2.559	4.701
Other receivables	1.952	2.238
Total	**14.653**	**13.638**

The account Other Receivables mainly includes advances to suppliers, amounting to € 1.678 thousand (€ 2.149 thousand at 2019).

11. CASH AND CASH EQUIVALENTS

On 31 December 2020, 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 2020 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 2020.
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)	2020	2019
Current service cost	94	33
Financial cost	3	3
Effect of cut-backs or settlements	43	18
	140	**54**

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

(All amounts are presented in thousand Euro)	31.12.2020	31.12.2019
Opening balance	259	225
Provision recognized in the statement of comprehensive income	140	54
Actuarial result write off	(81)	3
Compensation payments	(67)	(23)
Closing Balance	251	259

The main actuarial assumptions for the years 2020 and 2019 are as follows:

(All amounts are presented in thousand Euro)	2020	2019
Discount rate[1]	0.6%	1.0%
Mortality: Greek Table of Mortality	EVK 2000	MT_EAE 2012P
Inflation	1,50%	1,50%
Future wage increases	1.25%	1.25%
Salaried employees turnover (voluntary retirement)	1%	1%

The table below shows the sensitivity of the staff compensation provision to the overall results in cases of change in certain actuarial assumptions:

	2020	2019
Discount rate change +0,5%	(30)	(15)
Discount rate change -0,5%	34	16
Salary Change + 0,5%	31	8
Salary Change - 0,5%	(30)	(8)

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 31.12.2020 amounted to € 345 thousand (31.12.2019: € 314 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 2020, the account "Suppliers" presented in the attached financial statements are broken down as follows:

[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.

(All amounts are presented in thousand Euro)	31.12.2020	31.12.2019
Electricity and Natural Gas trade suppliers	61.639	57.156
Electricity production suppliers	1.468	659
Electricity local portfolio management (LPM) suppliers	793	16.417
Other suppliers	772	805
Total	**64.672**	**75.037**

Electricity suppliers mainly include obligations to the Transmission System Operator (ADMIE) worth € 11.410 thousand (€ 17.978 thousand on 31/12/2019), as well as the Electricity Market Operator (renamed LAGIE to DAPEEP) worth € 6.279 thousand (€ 4.324 thousand on 31/12/2019) and to HEnEx (Hellenic Energy Exchange) worth € 14 thousand (€ 27.155 thousand on 31/12/2019). Finally, an amount of approximately € 11.666 thousand regards the Distribution Network Operator (DEDDIE) (€ 9.594 thousand on 31/12/2019).

15. ACCRUED AND OTHER LIABILITIES

On 31 December 2020, “Accrued and Other Liabilities” presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2020	31.12.2019
Sundry Creditors	12.219	14.388
Customers Deposits	14.873	12.349
Taxes- duties	1.157	1.343
Social security funds	224	201
Unbilled purchases	65	2.284
Other short-term payables	49	109
Accrued expenses and deferred income	36.548	31.698
	65.135	**62.372**

Sundry Creditors, mainly includes Municipality Taxes of € 9.999 thousand (€ 12.855 thousand on 2019),which the company collects from low, medium and high voltage customers and gives it to the municipalities and NERIT of amount € 2.004 thousand (€ 1.448 thousand at 2019), personnel salaries payable of amount € 218 thousand (€ 1 thousand on 2019) and other sundry suppliers of amount € 2 thousand (€ 84 thousand on 2019).

Accrued expenses, mainly includes Natural gas Cost (€ 2.580 thousand (€ 6.296 thousand on 2019), charges from ADMIE € 9.331thousand (€ 12.097 thousand on 2019),credit charges from DAPEEP (ex LAGIE) of amount € 3.073 thousand (€ 2.875 thousand on 2019), charges from DEDDIE € 10.436 thousand (€ 8.913 thousand on 2019), charges from agents € 694 thousand (798 thousand on 2019) and other accruals of amount € 10.434 thousand (€ 719 thousand on 2019).

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	759	489
Liabilities from new contracts	102	0
Transfer to short-term portion of long-term liabilities	(503)	503
Capital additions/(repayments)	0	(500)
Interest payments	0	(49)
Interest for the period	0	49
Balance 31/12	**358**	**493**

The respective movement for the period of 2019 is analysed 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)	0	(462)
Interest payments	0	(61)
Interest for the period	0	61
Balance 31/12	**759**	**489**

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

	31.12.2020	*31.12.2019*
0-1 year	493	489
2-5 years	358	743
Above 5 years	0	16

17. SHORT-TERM LOAN LIABILITIES

The Company received two short-term loans of 5 million euros and 4 million euros from the banks HSBC and ALPHA BANK respectively. Both disbursements took place on 22 December 2020.

The table below depicts the movement of short-term loans in the period.

(All amounts are presented in thousand Euro)

	2020	2019
Balance 1.1	**0**	**0**
Capital addi-tions/(repayments)	9.000	0
Interest for the period	11	0
Transfer from/(to) other short-term liabilities	(11)	0
Balance 31.12	**9.000**	**0**

18. SHARE CAPITAL

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).

19. 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 2019) and a reserve from actuarial losses of amount minus € 4 thousand (minus € 58 thousand at 2019).
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%.

20. INCOME TAX

According to Greek tax legislation the tax rate corresponds to 24% for the year 2020 (24% for the year 2019).
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)	2020	2019
Current income tax	1.794	2.464
Prior year income tax difference	(58)	(391)
Deferred tax expense	(1.845)	(1.788)
Total expense	(109)	**285**

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)	2020	2019
Earnings/ (loss) before tax	964	**3.041**
Nominal tax rate	24%	**24%**
Income tax expense/(income) based on applicable nominal tax rate	(231)	**730**
Adjustments attributed to:		
Expenses not included in tax calculation	4	3
Taxable differences of previous year	0	(10)
Prior year income tax difference	(58)	(391)
Effect of permanent tax differences	176	84
Effect of change in tax rate	(0)	(131)
Actual tax expense	(109)	**285**
Effective tax rate	11,31%	9,37%

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, 2017, 2018 and 2019 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 2020, 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 2020.
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)	31.12.2020	31.12.2019
Net deferred tax asset/(liability)	578	**(1.247)**
Opening Balance	(1.247)	**(3.034)**
(Expense)/ Income recognized in net earnings	1.845	1.788
(Expense)/ Income recognized in net Other comprehensive income	(19)	(1)
Closing balance	579	**(1.247)**

Deferred taxes (asset and liability) of the years 2020 and 2019 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
	31.12.2020	31.12.2019	2020	2020
Deferred tax asset				
Expensing of intangible assets	73	59	14	-
Provision for staff retirement indemnities	60	63	16	(19)
Recognition of restoration provisions	83	75	8	-
Other provisions	1.394	258	1.138	-
Accrued Expenses	569	255	314	-
Leases	6	4	2	
Deferred tax liability				
Depreciation differences	(1.607)	(1.960)	353	-
Deferred tax (expense)/income			**1.845**	**(19)**
Net deferred tax - asset/(liability)	**578**	**(1.247)**		

(All amounts are presented in thousand Euro)	Statement of financial position		Net profit (Debit)/ Credit	Deferred tax recognised in Total Equity
	31.12.2019	31.12.2018	2019	2019
Deferred tax asset				
Expensing of intangible assets	59	58	1	-
Provision for staff retirement indemnities	63	57	6	(1)
Recognition of restoration provisions	75	73	2	-
Other provisions	258	1.067	(809)	-
Leases	4	-	4	

Deferred tax liability				-
Actuarial gains/(losses) recognised in Total Equity	255	(1.913)	2.168	-
Depreciation differences	(1.960)	(2.375)	415	-
Deferred tax (expense)/income			**1.788**	**(1)**
Net deferred tax - asset/(liability)	(1.247)	(3.034)		-

21. REVENUE

Itemized breakdown	**2020**	**2019**
(All amounts are presented in thousand Euro)		
Revenue from electricity trade	389.607	378.470
Revenue from electricity production & cost recovery	8.689	755
Revenue from natural gas	63.378	82.158
	262	-
Revenue from capacity	1.111	960
Total	**463.047**	**462.343**

Breakdown per customer category:	**2020**	**2019**
Public entities	62.696	64.541
External customers	356.912	334.142
Affiliated companies	43.439	63.660
Total	463.047	**462.343**

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

22. COST OF GOODS SOLD, ADMINISTRATIVE AND SELLING EXPENSES

On 31 December 2020, the cost of goods sold, administrative and selling expenses presented in the attached financial statements are broken down as follows:

Cost of goods sold	**2020**	**2019**
(All amounts are presented in thousand Euro)		
Professional fees	362.939	339.316
Cost of electricity trade	37.204	46.764
Capitalized agents' cost	1.645	1.003
Depreciation	3.019	2.578
Right-of use assets amortisation	213	198
Utilities	353	426
Personnel cost	4.569	3.911

Diesel/other fuel consumption	44.826	57.721
Other expenses	2.564	1.413
	457.332	**453.510**

The above-mentioned amount of € 362.939 thousand mainly includes charges from the ADMIE amounting to€ 27.282 thousand (2019: € 36.229 thousand), DAPEEP amounting to € 47.703 thousand (2019: € 23.417 thousand), HEnEx amounting to € 151.823 thousand (2019: € 153.103 thousand) and DEDDIE amounting to € 124.323 thousand (2019: € 116.451 thousand).

Administrative & selling expenses

(All amounts are presented in thousand Euro)	2020	2019
Professional fees	1.115	850
Leases	7	2
Personnel cost	928	1.141
Services received	68	64
Utilities	17	20
Taxes - duties	51	52
Promotion and advertising expenses	3.185	3.074
Depreciation	12	20
Right-of use assets amortisation	308	299
Auditors' fees	54	32
Other expenses	384	237
	6.133	**5.791**

23. PERSONNEL COST

The expenses for personnel on 31 December 2020 are broken down as follows:

(All amounts are presented in thousand Euro)	2020	2019
Personnel salaries and benefits	4.370	4.131
Social security fund contributions	990	870
Provision for staff retirement indemnities	137	51
Total expenses	**5.497**	**5.052**

Personnel cost for the year ended in 31st of December 2020, € 5.497 k (€5.052 k in 2019) was recognised in the income statement by €4.569 k (€3.911 k in 2019) in the Cost of goods sold and by € 928 k (€1.141 k in 2019) in Administrative and Selling Expenses (kindly see note 19).

24. AUDITORS' FEES

(All amounts are presented in thousand Euro)	2020	2019
Fees for statutory audit	30	25
Fees for tax compliance audit	14	12
	44	**37**

25. OTHER INCOME / (EXPENSE)

On 31 December 2020, the other income/ (expense) presented in the attached financial statements is broken down as follows:

(All amounts are presented in thousand Euro)	2020	2019
Other income:		
Default interest on delay payments from customers	2.129	1.019
Transmission capacity rights	0	0
Income from leases to related company	54	63
Gains from reversal of bad debt provision (note 8)	0	0
Other revenues	2.713	2.401
	4.896	3.483
Other expenses:		
Taxes – duties	(2)	(104)
Other expenses	(4.234)	(2.580)
	(430)	0
	(4.666)	(2.684)
Total income / (expenses)	**230**	**799**

26. FINANCIAL INCOME/ (EXPENSE)

On 31 December 2020, the financial income/ (expense) presented in the attached financial statements is broken down as follows:

(All amounts are presented in thousand Euro)	2020	2019
Financial income:		
Interest on bank deposits	11	15
	11	**15**
Financial expenses:		
Interest and charges for short-term financing	(11)	0
Lease interest	(49)	(61)
Interest and charges for guarantees	(693)	(723)
Discounting expense relating to provision for staff retirement indemnities	(3)	(3)
Discounting expense relating to provision for dismantlement	(31)	(28)
	(787)	**(815)**
Net Total	(776)	**(800)**

27. TRANSACTIONS WITH RELATED PARTIES

The Company’s transactions and balances with related parties for fiscal years 2020 and 2019 are broken down as follows:

2020 (All amounts are presented in thousand Euro)	**Sales**	**Purchases**	**Debit balances**	**Credit balances**
Jointly controlling companies- GEK TERNA Group (Electricity Sale)	8.516	3.117	3.397	3.203
Jointly controlling companies - GEK TERNA Group (administrative support services)	584	376	-	465
Jointly controlling companies - GEK TERNA Group (purchase of other support)	458	48	109	9
Jointly controlling companies - GEK TERNA Group (leases)	54		-	
Jointly controlling companies - GEK TERNA Group (Natural gas and emission rights)	30.800	1.468	2.706	-
Jointly controlling companies - GEK TERNA Group (default interest)	1.225		-	
Jointly controlling companies - ENGIE Group (administrative support services)		323		41
Jointly controlling companies - ENGIE Group (maintenance services)		41		39
Jointly controlling companies - ENGIE Group (construction services)		308		-
Jointly controlling companies - ENGIE Group (Electric energy and emission rights)	1.802	8.083	45	106
Totals	43.439	13.764	6.257	3.863

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

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 2019, which is compared to the previous period:

(All amounts are presented in thousand Euro)	**2020**	**2019**
Fees for services received	454	459

28. 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

The main risks associated with the development of the Company's business activities could be or relate to material losses, business interruptions, human resources and losses arising from systems or external events. The Company, in order to protect itself against operational risks, has entered into agreements with primary insurance companies for Material Loss insurance, Cessation of Business Activity and Civil Liability Insurance.

Market Risks

The Company, during its activity in the Market, supplies all categories of customers with Electricity. Customers are divided into categories (Low, Medium and High Voltage), as well as additional subcategories such as customers who receive a standard offer in energy plans already announced on the Company's site as well as large corporate customers who receive a special offer after analysis of their energy characteristics.

Regarding the customers who receive a standard offer, the company does not face any risk as the offered prices are linked to an Adjustment Clause, which means that when the costs increase there is a corresponding (incremental) compensation for the Competitive Part of the Invoice from the Adjustment Clause. Respectively, when the costs fall, then the Adjustment Clause acts in such a way that the customer benefits through relevant credits, while at the same time the Company keeps its profit margin constant.

For customers who receive a special offer, the above risk compensation did not exist until recently. The prices offered in the Electricity Market were entirely fixed prices for a period of one year. In Customer-Supplier contracts, the supplier always made sure that there was a paragraph that provided the flexibility of an adjustment in case the costs increased excessively. During the COVID-19 period, the costs of Electricity decreased dramatically, mainly due to a decrease in demand, and as a result the Suppliers, who maintained a customer base in the second category, generated relatively large profits, especially in the first months of the lockdown, since they had agreed on prices with customers at a higher level.

However, within a few months, due to competition conditions, the Market balanced at lower levels. The problem in this category began to grow when with the advent of the Target Model,

costs towards the end of the year began to increase. The fixed contracts at low prices that had been given in the previous period had to be "broken" as there were no Adjustment Clauses, which would protect the Supplier. Given that these contracts are subject to negotiation, valuable time was lost at this stage, and as result all Energy Companies recorded losses in this category of customers in the first half of 2021. However, this problem created a huge opportunity as all contracts are no longer traded at fixed prices but at index prices. The Management of the Company considers that from the autumn of 2021, all contracts in the specific category of customers will be connected with parameters of the Market, leaving small but stable profit margins. Our Company has been moving towards this direction since May 2021.
As mentioned above, the fluctuation of the prices of basic goods and other related items or accounts that affect the formation of the cost of purchasing electricity is at times particularly large and follows directly both global trends, e.g. gas prices, carbon dioxide rights prices, as well as local-national conditions, such as changes in demand in times of crisis or economic recovery, and are greatly influenced by regulatory changes in markets' planning. At the same time, the formation of sale prices to final consumers is dictated by the conditions of competition in the supply market and can take the form of a variable sale price based on the purchase cost plus a bonus or a fixed price.
In the above context, the Company analyses its exposure to the ever changing prices of the electricity market in relation to the sales prices agreed with its customers and develops a dynamic hedging strategy through the various tools available (indicative: futures contracts concluded in the energy and gas market at a predetermined price for long periods of months or a year, financial dispute agreements for individual market prices / costs with electricity producers, direct participation in the carbon dioxide options market, etc.).
Immediately after the outbreak of the COVID-19 pandemic and the restrictive measures imposed, the Company focused on processes of continuous analysis and assessment of the main sources of risk that emerged or were expected to emerge, such as increased volatility (like initial drop and then subsequent increase) of all energy prices worldwide, the significant drop in demand and the assessment of the impact of the pandemic on GDP, especially in the peak summer period, the difficulty in forecasting and estimating customer demand due to restrictive measures and the cessation of the operation of many companies, etc. Based on this analysis, the Company made decisions to manage the relevant risk, while implementing a strategy to support vulnerable groups of customers who have been significantly affected by the pandemic.
Regarding the outbreak of the COVID-19 epidemic at the beginning of 2020 and the unprecedented related restraint measures that followed, which resulted in the creation of a particularly negative economic and social environment, globally and locally, the Company's Management considers that the industry belongs to those business categories that are not significantly affected in the event of a slowdown in the global economy due to the spread of the disease.
The Management of the Company constantly monitors and carefully evaluates the situation and its possible effects on the business activities of the Company itself, taking initiatives that deal as much as possible with the impact of the effects of the pandemic.

Financial Instruments and Risk Management

The Company implements its own Risk Policy which represents and serves the guidelines regarding the approach and coverage of (i) market risk, (ii) volume risk and (iii) credit risk.
Non-derivative financial assets and liabilities of the Statement of financial position include cash and cash equivalents, trade receivables, other financial receivables, loans, leases, trade payables and other current liabilities. The Company does not use derivative financial instruments. Financial risk management aims to minimize the potential negative effects.
Specifically, the Company is exposed to the following financial risks:

(i) Interest rate risk
Interest rate risk is the probability that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market interest rates.
The Company's short-term borrowing is in Euro with a floating interest rate linked to the euribor. Short-term loans are taken primarily as working capital. The Company's policy is the conversion of these loans into a long-term loans with fixed spread with a connection to euribor

and where necessary given the repayment schedule, and with the aim of applying approved interest rate risk management policies through Interest Rate Swaps.

(ii) Foreign exchange risk
Foreign exchange is the risk that arises when the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in exchange rates. This type of risk may arise from exchange differences in the valuation of financial assets, mainly receivables and financial liabilities, from transactions denominated in a currency other than the Company's operating currency, which is the Euro.
The Company is not exposed to foreign exchange risk as all its financial instruments (receivables and liabilities) are denominated in Euro.

(iii) Credit risk
The Company's policy is to seek business activities with customers with satisfactory creditworthiness, including customers who minimize the risk if necessary. The Company has also insurance to protect the claims related to some of the retail customers, in addition to legal and other procedures through third parties. The Company's policy for existing customers who make a large turnover, requires the use of the credit alert service of Teiresias. Any change in the financial data for these large customers comes in immediately, in order to take the necessary drastic actions to reduce the risk of these customers.
Using the SAP dunning program with specific actions per day of delay, also enables drastic decisions to reduce the risk as immediately as possible.
The daily communication with the commercial department for resolving any problems in relation to the Company's customers is the reason for monitoring the customers' financial problems as well.
Finally, continuous efforts are made to reduce the risk concerning the formation of provisions by seeking to have as many payments as possible through fixed bank orders and credit card orders.

The statement of the Company in credit risk analyzes as follows:

(All amounts are presented in thousand Euro)	31.12.2020	31.12.2019
Other long-term receivables (Note 7)	97	86
Trade receivables (Note 9)	127.411	141.757
Other receivables (Note 10)	1.952	2.238
Cash and cash equivalents	19.131	10.363
Total	**149.169**	**154.444**

Almost all trade and other receivables come from the wider public sector, and therefore the relative credit risk is considered as negligible as that of short-term financial assets (cash equivalents), as the counterparties are Greek banks with good credit evaluation.
The Company also has insurance to protect the claims related to some of the retail customers, in addition to legal and other procedures through third parties.

(iv) Market risk
The Company for its financial assets is not exposed to any market risk.

(v) Liquidity risk
The Company manages its liquidity needs by carefully monitoring the financial liabilities as well as the payments made daily. Liquidity needs are monitored in various time zones, on a daily and weekly basis as well as in a rolling period of 30 days. Liquidity needs for the next 6 months and the following year are determined monthly.
The Company maintains sufficient cash in banks to meet liquidity needs for a period of up to 30 days.

The maturity of financial liabilities on 31 December 2020 for the Company is broken down as follows:

(All amounts are presented in thousand Euro)	Short-term 0 to 12 months	1st-5th year	Long-term Over 5th year
Short-term loans	9.000	0	0
Liabilities from leases	493	358	0
Suppliers	64.672	0	0
Other payables	48.832	0	0
Total	122.997	358	0

The maturity of financial liabilities on 31 December 2019 for the Company is broken down as follows:

(All amounts are presented in thousand Euro)	Short-term 0 to 12 months	1st-5th year	Long-term Over 5th year
Long term liabilities payable during the next financial year	489	743	16
Suppliers	75.037	0	0
Other payables	62.370	0	0
Total	**137.896**	**743**	**16**

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

29. 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)	31.12.2020	31.12.2019
Non-current assets		
Loans and receivables – Other long-term receivables	97	86
Total	**97**	**86**
Current assets		

Trade receivables	127.411	141.757
Prepayments and other receivables	1.952	2.238
Bank accounts	19.131	10.363
Total	**148.494**	**154.358**
Non-current liabilities		
Finance leases liabilities	358	759
Total	**358**	**759**
Current liabilities		
Financial liabilities at amortized cost - Suppliers	64.672	75.037
Financial liabilities at amortized cost - Accrued and other liabilities	48.832	48.370
Financial liabilities at amortized cost - Short term liabilities payable during the next financial year	9.000	0
Financial liabilities at amortized cost - Leases	493	489
Total	**122.997**	**123.896**
Financial liabilities at amortized cost	**123.355**	**124.655**

30. 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.

31. EXISTING ENCUMBRANCES AND OTHER LIENS

The contingent liabilities, for letter of guarantees assuring the good performance and operation of the Company amount at € 20.746 thousand. There are no encumbrances or liens raised on the company's assets.

32. 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 2020.

A. ***Legal dispute with IPTO - Independent Power Transmission Operator - (ADMIE)***

a. The Company had filed on 23/11/2016 a lawsuit against IPTO S.A. before the Athens Multi-Member Court of First Instance, requesting the payment of the unpaid or late payment invoices (per chapter) as well as the interest on arrears of the above mentioned invoices, which IPTO owed to the Company. More specifically, the Company has a claim against IPTO S.A. (Independent Power Transmission Operator) based on its obligations arising from the Electricity Transmission System Management Code (System Management Code or S.M.C.). These invoices were issued from October 2011 to May 2015.

b. The amounts claimed were as follows: € 7,851,652.64 for capital and € 1,634,691.37 (if the S.M.C. applies) or € 1,826,483 (if the Civil Code applies) or 1,647,888 (if the provisions for commercial transactions apply) for interest on arrears and € 1,215,461 as compensation for the material damage caused to the Company according to the lawsuit.

c. The no. 1121/2018 decision of the Court was issued on 23/3/2018 and was presented to the Company on 29/5/2018. The Court via the particular decision rejected the Lawsuit of the Company.

d. The Company filed on 28/6/2018 an Appeal via the General Deposit Number 63282/2018 and Special Deposit Number 4251/2018 against the above mentioned Decision.

e. The Company's Appeal was discussed on 10/10/2019. The decision of the Athens Multi-Member Court of First Instance is expected.

f. On 30.07.2020 the Company filed an appeal against IPTO S.A. before the Athens Court of Appeal as well as against the decision no. 2799/2020 of the Three-Member Court of Appeal of Athens.

g. According to the above decision 2799/2020, the Company's appeal for the cancelation of the decision under No. 1121/2018 was rejected. The Company's demand concerned its claim against IPTO for the services provided by the Company and for the injection of energy into the system in the context of the provision of these services. In the appeal that was filed, the main reasons are as follows:

i. The decision ruled that IPTO does not have the status of a counterparty and is not obliged to pay the obligations of the respective overdue Participant from its own resources, while it accepted that the Company entered into an Administration Transaction Agreement with IPTO.

ii. The decision violated provisions of Law 4001/2011 as well as the Electricity System Management Code as these provisions constitute the independent obligation of IPTO to pay the amounts due to the Participants in the System for the services provided on its behalf, without any term or condition and regardless of whether the other Participants in the System have previously paid the amounts due for the services received.

iii. The decision was erroneously based on the non-existence of an independent obligation of IPTO regarding the adjudication of IPTO's arrears as this obligation is not subject to the prior collection of any amounts due to IPTO by the overdue Participants.

iv. The decision refers to provisions of Law 4425/2016, which, however, were introduced after the creation of the receivables of the Company and with which provisions a different legal regime was introduced from the one that had been introduced by Law 4001/2011.

v. The decision leads to a violation of the provisions of Articles 330, 340, 341 and 342 of the Civil Code by accepting that there was no disputed obligation, meaning the disputed debt of IPTO, and therefore that the latter did not fall into arrears.

The trial of the case has been set for 21.02.2022 before the A1 Department of the Supreme Court.

B. *<u>Case of HERON versus HEDNO - Hellenic Electricity Distribution Network Operator (DEDDIE) in Athens Multi-Member Court of First Instance</u>*

a.On June 9, 2020, the Company filed a lawsuit before the Athens Multi-Member Court of First Instance against the company "Hellenic Electricity Distribution Network Operator Societe Anonyme" ("HEDNO") with the following claims:

i. Recognize that HEDNO has systematically made increases in the calculation of settlements in the Manual of Administering the Measurement and Periodic Settlement, that these increases are illegal and are also due to the fault of the defendant and, consequently, that the systematic calculation of energy losses at lower levels than the actual ones is illegal and culpable.

ii. To acknowledge that HEDNO caused illegal and culpable damage during the period March 2017 - January 2018, which amounts to € 2,366,585.92 and to be obliged to pay the said amount to the Company.

b. HEDNO proceeded at the invitation of the independent RAE (Regulatory Authority for Energy) authority and IPTO S.A..

c. On 19.10.2020 the Proposals were submitted by the parties, while on 03.11.2020 their Supplements were also filed. In this Supplement, the Company adjusted the request to € 1,362,751.03 and in any case not less than € 850,892.49.

d. The case has not yet been heard.

C. <u>Extraordinary charge L.4759 / 2020:</u>

Pursuant to paragraph 2 of Article 157 of Law 4759/2020, an extraordinary charge for the year 2021 was imposed on each Electricity Supplier and self-procured Customer, based on: (a) the quantities of their cargo declarations that were included in the Daily Energy Planning for the period 01.01.2020 until 31.10.2020 and (b) the net position of the settled orders for their purchase and sale in the Next Day Purchase and the Intraday Purchase for the period from 01.11.2020 to 31.12.2020. The amount of this charge is fixed and equal to 2 € / MWh. The amounts of the charge for each month of the year are calculated by the competent managers of D.A.P.E.E.P. SA – RES & Guarantee Manager SA for the interconnected system and interconnected network and of HEDNO - Hellenic Electricity Distribution Network Operator (DEDDIE) for the Non-Interconnected Islands (NIS). The relevant settlement or clearing notes are then sent to the cargo representatives.

33. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

34. 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
31/12/2020

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	NATURAL GAS SUPPLY	OTHER	COMPANY TOTAL
ASSETS					
Non Current Assets	11.302	18.729	194	12	30.237
Tangible Assets	12.317	704	15	4	13.040
Intangible Assets	5	2.441	39	-	2.485
Right of Use Assets	9	780	58	18	865
Other Non Current Assets	(1.029)	14.804	82	(10)	13.847
Current Assets	**2.784**	**141.683**	**16.193**	**3.568**	**164.228**
Inventory	2.229	18	-	-	**2.247**
Trade and Other Receivables	2.295	128.670	12.088	-989	**142.064**
Deferred Tax Assets	-	-	-	-	-
Income Tax Receivables	17	630	107	32	**786**
Cash & Equivalents	(1.757)	12.365	3.998	4.525	**19.131**
TOTAL ASSETS	**14.086**	**160.412**	**16.387**	**3.580**	**194.465**
STOCKHOLDERS' EQUITY					
Share Capital	1.016	700	700	-	**2.416**
Additional Paid In Capital	-	-	-	-	-
Reserves	805	4	-	-	**809**
Retained earnings	34.340	(1.498)	12.369	5.775	**50.986**
Total Equity	**36.161**	**(794)**	**13.069**	**5.775**	**54.211**
Capital contribution per business unit	**(26.333)**	**30.604**	**(782)**	**(3.489)**	**0**
LIABILITIES					
Non Current liabilities	**352**	**540**	**47**	**15**	**954**
Leasing Liabilities	2	339	13	4	**358**
Pension Fund Provision	5	201	34	11	**251**
Deferred Tax Liability	-	-	-	-	-
Other provisions	345	-	-	-	**345**
Current liabilities	**3.906**	**130.062**	**4.053**	**1.279**	**139.300**
Trade and Other Payables	3.704	122.407	2.786	910	**129.807**
Short-term portion of long-term liabilities	7	432	42	12	**493**
Provisions	-	-	-	-	-
Debt	195	7.223	1.225	357	**9.000**
Income Tax Liabilities	-	-	-	-	-
Total Liabilities	**4.258**	**130.602**	**4.100**	**1.294**	**140.254**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**14.086**	**160.412**	**16.387**	**3.580**	**194.465**

HERON

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 Receivables	-	-	-	-
Income Tax Receivables	-	-	-	-
Cash & 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**
Liabilities from Leases	2	649	107	**759**
Pension Fund Provision	1	199	59	**259**
Deferred Tax Liabilities	1.524	(330)	53	**1.247**
Other Non Current liabilities	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**

(Amounts in Thousand €)	ENERGY GENERATION	ENERGY SUPPLY	NATURAL GAS SUPPLY	OTHER	COMPANY TOTAL
HERON THERMOELECTRIC SOCIETE ANONYME					
SEPARATED INCOME STATEMENT OF THE FULLY INTEGRATED COMPANY					
31/12/2020					
SALES					
Energy Sales - Generation	9.485	-	-	-	**9.485**
Energy Sales - Supply	0	337.463	-	-	**337.463**
Natural Gas Sales - Supply	-	-	63.296	-	**63.296**
Revenue from Utilities Charges	-	26.301	-	-	**26.301**
Revenue from Utilities Supply	-	-	-	-	**-**
Energy Exports	-	7.381	-	18.462	**25.843**
Other Income	630	4.271	394	83	**5.377**
Total Sales	**10.115**	**375.416**	**63.690**	**18.544**	**467.765**
EXPENSES					
Natural Gas Cost	(3.373)	-	(42.969)	0	**(46.343)**
Energy Supply	(596)	(221.632)	0	0	**(222.229)**
Energy Imports	-	(10.875)	0	(18.138)	**(29.013)**
Natural Gas Imports	-	0	(11.550)	0	**(11.550)**
Expenses from Utilities Charges	-	(39.554)	0	0	**(39.554)**
Expenses for System Use	0	(11.150)	0	0	**(11.150)**
Expenses for Grid Use	-	(40.749)	0	0	**(40.749)**
Expenses for Emissions Reduction Fee	-	(36.358)	0	0	**(36.358)**
Emission rights - Purchase of CO2 Rights	(205)	-	0	0	**(205)**
Impairement	(98)	(11)	(0)	(0)	**(110)**
Personnel Fees & Expenses	(25)	(5.266)	(356)	(43)	**(5.690)**
Third party fees	(42)	(9.911)	(502)	(100)	**(10.555)**
Repairs & Maintenance	(76)	(16)	(2)	(1)	**(94)**
Other Expenses	(272)	(5.862)	(593)	130	**(6.597)**
Depreciation	(2.258)	(1.199)	(82)	(13)	**(3.552)**
Bad Debt Provision	-	(4.468)	234	0	**(4.234)**
Financial Expenses	6	(657)	(83)	(23)	**(756)**
Financial Income	0	9	1	0	**11**
Total Expenses	**(6.938)**	**(387.702)**	**(55.902)**	**(18.186)**	**(468.728)**
PROFIT (LOSS) BEFORE TAXES	**3.177**	**(12.286)**	**7.787**	**358**	**(964)**

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	-	-	**1.390**
Energy Sales - Supply	11	307.774	-	**307.785**
Revenue from Utilities Charges	315	26.514	-	**26.829**
Revenue from Utilities Supply	-	-	-	**-**
Energy Exports	-	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)	-	(76.525)	**(76.717)**
Energy Supply	- 12	(208.524)	-	**(208.536)**
Energy Imports	-	(18.392)	(21.819)	**(40.211)**
Expenses from Utilities Charges	-	(35.538)	-	**(35.538)**
Expenses for System Use	0	(10.439)	-	**(10.439)**
Expenses for Grid Use	-	(34.767)	-	**(34.767)**
Expenses for Emissions Reduction Fee	-	(33.308)	-	**(33.308)**
Emission rights - Purchase of CO2 Rights	(31)	-	-	**(31)**
Impairment	(73)	(1)	-	**(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	-	(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**

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 SOCIETE ANONYME ENERGY SERVICES (Company or Heron Energy 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 SOCIETE ANONYME ENERGY SERVICES" 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