HERON II
THERMOILEKTRIKOS STATHMOS VIOTIAS
SOCIETE ANONYME

85, Messogeion Ave., GR-11526, Athens
General Commercial Registry of Companies No 007798101000

ANNUAL FINANCIAL REPORT

For the year

1st of January to 31st of December 2019

CONTENTS

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Independent Auditor's Report

To the Shareholders of the Company HERON II VIOTIA THERMOELECTRIC POWER PLANT S.A.

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company HERON II VIOTIA THERMOELECTRIC POWER PLANT S.A. as of December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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.

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

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

We communicate to Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

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

Athens, 28 May 2020
The Certified Public Accountant

Yiannis Iliopoulos
Reg. No. SOEL: 26251

Deloitte Certified Public Accountants S.A.

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Share capital € 6.440.000
85, Messogeion Ave., GR-11526, Athens
General Commercial Registry of Companies No 7798101000
S.A. Register No 64277/01/B/07/608

Board of Directors

George KOUVARIS	Chairman of the Board
George DANIOLOS	Managing Director
Styliani ZAHARIA	Member of the Board
Wim BROOS	Member of the Board
Pasquale Dario ACQUARULO	Member of the Board
Yves GROFILS	Member of the Board
Khalid Mubarak AL-HITMI	Member of the Board
Ali Abdulla AL-MANA	Member of the Board

Auditor

Deloitte. Certified Public Accountants S.A.

II. ANNUAL MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2019

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

Dear Shareholders,

We have the honour to present you for your approval the financial Statements of the eleventh (11th) fiscal year of our Company, 1/1-31/12/2019, and give you the following explanations.

1. Main financial indicators

On 31st December 2019, owner's equity amounted to € 41.692 thousand compared to € 73.899 thousand in 2018.
The Company's main financial ratios for 2019 and 2018 fiscal years are as follows:

Financial structure ratios
(All amounts are presented in thousand Euro)

	31/12/2019		31/12/2018	
Current assets	50.403	28,09%	48.714	23,49%
Total assets	179.451		207.371	
Non-current assets	129.048	71,91%	158.657	76,51%
Total assets	179.451		207.371	

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

	31/12/2019		31/12/2018	
Equity	41.692	30,26%	73.899	55,37%
Total liabilities	137.759		133.472	

The above ratio shows the Company's financial adequacy.

	31/12/2019		31/12/2018	
Total liabilities	137.759	76,77%	133.472	64,36%
Total equity & liabilities	179.451		207.371	
Equity	41.692	23,23%	73.899	35,64%
Total equity & liabilities	179.451		207.371	

The above ratios show the Company's leverage.

	31/12/2019		31/12/2018	
Equity	41.692	32,31%	73.899	46,58%
Non-current assets	129.048		158.657	

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

	31/12/2019		31/12/2018	
Current assets	50.403	107,92%	48.714	121,66%
Current liabilities	46.702		40.041	

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

	31/12/2019		31/12/2018	
Working capital	3.701	7,34%	8.673	17,80%
Current assets	50.403		48.714	

This ratio reflects the portion of current assets that is financed by the surplus of Owner's Equity and Long-term liabilities.

Return on equity and performance ratios

(All amounts are presented in thousand Euro)	**31/12/2019**		**31/12/2018**	
Year net results before tax	(28.403)	(19,67%)	(6.270)	(4,79%)
Sales of stocks & services	144.363		131.013	

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

Year net results before tax	(28.403)	(19,61%)	(6.270)	(4,77%)
Total income	144.819		131.389	

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

Year net results before tax	(28.403)	(68,12%)	(6.270)	(8,48%)
Equity	41.692		73.899	

This ratio presents the return on equity of the Company.

Gross results	985	0,68%	847	0,65%
Sales of stocks & services	144.363		131.013	

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

2. Overview of Energy Market

Highlights

The main facts of the Greek energy market are:

Overview of Greek Energy Market

The National Energy and Climate Plan (NECP) adopted in December 2019 (GG 4893/31.12.2019) in accordance with Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action outlines the 2030 energy strategy of Greece, based around the early decommissioning of lignite plants. Greece submitted its plans in advance of other Member States, including its 2050 Long-term Climate Strategy. The final National Energy and Climate Plan showed renewed ambition compared to the first 2019 version with an increase of targets in renewable generation, energy efficiency and a decrease in CO2 emissions. Much of this is a result of the plan for early decommissioning of lignite. More specifically all lignite plants apart from Ptolemaida V will be decommissioned by 2023 and Ptolemaida will operate with an alternative fuel by 2028. This leads Greece to a no carbon era by 2028. Nevetheless, there will be many social challenges to be faced by the Hellenic Republic, particularly in certain regions that are highly dependent on the lignite industry. However, in line with the Commission's Green New Deal and Just Transition Mechanism, targeted support to those regions is at hand, so that the opportunities such a move provides can be explored, in cooperation with the Commission. At a national level, Greece set up an inter-ministerial committee to discuss the transition. Finally, Greece also pre-notified two state aid schemes, for interruptibility and flexibility. The second phase of the flexibility state aid scheme starting on the 1st of April 2019 was suspended due to the delays in the evolvement of the Target Model that prohibited the participation of demand from the auctions for flexible capacity. This of course caused the parallel abolition of the flexible capacity payments from 01.04.2019 until the end of 2019 for the flexible generators. Hopefully within 2020 the flexibility mechanism will be reactivated until either the "mature" operation of the markets of the internal market or the establishment of the permanent capacity mechanism/ market.

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

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

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

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

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

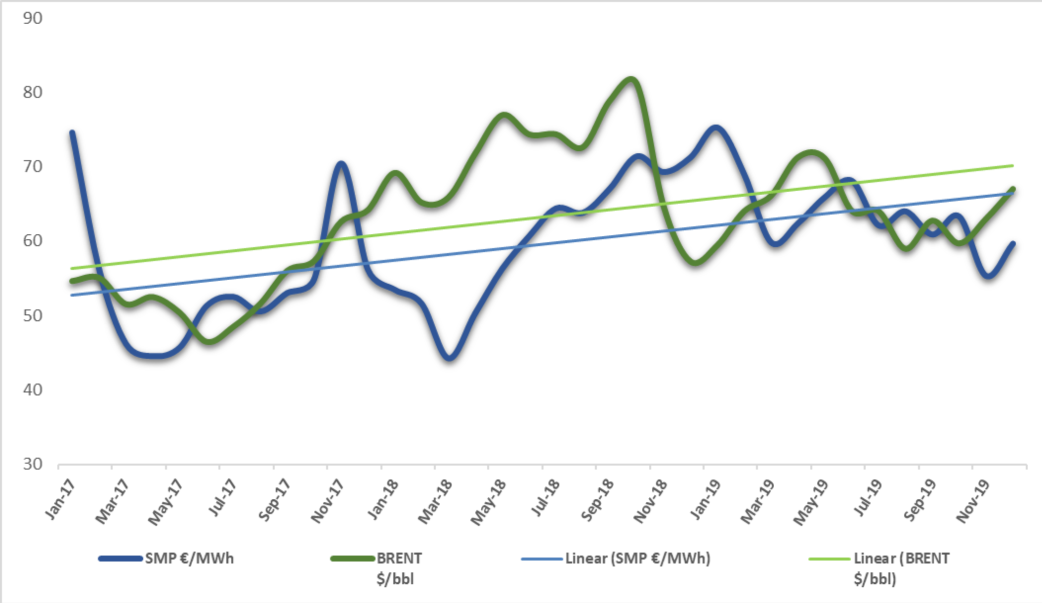
Another significant milestone in 2019 was the active participation of the Renewables in the wholesale market in November 2019 through aggregators. The aggregators and the last resort aggregator submitted offers for the renewable producers with balancing obligations in the wholesale market. The role of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

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

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

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

A. SMP



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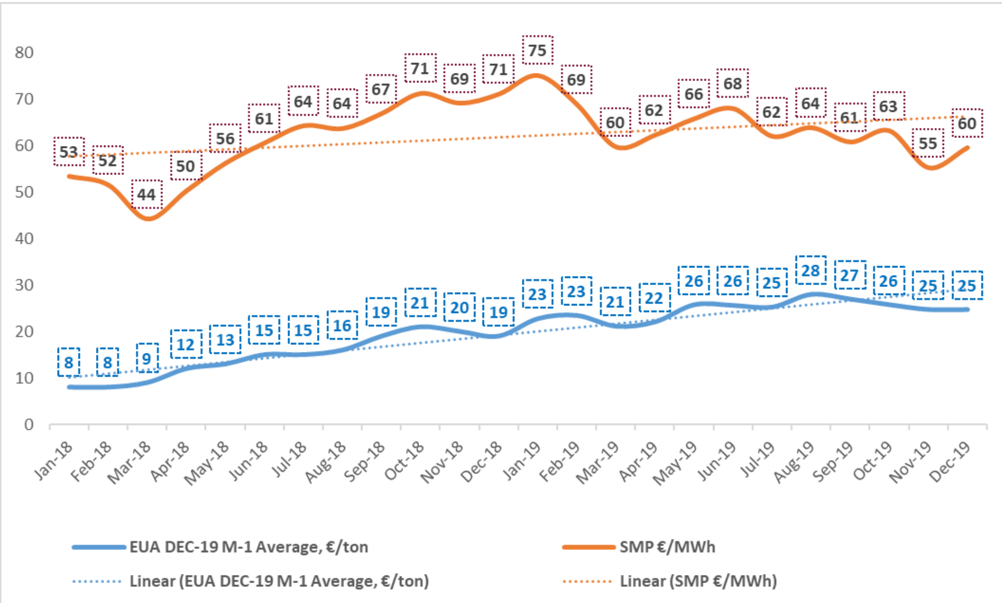
SMP is following the same trend as the Brent price the main reason for that is the link of Gas formula (applied to CCGTs from fuel suppliers) with Brent.

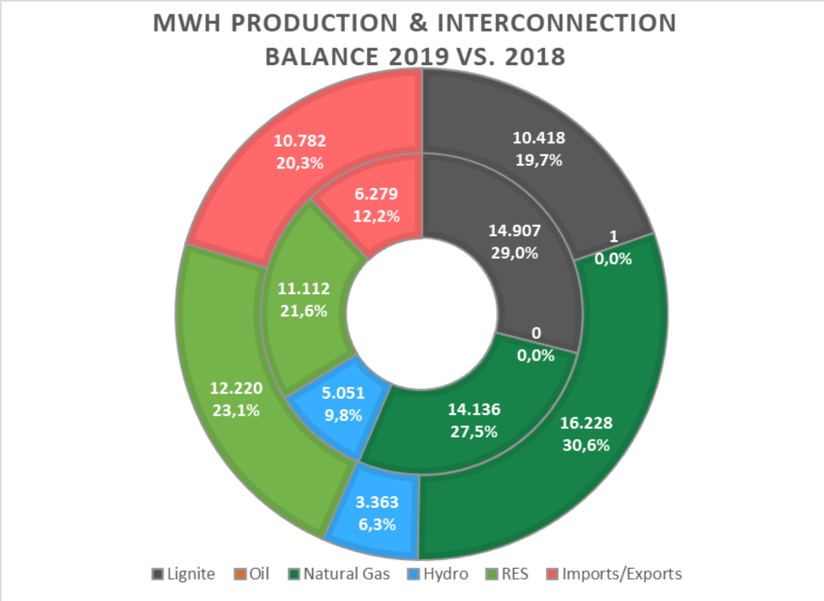


Source: HERON Energy Portfolio Management

In 2019, SMP also showed a very strong correlation with soaring CO_2 (EUA) prices which affect both lignite and gas-fired unit variable costs with a factor of approximately 1,5 and 0,4 respectively. Nevertheless, SMP managed to absorb the pressure of CO_2 climb due to extended usage of gas fired power units that swapped lignite production. Therefore, lower CO_2 emissions of gas production coupled with low gas cost restrained SMP.

B. Production per Technology & Interconnection Balance

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



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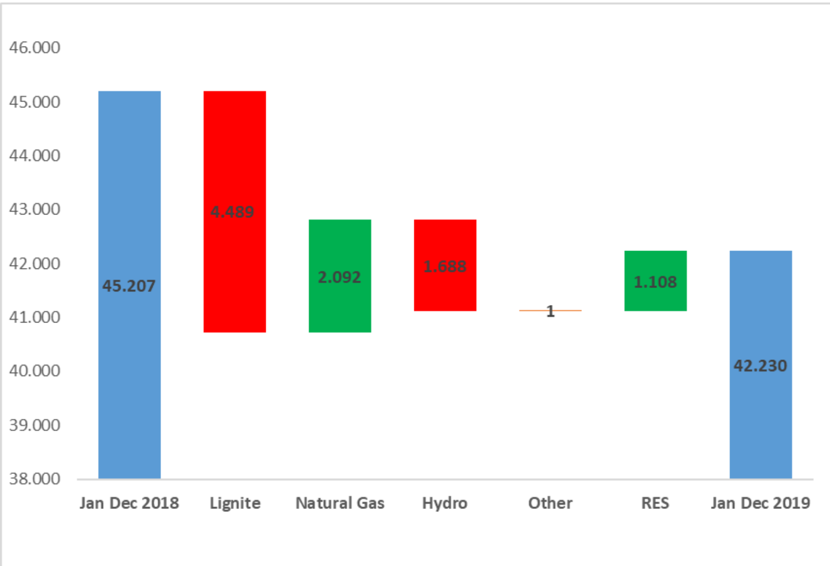

In the adjacent chart it can be noticed that the total production from local producers decreased by almost 7.0%. Lignite production decreased by -30% compared to 2018. Natural Gas plants increased by 15%, Hydro decreased by -33% and RES increased by 10%. The whole picture shows a clear transformation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

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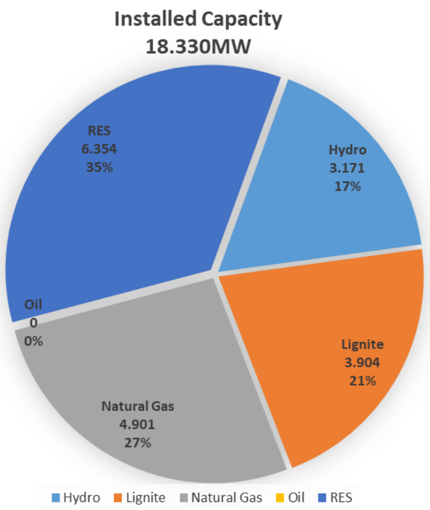
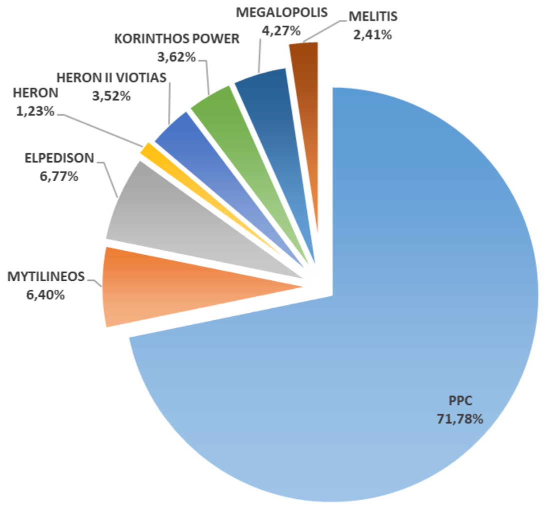
C. Energy mix





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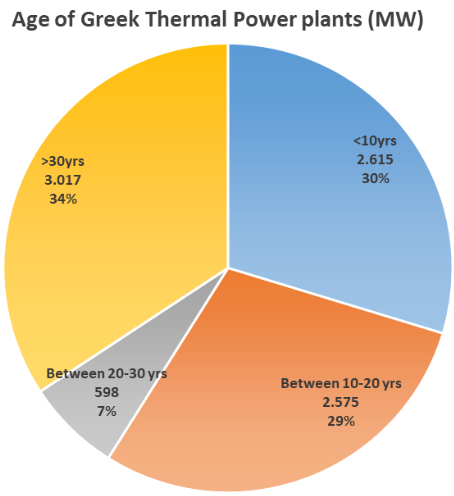
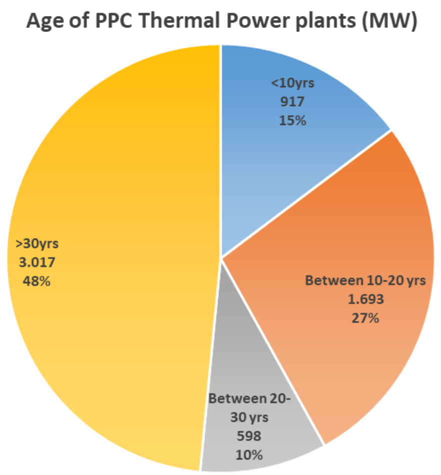
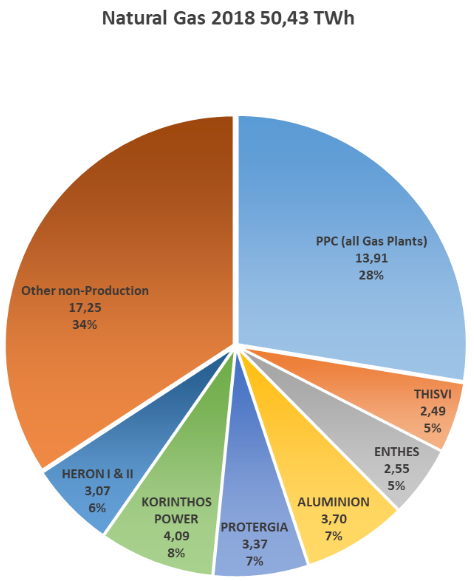
The total capacity of the Greek energy sector rises to a total POWER of 18.330 MW. The predominant power plant owner is PPC owning 8.597 MW of Conventional and Hydro plants, the break down between PPC and IPP installed MW percentage to the energy mix is presented in the chart below.

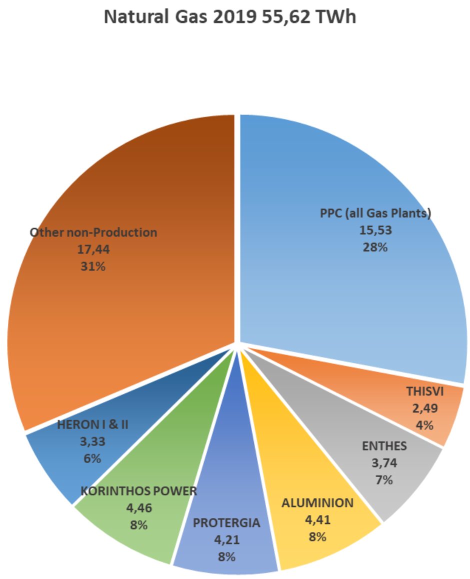




41% of Thermal plants in Greece are over 20 years old, 58% of Thermal plants of PPC are over 20 years old.

D. Gas Consumption





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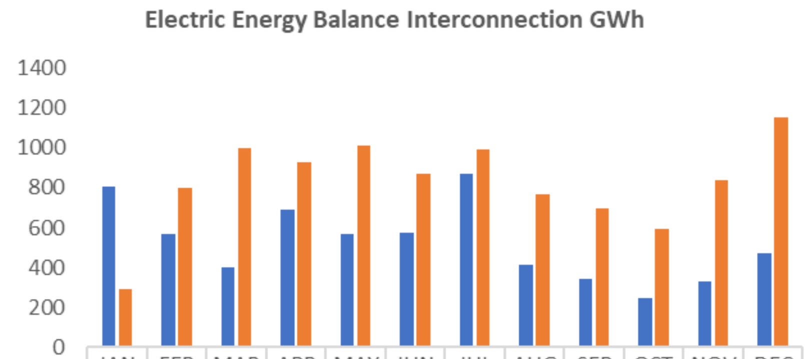
Gas consumption for the year 2019 raised by 10% (5.2TWh thermal), depicting mainly the CO2 €/ton increase resulting to scale up of lignite production cost thus leaving more room to gas power plants.

Imports/Exports



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

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

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

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

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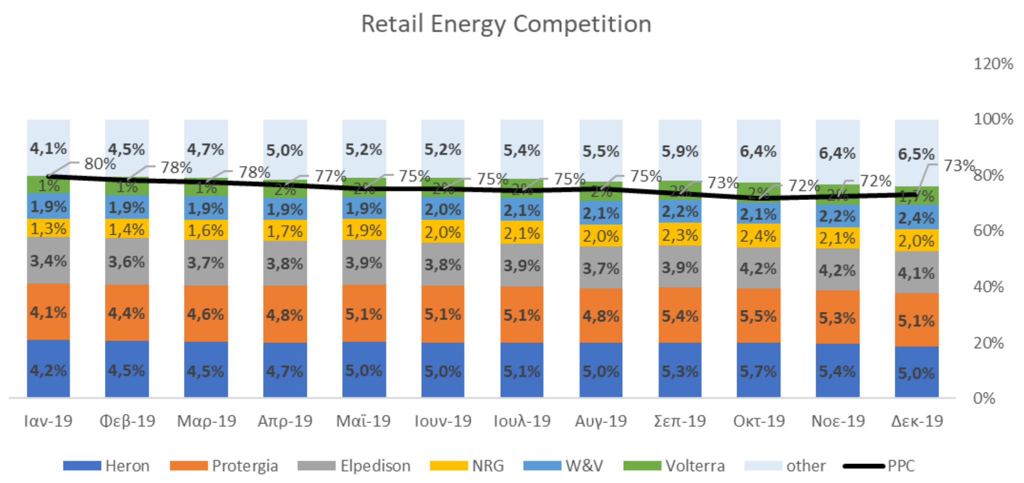
E. Retail

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



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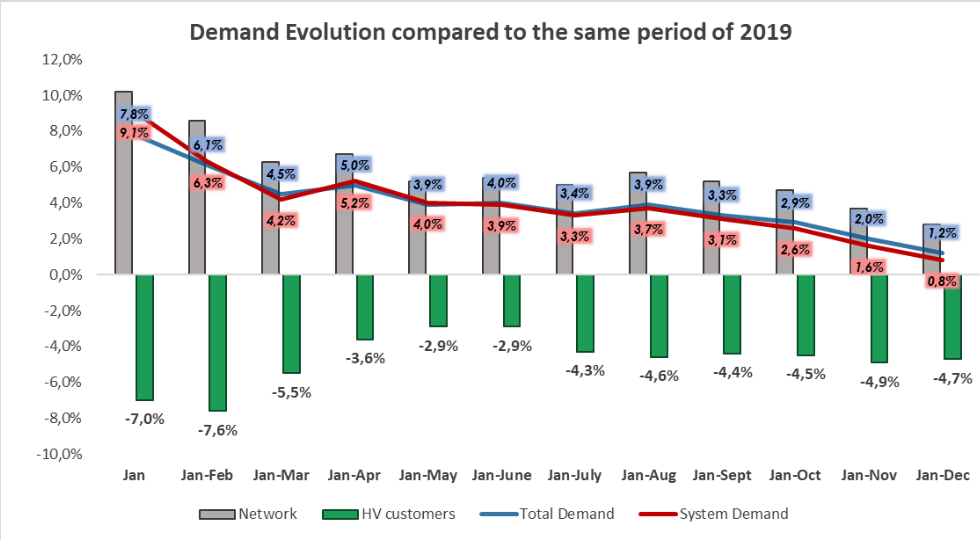

Total demand is presenting an increase of 1.2% compared to 2018. The beginning of the year presented the highest variability, throughout the year the percentage dropped at 1.2% . On the other hand, HV customers have seen a decrease compared to 2018 of 4.7% for the entire 12-month period.

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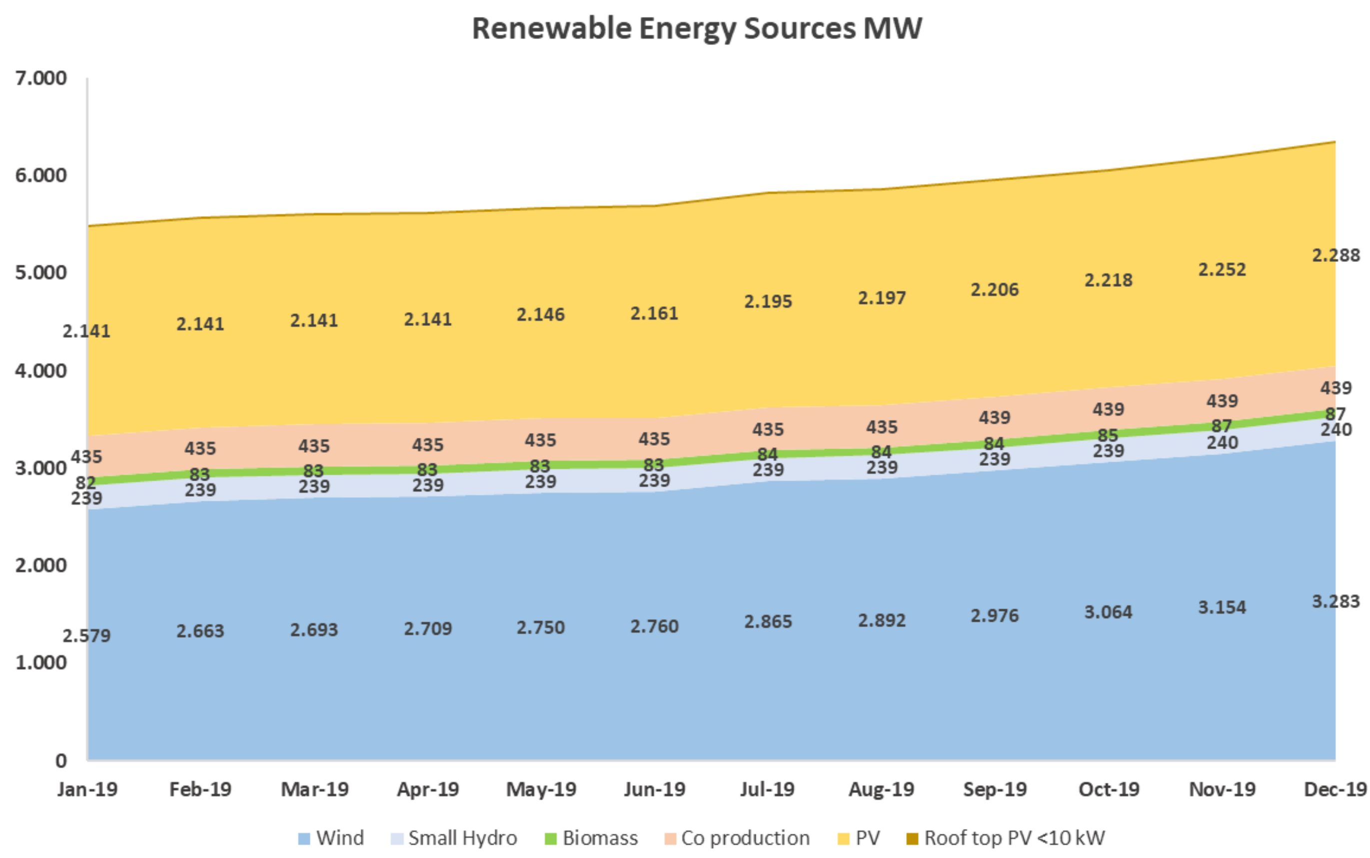
F. Renewable Energy sources

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



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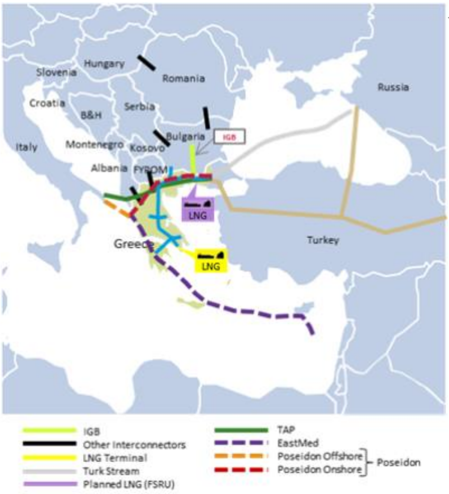
G. Gas Interconnectors

Interconnector Greece – Bulgaria (IGB)



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

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

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

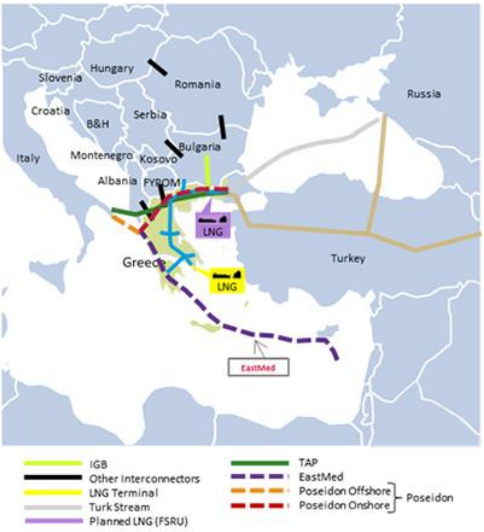
In 2018, the European Commission confirmed that plans supported by Greece and Bulgaria, to support the construction and operation of a natural gas interconnector - including a fixed corporate tax regime - are in line with EU State aid rules. The IGB will also benefit from a 45 million euro contribution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

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

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

www.depa.gr

The Eastern Mediterranean Pipeline (EastMed)



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

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

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

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

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

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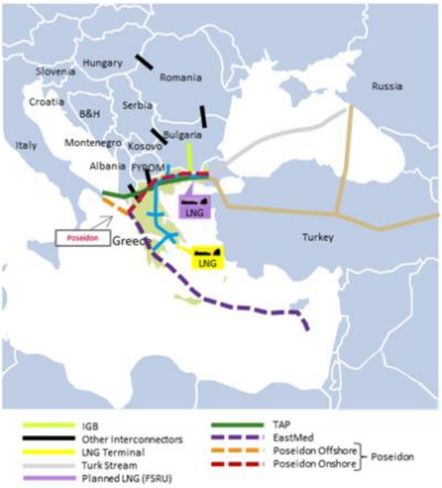
The Poseidon Pipeline Project



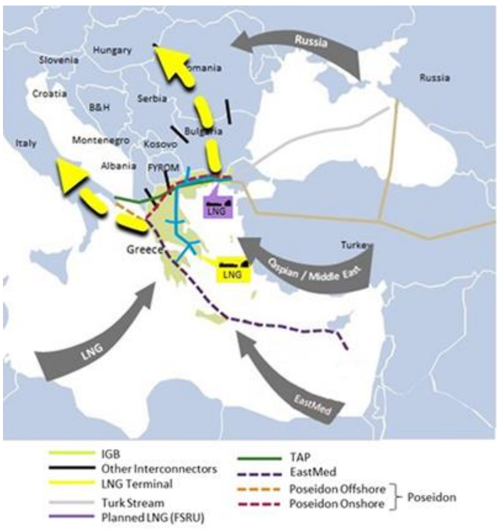
The Poseidon pipeline project, which is developed by the Greek company IGI Poseidon S.A. (50% DEPA – 50% Edison), consists of two sections: The approximately 760 km onshore section, whose route crosses through Greece from the Greek-Turkish border at Kipi to Florovouni in the Thesprotia region, and the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

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

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

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

Other International Activities



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

3. Company Overview

HERON II THERMOILEKTRIKOS STATHMOS VIOTIAS SOCIÉTÉ ANONYME (namely, "HERON II" or the "Company") is the Joint Venture between three big players of Energy Sector: ENGIE Group of Companies, a French partner, GEK TERNA Group of Companies, a Greek partner and QATAR PETROLEUM Group of Companies, a Qatar partner as well.

ENGIE Group has been built historically through the privatization of the National Public Gas Company at 1946. In the course of 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. GDF SUEZ employs around 218,000 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.

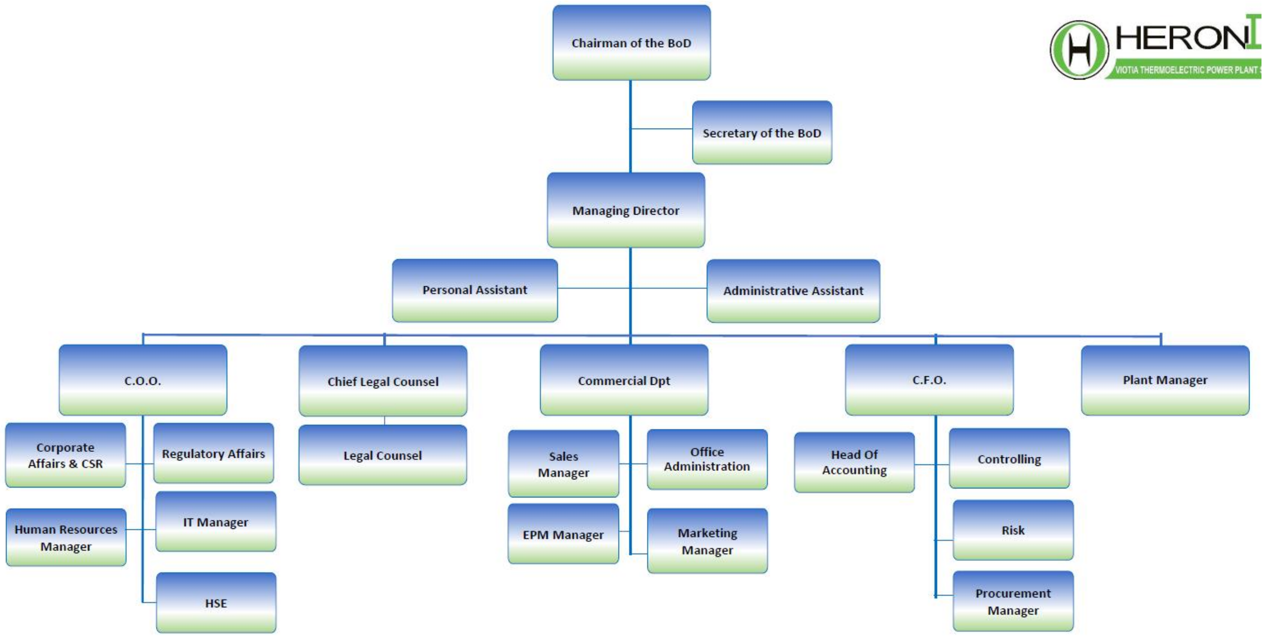
GEK TERNA Group: In 2002 GEK is transformed into a Holding Company, and its constructions sector is transferred to TERNA. In 2008 GEK absorbed the holding sector of TERNA and was renamed to GEK TERNA. The Group has business in several sectors: constructions, energy, real estate, industrial and concessions, 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.

QATAR PETROLEUM Group of Companies: QATAR PETROLEUM INTERNATIONAL was founded in 2006 and is a subsidiary Company of QATAR PETROLEUM, which is the state-owned Qatar Petroleum Group. QATAR PETROLEUM INTERNATIONAL (namely QPI) is already active in Europe (UK, Italy), North America (USA, Canada), Asia (Singapore, Vietnam) and Africa.

Being one of the three main private Electricity Producers, HERON II has the same structure as the other players in Energy Sector. More precisely, HERON II owns a CCGT (*combined cycle gas turbine*) power plant. The nominal capacity is 432 MW. Commercial Operation Date is August 4th, 2010. The Company's power station is a single shaft, more precisely, includes a gas turbine and steam turbine. The Power plant's sole fuel is natural gas. Its' efficiency rate, compared with the average performance gas/fired plants in operation within the Greek system, results still top-ranking classification of the selected technology.

The unit's high efficiency also results to reduced fuel consumption, and thus low gas emissions (CO_2), a fact that renders HERON II as the most environmentally friendly conventional power plant, right after the RES (Renewable Energy Sources), indeed.

4. Organization



5. Economic and Financial highlights

The Turnover amounted to € 144.363 thousand (compared to € 131.013 thousand in 2018). Loss amounted, after income Tax amount to € (32.197) thousand (compared to € (8.713) thousand in 2018).
The Total Assets (which includes non-current and current) amount to € 179.451 thousand (compared to € 207.371 thousand in 2018).
Company Liabilities amount to € 137.759 thousand compared to € 133.472 thousand in 2018. More precisely, the Total Financial Liabilities amounted to € 80.981 thousand, decreasing by 7,56% compared to the level of 2018 (€ 87.607 thousand).
Company Cash Amounts to € 12.348 thousand and has been placed in sight deposits (€8.994 thousand in previous year).

6. Project Financing

The Company signed a hybrid financing arrangement with a consortium of Hellenic and International lenders in November 24th, 2010.
The loan, structured as a bond loan governed under English law was composed of:

- A Term loan amounting to 151 MEUR with a 13 years maturity.
- A VAT facility of 52,3 MEUR aiming at financing the constructions VAT refund.

The Term loan is repaid based on mandatory repayment and cash sweep mechanism, while the VAT facility is already repaid upon VAT collection from the Greek State. The rate interest on loans is 6 month Euribor plus margin.
The term loan is structured in 2 phases: (a) a first phase guaranteed during which the shareholders secure the loan through either parent company or bank guarantees and (b) a second phase project finance including usual requirements and covenants to the extent that certain requirements are met.
The first loan disbursement took place on 14/01/2011 and the second and final disbursement on 28/02/2011.

To ensure Bondholders regarding the above mentioned Loan the followings have been established/incorporated in favor of PIRAEUS BANK S.A. as representative and on behalf of the Bondholders:

a) Pledge of the total issued shares of the Issuer HERON II
b) Pledge of all accounts of the project with the exceptions stated in contractual documents
c) Nominal pledge on the equipment of the project valued € 229,5M

d) Assignment of insurance contracts (damage and loss of income)
e) Pledge on all rights arising from the contractual documentation of the project

Also, in November 24th, 2010 the Company signed a subordinated common bond loan with the two (then) shareholders for an amount of 49,1 MEUR. The loan will be fully repaid by the September 30th, 2023. The loan bore an initial fixed interest at 6,75%. In January 2012 the Company has reimbursed the last tranche of the VAT facility loan (full and complete repayment). For the outstanding amount of 2019, please refer to notes 13 and 28.

7. Real estate of the Company

The Company does not own any real estate properties. The plant had been constructed on a long-term leased plot.

8. Important events having occurred during 2019

I. ARBITRATION INITIATED BY DEPA REGARDING Q1 2017 NATURAL GAS INVOICES

a. On 6/11/2017 DEPA has initiated an arbitration procedure against the Company although the two Companies were in the middle of negotiations on the said matter, initially scheduled to terminate until 30/11/2017. The Company contests the (increased) Gas Sale Accounts of Q1 2017 on the basis that the invoices are increased due to spot LNG cargos that DEPA had to import, during December 2016 and January 2017 after a sharp and continuous lack in natural gas of the Hellenic market. The claim raises at 3,8M€ and the Company appointed, as obliged, its own Arbitrator on 14/11/2017, attesting at the same document, in written, its denial regarding DEPA's argumentation.

b. On 19/01/2018 the two Arbitrators proceeded with the Nomination of a Presiding Third Arbitrator, who has accepted his nomination with his written declaration dated 23/01/2018.

c. Further to common agreement of the parties to the dispute, the arbitration was defined as International Commercial Arbitration (L. 2735/1999). All relative powers of attorneys were submitted until 28/02/2018.

d. Date of lodging of DEPA's application has been defined the 30th/3/2018.

e. The proposals and relative documents of both parties were submitted, as it had been set, up to the 15th/5/2018.

f. Hearing proceedings took place at the 18th/09/2018, as arranged.

g. The evaluation of Witnesses' Statements and finalization of the hearing proceedings took place at the 22nd/10/2018, as arranged.

h. The decision is expected within the second semester of 2019.

i. With its decision numbered 21/4.10.2019, the Arbitrary Court partially accepted the argumentation of the Company and rejected (also partially) the argumentation of DEPA, reducing DEPA's claim from € 3,8 mil. to € 2,5 mil. (i.e 32 % reduction) and also decided that for the specific amount, no default interest shall be charged. In any opposite case, which is if any default interest had been charged, the Company should pay an amount of approximately € 0,9 mil. This reduces the total claim of DEPA (€ 4,7 mil.) by 45,17 %.

II. TRANSITORY FLEXIBILITY REMUNERATION MECHANISM

The State Aid Approval Decision No 50152 (2018/N) established the implementation of the mechanism in two distinct auction phases. The first one starting upon approval of the measure and ending on the 31.03.2019 and the second one starting on the 1st of April, implementation date of the Target

Model, and ending on the 31.12.2019. In the first phase in the auctions will participate exclusively the Generators (CCGTs, OCGTs, Hydro) as the only entities capable of providing the flexibility service and in the second phase producers, demand response and storage systems were defined as providers of flexible power. The beginning of the second phase is correlated with the implementation of the four markets of the Target Model, since only through those markets the direct participation in the market of demand and storage is feasible. Due to the failure of the Hellenic Republic to implement the Target Model, the mechanism is suspended since its second phase cannot begin.

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

A. ***DISCUSSION ON THE CLAIM OF THE COMPANY AGAINST ADMIE FOR THE PROVISION OF ANCILLARY SERVICES***

The company's claim derives from invoices, which regard Ancillary Services, which were issued in the name of the TRANSMISSION SYSTEM OPERATOR (ADMIE) for an amount of € 7.462 thousand including V.A.T, an amount already claimed judicially by a Lawsuit of the Company against ADMIE, before the Multimember First Instance Court of Athens, under Deposit Number 29533/822/25-2-2013, claiming the payment of the invoices for Auxiliary Services of November and December 2011 and January, February and March 2012. The Company's lawsuit had been discussed on 19/11/2015 and the Court decided (under 700/11.03.2016) to postpone its verdict until Council of State's final decision on the (relative) Administrative procedure i.e. Petition of the Company under Deposit Number 822/20-02-2013 against RAE's decision on the Dispatching Formula for Ancillary Services; accepted by the Administrative Court of Appeal of Athens' decision under 1579/17.03.2014; appealed by RAE in front of the Council of State. The lawsuit was eventually, after several postponements, discussed on 02/04/2019 and the Council of State rejected RAE's appeal. Given that, the Company brought back her claim against ADMIE before the Multimember First Instance Court of Athens, with the discussion date set as the 20th of February, 2020. The Company's claim was discussed at February 20th, 2020 based on the above court date and the relevant Decision is expected within 2020.

B. ***COVID-19 Pandemic***

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

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

Business :

- The decline of SMP even before the Covid-19 crisis, led to a significant compression of revenues from the operation of the production unit of HERON II VIOTIAS in context of the spot market of the Hellenic Energy Exchange (Daily Energy Programming, DAP).
- On top of this, the constant and significant drop of TTF (Title Transfer Facility) prices has also lowered the company's cost of LNG supply, which is valuated internationally in correlation with the TTF rate and consequently reduced the electroproduction cost of the unit .It is important to note that this was made possible thanks to the annual natural gas supply strategy of the Company, which ensured indirect access, through third-party suppliers, in large volumes of LNG in contrast to lowered natural gas supply through pipeline.
- Consequently, the company managed not only to offset the negative effect of the drop in SMP prices in the variable gross profit margin, but also to offset the effect of the reduced demand due to the COVID-19 crisis in the field of competition and assurance of sufficient production levels.
- It deserves to be noted that the most unfavorable period was during the months of April and May due to the low seasonal demand, the additional reduction due to the COVID-19 crisis as well as the intense competition mainly with the production units of PPC, which proceeded with large imports of LNG. The situation is expected to improve significantly by the end of May and thereafter, since due to the weather conditions and re-start of the economy, demand is going to increase significantly leading to higher SMP prices, while TTF prices still remain at historically low levels.

Liquidity:

- Liquidity problems of the company are not new and are existing well prior to COVID-19 pandemic. Warnings have been sent during last BoDs in particular. The main flexibility is given by HERON THERMOELECTRIC S.A to which payment of gas purchase is delayed.
- Delaying payments to HERON THERMOELECTRIC S.A is done in order to secure the payment of the Senior Debt at the end of March 2020 as well as the payment to GE in order to ensure that the Major Overhaul programmed for the third quarter of 2020 continues on track.
- As of 31/3/2020, Senior Debt outstanding is significantly down, close to 13,0 M€.

Actions taken :

- The company is expecting to receive during the upcoming months an amount as return from following the successful litigation between DEPA and BOTAS . As of today, the company hasn't received any calculation nor explanation as to how this amount will be calculated.
- Active negotiation with RAE & Ministry of Energy in order to be able to net HTSO payables and receivables, for both Competitive and Regulatory charges. In that case, assignment of most of ADMIE receivables from HERON II VIOTIAS S.A to HERON THERMOELECTRIC S.A (if permitted by the Lenders) would assist HERON II VIOTIAS S.A to lower its debt to HERON THERMOELECTRIC S.A and HERON THERMOELECTRIC S.A to net its HTSO receivables and payables.
- Active support to reactivate TFRM as initially forecasted to increase revenues of HERON II VIOTIAS S.A and possibly also its cash position.
- Negotiation of working capital facility either with lending banks or other banks.
- At present state, it is not possible to predict the evolution of the Covid-19 pandemic and also the timeframe for which it is going to affect the country's economy and particularly the Company's operations. However, the Company, being in cooperation and constant communication with its parent companies, pays careful attention to the developments around this matter, examines different scenarios and takes measures in order to secure its ongoing operations in the foreseeable future. More specifically, the Company has already planned and agreed with its parent companies on the reduction of its expenses. The improvement of the Company's organizational operation as well as its increased liquidity during the date of preparation of its financial statements and the support of its parent companies, could, based on

the Company's judgement, secure its operations in the foreseeable future. It is also noted that besides the continuation of operations, it is a major priority for the company to secure safety of its employees and thus, public health. Under these premises, the Company is fully in line with the instructions and legislation that the Government has applied in consideration of the issue.

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

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

The Chairman

George Kouvaris

III. ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019 (1 January - 31 December 2019)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of HERON II THERMOELECTRIC PLANT OF VIOTIA SOCIETE ANONYME (hereinafter the "Company") on the 18th of May 2020 and have been published on the website of the Company, http://heronii.gr/ where they will remain available 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 II VIOTIA THERMOELECTRIC POWER PLANT S.A.

HERON II VIOTIAS SOCIETE ANONYME
STATEMENT OF FINANCIAL POSITION
31st December 2019
(All amounts are presented in thousand Euros, unless otherwise stated)

	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	4	3	11
Right-of use assets	5	1.165	0
Tangible fixed assets	6	127.726	158.482
Other investments	7	10	10
Other long-term receivables	8	144	154
Total non-current assets		**129.048**	**158.657**
Current Assets			
Inventories	9	3.737	3.559
Trade receivables	10	29.544	29.016
Other receivables	11	4.754	7.108
Income tax receivables		20	37
Cash and cash equivalents	12	12.348	8.994
Total current assets		**50.403**	**48.714**
TOTAL ASSETS		**179.451**	**207.371**
EQUITY & LIABILITIES			
Equity			
Share capital	19	6.440	6.440
Share premium account		95.496	95.496
Reserves	20	1.359	1.369
Profit/(Loss) Retained earnings		(61.603)	(29.406)
Total equity		**41.692**	**73.899**
Non-Current liabilities			
Long-term loans	13	67.574	74.921
Liabilities from leases	14	1.026	0
Provision for staff retirement indemnities	15	279	232
Provision for dismantlement	16	1.342	1.236
Deferred tax liability	21	20.836	17.042
Total Non-Current liabilities		**91.057**	**93.431**
Current liabilities			
Long-term liabilities payable in the following year	13	13.407	12.686
Short-term portion of liabilities from leases	14	159	0
Suppliers	17	19.493	8.736
Liabilities from customers' contracts		0	785
Accrued and other short-term liabilities	18	13.643	17.834
Total current liabilities		**46.702**	**40.041**
TOTAL EQUITY AND LIABILITIES		**179.451**	**207.371**

The accompanying notes are an integral part of the financial Statements.

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

	Note	2019	2018
Revenue	22	144.363	131.013
Cost of goods sold	23	(143.378)	(130.166)
Gross profit/(loss)		**985**	**847**
Administrative and selling expenses	23	(1.435)	(1.171)
Other income / (expenses)	27	(20.499)	(101)
Financial income	26	63	46
Financial expenses	26	(7.517)	(5.891)
Earnings/(loss) before income tax		**(28.403)**	**(6.270)**
Income tax	21	(3.794)	(2.443)
Earnings/(loss) after income tax		**(32.197)**	**(8.713)**
Other Comprehensive Income (not to be recycled in profit and loss)			
Actuarial losses		(11)	(20)
Income tax		1	3
		(10)	**(17)**
TOTAL COMPREHENSIVE INCOME		**(32.207)**	**(8.730)**

The accompanying notes are an integral part of the financial Statements.

HERON II VIOTIAS SOCIETE ANONYME
STATEMENT OF CASH FLOWS

31st December 2019

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

	Note	2019	2018
Cash flows from operating activities			
Earnings/(loss) before income tax		**(28.403)**	**(6.270)**
Adjustments for reconciliation of net flows from operating activities			
Depreciation	4, 5,6	10.951	10.802
Impairment of assets		20.000	0
Impairment of receivables	10	660	413
Provisions		32	65
Interest and related income	26	(63)	(46)
Interest and related expenses	26	7.517	5.891
Operating profit before changes in working capital		**10.694**	**10.855**
(Increase)/decrease in:			
Inventories		(178)	135
Trade receivables		(1.188)	(6.895)
Prepayments and other short-term receivables		2.385	4.472
(Increase)/decrease in:			
Suppliers		10.757	(10.126)
Liabilities from customers' contracts		(785)	0
Accrued and other short-term liabilities		(4.191)	12.410
(Increase)/ decrease in other long-term receivables and payables		0	22
Income tax payments		(4)	(5)
Net cash flows from operating activities		**17.490**	**10.868**
Cash flows from investing activities			
Net additions of fixed assets		(72)	(81)
Interest and related income received		63	46
Cash flows from investing activities		**(9)**	**(35)**
Cash flows from financing activities			
Net change in long-term loans	13	(12.296)	(12.374)
Liabilities from leases payments	14	(95)	0
Interest paid		(1.736)	(2.512)
Cash flows from financing activities		**(14.127)**	**(14.886)**
Net increase in cash		**3.354**	**(4.053)**
Cash and cash equivalents at the beginning of the year		8.994	13.047
Cash and cash equivalents at year end		**12.348**	**8.994**

The accompanying notes are an integral part of the financial Statements.

HERON II VIOTIAS SOCIETE ANONYME

STATEMENT OF CHANGES IN EQUITY

31st December 2019

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

	Share capital	Share Premium Account	Reserves	Profit carried forward	Total
1st January 2018	**6.440**	**95.496**	**1.386**	**(20.693)**	**82.629**
Total comprehensive income	-	-	(17)	(8.713)	**(8.730)**
Formation of statutory Reserves	-	-	-	-	**-**
31st December 2018	**6.440**	**95.496**	**1.369**	**(29.406)**	**73.899**
1st January 2019	**6.440**	**95.496**	**1.369**	**(29.406)**	**73.899**
Total comprehensive income	-	-	(10)	(32.197)	**(32.207)**
Formation of statutory Reserves	-	-	-	-	**-**
31st December 2019	**6.440**	**95.496**	**1.359**	**(61.603)**	**41.692**

The accompanying notes are an integral part of the financial Statements.

1. ESTABLISHMENT AND ACTIVITIES OF THE COMPANY

HERON II THERMOILEKTRIKOS STATHMOS VIOTIAS SOCIETE ANONYME (hereinafter the "Company") is a company incorporated in Greece and was set up as a Société Anonyme on 27.09.2007.

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 General Commercial Electronic Registry under No 7798101000 and at the Greek Société Anonyme Registry under No 64277/06/B/07/608.

Its main activity is the construction, installation, operation of thermoelectric combined cycle power plants (using gas as fuel).

The Company has completed the construction of the 435MW combined cycle electricity generation plant in the industrial zone of Thiva at the location of Haraintini and has set it into operation since August 2010.

The Company belongs by 25% at TERNA S.A, a subsidiary of the Athens Stock Exchange listed GEK TERNA S.A, by 50% at ENGIE INTERNATIONAL HOLDINGS B.V, a subsidiary of ENGIE S.A, listed at the Paris Stock Exchange and by 25% at QATAR PETROLEUM INTERNATIONAL GAS & POWER OPC following the agreement signed with TERNA S.A at March 5, 2014 for the purchase of 25% of its total shares. The company's financial statements are consolidated using the equity method in the consolidated financial statements of the aforementioned 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 2019. There are no standards that have been adopted before their effective date.

Going concern

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

b) New standards, amendments of standards and interpretations

The accounting principles applied during the preparation of the financial Statements are the same as those followed for the preparation of the financial Statements for the period ended on December 31, 2017, except for the adoption of new standards and interpretations, whose application is mandatory for periods beginning on 1 January 2018.

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

Impact of adoption of IFRS 16

Under the provisions of IAS 17, the Company classified each of its leases (as a lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company has opted to recognize a lease expense on a straight-line basis for short-term leases and leases of low value assets.
The Company has not made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease and related guidance in IFRS 16 has been applied to all lease contracts that were effective as of 1 January 2019. The reassessment did not change significantly the scope of the contracts that meet the definition of a lease for the Company . In applying IFRS 16, the Company also elected to use the following practical expedients available by the standard at the date of initial application: (a) the exclusion of initial direct costs from the measurement of the right-of-use asset, (b) reliance on the assessment made before the date of initial application on whether leases are onerous by applying the provisions of IAS 37 and (c) the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

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

(Amounts in Thousand Euros)	Note	
Assets		
Non – Current Assets		
Right-of-use assets	5	1.251
Total Assets		**1.251**
Liabilities		
Non-Current Liabilities		
Lease Liabilities	14	1.155
Short-term Liabilities		
Lease Liabilities	14	96
Total Liabilities		**1.251**

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

IFRIC 23 "Uncertainty over Income Tax Treatments"

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

In case the entity concludes that it is not highly probable that a particular tax treatment will be accepted, it has to use the most likely amount or the expected value of the tax treatment when determining the relevant tax effect.
The decision should be based on which method provides better predictions of the resolution of the uncertainty.
The interpretation does not have significant impact on the financial position and / or the financial performance the Company.

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

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

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

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

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

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

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

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

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

IAS 12 "Income Taxes"

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

IAS 23 "Borrowing Costs"

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

<u>Amendments effective for periods beginning on or after January 1st, 2020</u>

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

IAS 1 and IAS 8: Definition of Material

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

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

The amendments published deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 (Financial Instruments) and IAS 39 (Financial Instruments: Recognition and Measurement), which require forward-looking analysis.

There are also amendments to IFRS 7 (Financial Instruments: Disclosures) regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.
The amendments are not expected to have significant impact on the financial position and / or the financial performance of the Company.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I) The main accounting policies adopted during the preparation of the attached Financial Statements are the following:

a) Intangible Assets
Intangible assets mainly consist of software costs and all expenses incurred to develop the software in order to bring it to operating condition.
Amortization on software is accounted for based on the straight line method for a period of five 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)**
Buildings	25
Machinery and Technical Installations	4-25
Furniture and Other Equipment	1-10

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

c) Leases

The Company as a lessee

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

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

- fixed lease payment (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under the residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position. The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The Company applies IAS 36 to determine whether a right-of-use asset is impaired.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset. The Company did not incur any such costs during the periods presented.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the lease commencement date.
The right-of-use assets are presented as a separate line in the consolidated 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, while 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 performed a test of the recoverable amounts of the Company assets and based on the results of this test, estimated that there is case for impairment of fixed assets of the Company. Based on the approved from the B.O.D. 5 years' plan (approved at 14/12/2015) and using a discount rate of 8,9% the company proceed with an impairment of € 18,5M€, that affected "Other income/(expenses)" and "Tangible fixed assets" of 2015.

e) Inventories
Inventories include spare parts and other material. Inventories are valued at the lower of cost and net realizable value.
A provision for impairment is made if it is deemed necessary.

f) *Financial assets – Trade receivables*
I. Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Company becomes a party to the financial instrument.

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

II. Classification and initial recognition of financial assets

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

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

Classification of every asset is defined according to:

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

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

III. Subsequent measurement of financial assets

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

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

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

IV. Impairment of financial assets

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

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

Trade receivables, other receivables and receivables from contracts with customers

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

g) Cash and Cash Equivalents

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

h) Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when, and only when, the Company is subject to the financial instrument. As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Group's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9.
The Company's financial liabilities include mainly borrowings from lease agreements, suppliers and other liabilities. Financial liabilities are initially recognized at cost, which is the fair

value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.
Financial liabilities are classified as short-term liabilities unless the Company has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

i) Provisions for Staff Retirement Indemnities

According to the provisions of L. 2112/1920, the Company reimburses its retiring or dismissed employees, and the amount of the relevant indemnities depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement).
The liabilities for staff retirement indemnities are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees' benefit rights during the duration of their expected working years. The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation.
Net retirement costs for the period are included in the net earnings or other conrehensive income, as the case may be, and consist of the present value of benefits that have accrued during the year, the interest on the benefits' liability, the cost of prior service, the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized immediately. The liabilities for retirement benefits are not financed. Actuarial profits and losses are registered in other comrehensive income not recycled in profit and loss.

j) Government Pension Plans

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

k) Income Tax (Current and Deferred)

Current and deferred taxes are calculated based on the financial statements of the company that are compiled according to the tax regulations in effect in Greece. Current income tax is calculated based on the earnings of the Company as such are reformed on the company's tax returns, additional income tax emerging from the Tax Authorities' tax audits, on deferred income tax based on the enacted tax rates, as well as any possible extraordinary tax contribution calculated on earnings.
Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the date of the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences.
Deferred tax assets are recognized for all the exempt temporary differences and the transferable tax losses, to the extent that it is likely that there will be available taxable earnings, which will be set against the exempt temporary differences and the transferable unused tax losses.
The deferred tax assets are estimated on each date of the financial statements and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.
Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the financial year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the date of the financial statements.
Income tax that relates to items, which have been directly recognized in other comprehensive income, is also recognized in other comprehensive income.

l) Provisions, Contingent Liabilities and Contingent Assets

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

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 interim and annual financial statements.

v) Provisions and Contingent Liabilities and Requirements: Provisions are recognized when the Company has a present legal or presumptive obligation as a result of past events, its liquidation is probable through resource outflow and a reliable estimate of the obligation can be made. Provisions are being reviewed at each date of the financial statements and shall be adjusted so as to reflect the present value of expected output needed for the settlement of the obligation. If the effect of the time value of money is significant, provisions are being calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation. Contingent liabilities are not recognized in the financial statements but are being disclosed unless the possibility of an outflow of resources that include economic benefits is small. The Company in the context of its activities is part of judicial claims and commercial disputes and differences. The management of the Company carries out provisions for risks and unforeseen events that may arise from legal cases and litigation/disputes that may lead to financial outputs for solving them. These provisions are registered, based on management's best estimate of the amounts that are expected to arise and the odds related to the final outcome of the case. The final outcome of such cases and any related amounts are likely to deviate from the amounts recorded in the 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 Euros)	**SOFTWARE**	
	2019	**2018**
Net book value as at 1.1	**11**	**21**
Additions	0	0
Transfer (from)/to intangible fixed assets-cost	0	0
(Depreciation)	(8)	(10)
Net book value as at 31.12	**3**	**11**
Cost 1.1	307	307
Accumulated depreciation	(296)	(286)
Net book value as at 1.1	**11**	**21**
Cost 31.12	307	307
Accumulated depreciation 31.12	(304)	(296)
Net book value as at 31.12	**3**	**11**

The depreciation of the presented period has been recognized in the account Cost of Goods Sold by 8 thousand € (€ 10 thousand for 2018), of the Statement of Comprehensive Income.

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

5. RIGHT-OF USE ASSETS

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

	Land	Buildings	Transportation means	Total
Cost as of January 1 2019	**0**	**0**	**0**	**0**
Additions from initial recognition as a result of the adoption of new standards	980	242	29	**1.251**
Additions	0	0	30	**30**
December 31 2019	**980**	**242**	**59**	**1.281**
Accumulated depreciation as of December 31 2019	0	0	0	**0**
Depreciation for the period	(25)	(81)	(10)	**(116)**
December 31 2019	**(25)**	**(81)**	**(10)**	**(116)**
Net Book Value as of December 31 2019	**955**	**161**	**49**	**1.165**

Depreciation for the period of 2019 amounts to € 116 thousand and is reflected in the Statement of Comprehensive Income, in the account Cost of Goods sold by € 10 thousand and in the account Administrative and Selling by € 106 thousand.

6. TANGIBLE FIXED ASSETS

The movement of the Tangible fixed assets presented in the attached Financial Statements has as follows:

	Buildings	Machinery	Other	Fixed assets under construction	Total
Net book value 1.1.2019	**11.883**	**146.530**	**69**	**0**	**158.482**
Additions	0	0	0	72	**72**
Transfer (from)/to tangible fixed assets-cost	0	0	0	(72)	**(72)**
Transfer (from)/to intangible fixed assets-cost	0	0	0	0	**0**
Transfer from assets under construction	4	21	46	0	**71**
Impairment loss of assets	0	(20.000)	0	0	**(20.000)**
Transfer from / (to) inventories	0	0	0	0	**0**
Cost of sold/written off fixed assets					
Accumulated depreciation of sold/written off fixed assets	0	0	0	0	**0**
Depreciation	(760)	(10.015)	(52)	0	**(10.827)**

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

Net book value 31.12.2019	**11.127**	**116.536**	**63**	**0**	**127.726**
Cost 01.01.2019	18.207	262.768	403	0	**281.378**
Accumulated impairment	0	(18.503)	0	0	**(18.503)**
Accumulated depreciation	(6.324)	(97.735)	(334)	0	**(104.393)**
Net book value 1.1.2019	**11.883**	**146.530**	**69**	**0**	**158.482**
Cost 31.12.2019	18.211	262.790	449	0	**281.450**
Accumulated depreciation	(7.084)	(107.751)	(386)	0	**(115.221)**
Accumulated impairment	0	(38.503)	0	0	**(38.503)**
Net book value 31.12.2019	**11.127**	**116.536**	**63**	**0**	**127.726**

	Buildings	**Machinery**	**Other**	**Fixed assets under construction**	**Total**
Net book value 1.1.2018	**12.638**	**156.470**	**44**	**41**	**169.193**
Additions	0	0	0	81	**81**
Transfer (from)/to tangible fixed assets-cost	5	73	44	(122)	**0**
Transfer (from)/to intangible fixed assets-cost	0	0	0	0	**0**
Impairment loss of assets	0	0	0	0	**0**
Transfer from / (to) inventories Cost of sold/written off fixed assets	0	0	0	0	**0**
Accumulated depreciation of sold/written off fixed assets	0	0	0	0	**0**
Depreciation	(760)	(10.013)	(19)	0	**(10.792)**
Net book value 31.12.2018	**11.883**	**146.530**	**69**	**0**	**158.482**
Cost 01.01.2018	18.202	244.193	359	41	**262.795**
Accumulated depreciation	(5.564)	(87.723)	(315)	0	**(93.602)**
Net book value 1.1.2018	**12.638**	**156.470**	**44**	**41**	**169.193**
Cost 31.12.2018	18.207	244.266	403	0	**262.876**
Accumulated depreciation	(6.324)	(97.736)	(334)	0	**(104.394)**
Net book value 31.12.2018	**11.883**	**146.530**	**69**	**0**	**158.482**

The depreciation of the present period has been recognized in the account Cost of Goods Sold by € 10.818 thousand (€10.791 thousand in 2018) and in the account Administrative and Selling Expenses by € 9 thousand (€ 1 thousand in 2018), in the Statement of Comprehensive Income.

Impairment Testing

The Company, in the context of impairment testing, constitutes a particular and single Cash Generating Unit (CGU). The main reasons that led to impairment testing regard the following :

1. The yearly systematic shaping of low wholesale prices at the energy spot market due to strategies which have been implemented by participants with the motive to preserve

low prices as clear energy buyers. Such strategies have significantly limited the operational profitability of the Company's unit and consequently the recovery of the actual variable costs as well as its fixed annual expenses.

2. The reduction and afterwards absence of the Transitory Flexibility Remuneration Mechanism for a significant amount of time during the last years, which led to the appearance of negative net results. A new commencement of the Transitory Flexibility Remuneration Mechanism for a duration of nine (9) months is expected within July 2020.

These specific factors contributed to the need for impairment testing concerning the Company's value as a CGU. The identification of the recovery value was based on value of use. Value of use was calculated using the method of discounted cash flows, i.e cash flow forecasts based on budgets and forecasts of Management in accordance with the 5-year plan which has been approved by the Board of Directors at November 13,2019, using a Weighted Average Cost of Capital (WACC) of 8,0 %. The calculation indicated an impairment value of € 20,0 millions which was recognized at the Statement of Profit and Loss of 2019 at the line Other Income/(Expenses) with the respective asset category being affected by the impairment loss being " Machinery ".

7. OTHER INVESTMENTS

Other investments presented in the attached financial statements relate to the participation in the non-profit association under the name "Hellenic Association of Independent Power Producers" which aims at the joint promotion of all the issues related to the production and sale of electricity by independent producers. This association was incorporated in March 2010 and the Company participates in its capital by 16,67%.

8. OTHER LONG-TERM RECEIVABLES

Other long-term receivables presented in the attached financial Statements are broken down as follows:

(All amounts are presented in thousand Euros)	**31.12.2019**	**31.12.2018**
Guarantees provided	18	18
Pre-paid leases	126	136
Total	**144**	**154**

Pre-paid leases concern a plot owned by third party (a non-related party) where boring will take place for water pumping so as to use it in the production process. The leasing is long-term for 25 years and there are still 13 years until it expires.

9. INVENTORIES

The account "Inventories" in the attached financial statements concerns solely fixed assets' spare parts and consumables.

10. TRADE RECEIVABLES

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

(All amounts are presented in thousand Euros)	**31.12.2019**	**31.12.2018**
Public entities (Administrators)	20.741	19.138
Customers - Individuals	2.921	1.566
Un-invoiced receivables – Public entities (Administrators)	1.217	4.072
Un-invoiced receivables – Individuals	3.873	2.788
Doubtful – litigious customers	7.462	7.462
Provisions (impairment) for doubtful Customers	(6.670)	(6.010)
	29.544	**29.016**

The above trade receivables include mainly receivables from TRANSMISSION SYSTEM OPERATOR (ADMIE). The main part of these invoices has to do with Ancillary Services, issued in the name of the TRANSMISSION SYSTEM OPERATOR for the amount of € 7.462 milion euros including VAT, claimed judicially by a Lawsuit of the Company against ADMIE, before the Multimember First Instance Court of Athens, under Deposit Number 29533/822/25-2-2013, claiming the payment of the invoices for Ancillary Services of November and December 2011 and January, February and March 2012. The Company's lawsuit had been discussed on 19/11/2015 and the Court decided (under 700/11.03.2016) to postpone its verdict until Council of State's final decision on the (relative) Administrative procedure i.e. Petition of the Company under Deposit Number 822/20-02-2013 against RAE's decision on the Dispatching Formula for Ancillary Services; accepted by the Administrative Court of Appeal of Athens' decision under 1579/17.03.2014; appealed by RAE in front of the Council of State. The lawsuit was eventually, after several postponements, discussed on 02/04/2019 and the Council of State rejected RAE's appeal. Given that, the Company brought back her claim against ADMIE before the Multimember First Instance Court of Athens, with the discussion date set as the 20th of February, 2020. The Company's claim was discussed at February 20th, 2020 based on the above court date and the relevant Decision is expected within 2020.

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.

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

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

31 December 2019	Not Past Due	0-180 days	181-365 days	365 and over days	Total
Expected credit loss rate	8,96%	1,82%	1,72%	66,96%	**18,42%**
Estimated total gross carrying amount at default	5.089	12.121	10.320	8.682	**36.212**
Lifetime ECL	(456)	(221)	(178)	(5.815)	**(6.670)**
Totals	**4.633**	**11.900**	**10.142**	**2.869**	**29.544**

31 December 2018	Not Past Due	0-180 days	181-365 days	365 and over days	Total
Expected credit loss rate	1,35%	1,61%	0%	79,35%	**17,16%**
Estimated total gross carrying amount at default	16.494	11.181	285	7.066	**35.026**
Lifetime ECL	(222)	(181)	0	(5.607)	**(6.010)**
Totals	**16.272**	**11.000**	**285**	**1.459**	**29.016**

Since 1/1/2018, the Company applies 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.

(All amounts are presented in thousand Euro)

	31.12.2019	
	Stage 2	**Stage 3**
Expected credit loss rate	3,55%	75,18%
Estimated total gross carrying amount at default	28.699	7.514
Lifetime ECL	1.020	5.649

	31.12.2018	
	Stage 2	**Stage 3**
Expected credit loss rate	1,50%	74,99%
Estimated total gross carrying amount at default	27.564	7.462
Lifetime ECL	414	5.596

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

(All amounts are presented in thousand Euro)

	2019	**2018**
Impairment of trade receivables balance 01.01	**6.010**	**5.597**
Readjustment from IFRS 9 adoption	0	0
Readjusted balance	6.010	5.597
Gain/(Loss) from Trade Receivables Impairment for the year 2019	660	413
Total Impairment 31.12.2019	**6.670**	**6.010**

11. OTHER RECEIVABLES

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

(All amounts are presented in thousand Euros)	**31.12.2019**	**31.12.2018**
Prepayments to Suppliers	2.173	6.125
Other Receivables	1.075	982
VAT to be set-off	1.506	1
	4.754	**7.108**

In the amount of 1.075 k€, an amount of 1.048 k€ is included referring to prepaid expenses.

12. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at 31st of December 2019 in the attached financial statements concern bank deposits. The level of cash on 31st December 2019 is € 12.348 thousand.

According to the Bond Programme (which refers to the Hybrid Project Financing), the Company opened several pledge accounts which all are dedicated to Project Financing purpose. More precisely, only the proceed bank account is dedicated to cash-in and to pay suppliers and lenders.

(All amounts are presented in thousand Euros)	**31.12.2019**	**31.12.2018**
Proceeds Account	12.348	8.994
Distribution Account	0	0
	12.348	**8.994**

13. LONG-TERM LOANS & LIABILITIES PAYABLE IN THE FOLLOWING YEAR

The two-line items include the outstanding part of Senior Debt for an amount of € 19,81 million plus the Subordinated Shareholders' Bond Loan for an amount of 61,17 M€.
The long-Term liabilities payable in the following year includes an amount of 12,22 M€ as principal of Senior Debt and 1,18 M€ as accrued interest relating to both Senior Debt and Subordinated Shareholders' Bond Loan.
The break down between current and long term is reported below:

(All amounts are presented in thousand Euros)	**31.12.2019**	**31.12.2018**
Up to 1 year	13.407	12.686
1 -5 years	67.574	74.921
Over 5 years	0	0
	80.981	**87.607**

The Term loan is repaid based on mandatory repayment and Cash Sweep mechanism, while the VAT facility is already repaid upon VAT collection from the Greek State. The rate interest on loans is 6 month Euribor plus margin.
The term loan is structured in 2 phases: (a) a first phase guaranteed during which the shareholders secure the loan through either parent company or bank guarantees and (b) a second phase project finance including usual requirements and covenants to the extent that certain requirements are met.
The first loan disbursement took place on 14/01/2011 and the second and final disbursement on 28/02/2011.
To ensure Bondholders regarding the above mentioned Loan the followings have been established/incorporated in favor of Piraeus Bank as representative and on behalf of the Bondholders:

a) Pledge of the total issued shares of the issuer HERON II
b) Pledge of all accounts of the project with the exceptions stated in contractual documents
c) Nominal pledge on the equipment of the project valued € 229,5 M
d) Assignment of insurance contracts (damage and loss of income)
e) Pledge on all rights arising from the contractual documentation of the project

The following table describes the movement of long-term loans within the period:

(All amounts are presented in thousand Euros)

	2019	2018
Balance 1.1	**87.607**	**94.522**
Capital additions/(repayments)	(12.296)	(12.374)
Interest payments	(1.068)	(1.299)
Loan interest into financial results	6.592	6.320
Loan expenses	147	438
Balance 31.12	**80.981**	**87.607**

14. LIABILITIES FROM LEASES

The following table describes the movement of leases within the period:

(All amounts are presented in thousand Euros)

	2019	2018
Balance 1.1	**0**	**0**
Liabilities from new lease agreements	29	0
Additions from initial recognition as a result of new accounting standards adoption	1.251	0
Interest into financial results	55	
Capital payments	(96)	0
Interest payments	(55)	0
Balance 31.12	**1.185**	**0**

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

	31.12.2019	31.12.2018
Up to 1 year	159	0
2-5 years	110	0
Over 5 years	916	0

15. PROVISIONS FOR STAFF RETIREMENT INDEMNITIES

According to the Greek 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 expenditure for the relevant provision recognised in the statement of comprehensive income of the year ended on 31 December 2019 and the movement of the relevant provisions account for staff retirement indemnities presented in the attached Statement of Financial Position of the year ended on 31 December 2019.

The expense for staff retirement indemnities recognized in the year's net profits in the "Cost of Goods Sold" is broken down as follows:

(All amounts are presented in thousand Euros)	2019	2018
Current service cost	32	28
Finance cost	3	3
Settlements' cost	0	37
	35	**68**

The changes in the relevant provision in the Statement of Financial Position are as follows:

(All amounts are presented in thousand Euros)	31.12.2019	31.12.2018
Opening balance	**232**	**211**
Provision recognized in year's results	36	68
Paid up indemnities	0	(66)
Actuarial result write off on other total expenses	11	19
Closing Balance	**279**	**232**

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

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

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

Change in discount rate +0,5% & Change in wages-Voluntary retirements-Dismissals 0%	(15)
Change in discount rate -0,5% & Change in wages-Voluntary retirements-Dismissals 0%	16
Change in discount rate 0%, Change in wages +0,25% & Change in Voluntary retirements-Dismissals 0%	8
Change in discount rate 0%, Change in wages -0,25% & Change in Voluntary retirements-Dismissals 0%	(8)
Change in discount rate 0%, Change in wages 0%, Change in Voluntary retirements +1% & Change in Dismissals 0%	(23)
Change in discount rate 0%, Change in wages 0%, Change in Voluntary retirements -1% & Change in Dismissals 0%	25
Change in discount rate 0%, Change in wages - Voluntary retirements 0% & Change in Dismissals +1%	7
Change in discount rate 0%, Change in wages - Voluntary retirements 0% & Change in Dismissals -1%	(9)

[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.

16. PROVISIONS FOR DISMANTLEMENT

The Company has set up a provision for the dismantling expenses of the electricity power plant that are expected to occur after the termination of operations, based on its contractual obligations, the present value of which at 31-12-2019 amounted to € 1.342. This provision was calculated based on the expected cash flows necessary for fulfilling this obligation at year end. This amount was then inflated based on the average estimated expected inflation and was discounted according to the required discount rate. The provision is increased compared to the previous year due to maturity by one year and there was no change in the amount of future flow.

17. SUPPLIERS

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

(All amounts are presented in thousand Euros)	31.12.2019	31.12.2018
Production suppliers	19.493	8.736
Provision for retroactive gas cost	0	0
	19.493	**8.736**

18. ACCRUED, OTHER LIABILITIES AND PROVISIONS

On 31st December 2019, the account "Accrued and other liabilities" presented in the attached financial statements are broken down as follows:

(All amounts are presented in thousand Euros)	31.12.2019	31.12.2019
Accrued expenses – cost of production	12.470	15.324
Accrued expenses – third party fees	532	1.207
Taxes- duties	60	77
Vat payable	0	495
Accrued expenses relating to bank expenses and guarantee fees	288	383
Social security funds	91	86
Other	202	262
	13.643	**17.834**

The amount of €12.470 thousand "Accrued expenses – cost of production" mainly concerns the cost of natural gas related to December 2019 (€12.441 thousand while 15.172 thousand for 2018). The amount of €532 thousand "Accrued expenses – third party fees" mainly concerns other accrued expenses from ADMIE (€ 292 thousand, 72 thousand for 2018).

19. SHARE CAPITAL

On 31st December 2019, the Company's share capital amounted to € 6.440.000.00 (six million four hundred and forty thousand euros) divided into 64,400 ordinary shares with a nominal value of € 100,00 each.

The share capital is held by 25% by TERNA S.A., a Company of the Group of the Athens Stock Exchange listed GEK TERNA (16.100 shares), by 25% by QATAR PETROLEUM INTERNATIONAL GAS & POWER OPC, a Company of QATAR PETROLEUM Group (16.100 shares) and the other 50% by ENGIE INTERNATIONAL HOLDING B.V., a Company of the Group, at the Paris Stock Exchange listed, ENGIE (32.200 shares).

20. RESERVES

The reserves of the Company at the end of the presented period are analysed to a statutory reserve of amount € 1.439 thousand (€ 1.439 thousand at 2018) and a reserve from actuarial losses of amount minus € 80 thousand (minus € 70 thousand at 2018).
The formation of statutory reserves is determined by the Law 4548/2018 and is obligatory to the level of a third of paid-up share capital and its purpose is to offset future losses.
The formation of such reserves is recognized by a resolution of the annual general assembly based on after-tax annual profits at a rate of 5%.

21. INCOME TAX

According to Greek tax legislation the tax rate corresponded to 24% for the year 2019 and 29% for the year 2018.

The effective tax rate differs from the nominal rate. Various factors affect the determination of the effective tax rate, the most important of these are some expenses that are not tax deductible, the differences in depreciation rates that arise between the useful life of fixed assets and the rates specified by the tax law, the option of companies to set up tax-free discounts and tax-free reserves.

(a) Current tax

Income tax in the year results in the statement of comprehensive income is broken down as follows:

(All amounts are presented in thousand Euros)	2019	2018
Current tax	0	0
Prior year tax adjustment	0	0
Deferred tax	3.794	2.443
Total	**3.794**	**2.443**

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

(All amounts are presented in thousand Euros)	2019	2018
Earnings/(loss) before taxes	**(28.403)**	**(6.270)**
Nominal tax rate	**24%**	**29%**
Income tax based on applicable nominal tax rate	**(6.817)**	**(1.818)**
Adjustments for:		
Permanent tax differences	9.954	6.101
Effect from the change in tax rates	(1.420)	(1.840)
Deferred Tax Asset Write-off	2.077	0
Actual tax expenditure	**3.794**	**2.443**

Tax returns are filed annually. The Company has been audited by tax authorities until the year 2008. 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 of the Council of the 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 and 2018 it is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 65A, par. 1, Law 4174/2014 (Min. Dec. 1124/22/6/2015). The finalization of the tax audit from the Ministry of Finance is pending for all the above fiscal years.
For the fiscal year 2019, the Company 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 2019.
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 value of assets and liabilities. Deferred income tax is calculated by using the expected applicable tax rate at the time the tax asset/liability will mature.

(All amounts are presented in thousand Euros)	31.12.2019	31.12.2018
Net deferred tax asset/(liability)	**(20.836)**	**(17.042)**
Opening balance	**(17.042)**	**(14.602)**
(Expense)/Income recognized in net profits	(3.795)	(2.443)
(Expense)/Income recognized in other comprehensive income	1	3
Closing balance	**(20.836)**	**(17.042)**

The deferred tax of the years 2019 and 2018 is broken down as follows:

	Statement of financial position		Net profit – (Debit)/Credit	OCI – (Debit)/Credit
(All amounts are presented in thousand Euros)	31.12.2019	31.12.2018	2019	2019
Deferred tax asset				
Recognized tax losses	301	2.497	(2.195)	
Other provisions	3.466	3.699	(233)	
Staff compensation provision	67	59	7	1
Leases	5	0	5	0
Deferred tax liability				

Depreciation differences	(17.464)	(15.405)	(2.059)	
Expensing of intangible assets	(7.211)	(7.892)	681	
Deferred tax expense			**(3.795)**	**1**
Net deferred tax - asset/(liability)	**(20.836)**	**(17.042)**		

	Statement of financial position		**Net profit – (Debit)/Credit**	**OCI – (Debit)/Credit**
(All amounts are presented in thousand Euros)	**31.12.2018**	**31.12.2017**	**2018**	**2018**
Deferred tax asset				
Recognized tax losses	2.497	4.234	(1.737)	
Other provisions	3.699	3.230	469	
Staff compensation provision	59	61	(5)	3
Deferred tax liability				
Depreciation differences	(15.405)	(14.048)	(1.357)	
Expensing of intangible assets	(7.892)	(8.079)	187	
Deferred tax expense			**(2.443)**	**3**
Net deferred tax - asset/(liability)	**(17.042)**	**(14.602)**		

22. REVENUE

Itemized breakdown	**2019**	**2018**
Revenue from electricity production & cost recovery	129.893	112.406
Revenue from the Insurances	-	2.381
Revenue from gas	10.167	11.403
Revenue from capacity	2.676	3.455
Revenue from CO2 rights sales	1.557	0
Other revenues	70	1.368
Total	**144.363**	**131.013**

The total revenue from electricity production was derived from public entities (€ 129.893 thousand) while on 2018 this amount was € 112.406 thousand.
The total revenue from gas (€ 10.167 thousand) was derived from private entities (€11.403 thousand on 2018).
The total revenue from capacity (€ 2.676 thousand) was derived from public entities (€3.455 thousand on 2018).
The amount of Total Revenue minus revenue from capacity regards transfers of goods which take place at a certain time.

23. COST OF GOODS SOLD & ADMINISTRATIVE AND SELLING EXPENSES

On 31 December 2019, the Cost of Goods Sold, administrative and selling expenses presented in the attached financial statements are broken down as follows:

Cost of Goods Sold (All amounts are presented in thousand Euros)	**2019**	**2018**
Natural gas consumption	103.454	99.823
Depreciation	10.826	10.801
Amortisation of rights	10	-
Losses on disposal of machinery-machine installations-other mechanical equipment	-	-
Personnel cost	1.793	1.931
Contractor services	78	51
Maintenance of General Electric	3.777	4.639
Cost of Emission Rights	17.603	8.648
Energy Services	3.341	2.177
Other services	291	275
Insurance charges	1.420	1.122
Maintenance	182	319
Leases	46	64
Utilities (electricity and water supplies, etc.)	162	177
Taxes - duties	307	57
Other expenses	88	82
	143.378	**130.166**

Administrative and selling expenses

(All amounts are presented in thousand Euros)	**2019**	**2018**
Personnel cost	141	185
Associates' fees (engineers)	-	-
Professional fees	829	450
Consultancy fees	168	183
Auditors' fees	27	28
Leases	2	140
Depreciation	9	1
Amortisation of rights	106	-
Insurance charges	32	18
Contributions to professional bodies	48	57
Taxes - duties	7	55
Other expenses	66	54
	1.435	**1.171**

24. AUDITORS' FEES

(All amounts are presented in thousand Euros)	2019	2018
Fees for statutory audits	15	15
Fees for tax compliance audits	13	13
Fees for extraordinary audits	-	-
	28	**28**

All the above fees have been recognized in administrative and selling expenses.

25. PERSONNEL COST

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

(All amounts are presented in thousand Euros)	2019	2018
Personnel salaries and benefits	1.516	1.673
Social security fund contributions	386	379
Provision for staff retirement indemnities	32	64
Total expenses	**1.934**	**2.116**

26. FINANCIAL INCOME/ (EXPENSE)

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

(All amounts are presented in thousand Euros)	2019	2018
Interest on bank accounts	63	46
Interest and charges for long-term financing	(823)	(1.334)
Interest on borrowing from related entities	(5.971)	(5.424)
Interest on trade payables	0	1.358
Bank guarantee fees and other financial expenses	(613)	(389)
Discounting expense relating to provision for dismantlement	(107)	(99)
Adjusted expenses relating to provision for staff leaving indemnities	(3)	(3)
	(7.454)	**(5.845)**

27. OTHER INCOME/ (EXPENSE)

On 31st December 2019 Other Income/ (Expenses) are analysed as follows :

(All amounts are presented in thousand Euro)	2019	2018
<u>Other income:</u>		
Provision of administration services to related Company	293	303
Other revenues	100	27
	393	330

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

Other expenses:		
Impairment loss in accordance with IFRS 9	(660)	(413)
Losses from the impairment of assets	(20.000)	0
Other taxes	(106)	(4)
Other expenses	(126)	(14)
	(20.892)	(431)
Total income / (expenses)	**(20.499)**	**(101)**

28.TRANSACTIONS WITH RELATED PARTIES

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

2019

Affiliated Company	Sales	Purchases	Debit balances	Credit balances
Jointly controlling companies – HERON THERMOELECTRIC (other services)		54		67
Jointly controlling companies – HERON THERMOELECTRIC (leases)		54		56
Jointly controlling companies – HERON THERMOELECTRIC (administration services)	293	480	698	595
Jointly controlling companies – GEK TERNA Group (administration services)		45		-
Jointly controlling companies – GEK TERNA Group (other services)		7		-
Jointly controlling companies - GEK TERNA Group (borrowing)		1.529		15.447
Jointly controlling companies – HERON THERMOELECTRIC (electricity/gas trade and purchase of spare parts)	35	44.975	45	13.461
Jointly controlling companies – ENGIE Group (purchase of carbon emission rights & spare parts)	100		-	
Jointly controlling companies – ENGIE Group (administration services)		269		48
Jointly controlling companies – ENGIE Group (borrowing)		3.135		29.543
Jointly controlling companies - ENGIE Group (maintenance services)		91		31
Jointly controlling companies – ENGIE Group (Hedging)	69	191		
Jointly controlling companies - QPI Group (borrowing)		1.500		15.106
Totals	497	52.330	743	74.354

2018

Affiliated Company	Sales	Purchases	Debit balances	Credit balances
Jointly controlling companies – HERON THERMOELECTRIC (other services)		54		67
Jointly controlling companies – HERON THERMOELECTRIC (leases)		54		56
Jointly controlling companies – HERON THERMOELECTRIC (administration services)	270	125	335	155
Jointly controlling companies – GEK TERNA Group (administration services)		7		9
Jointly controlling companies – GEK TERNA Group (other services)		60		75
Jointly controlling companies - GEK TERNA Group (borrowing)		1.381		13.945
Jointly controlling companies – HERON THERMOELECTRIC (electricity/gas trade and purchase of spare parts)	14	25.400	10	
Jointly controlling companies – ENGIE Group (purchase of carbon emission rights & spare parts)		78		
Jointly controlling companies – ENGIE Group (administration services)		255		21
Jointly controlling companies – ENGIE Group (borrowing)		2.962		26.937
Jointly controlling companies - ENGIE Group (maintenance services)		85		33
Jointly controlling companies – ENGIE Group (Hedging)	398	346		
Jointly controlling companies - QPI Group (borrowing)	-	1.361	-	13.705
Totals	682	32.168	345	55.003

Remuneration paid to BoD members and top executives of the Company: The remuneration paid to BoD members and top executives of the Company and recognized on 31 December 2019 and 2018 are as follows:

All amounts are presented in thousand Euro)	2019	2018
Fees for services received	457	356

29.RISK MANAGEMENT POLICIES AND OBJECTIVES

Investments and other (non-derivative) financial assets

Financial assets that fall under the provisions of *IAS 39* and are governed by them are classified according to their nature and characteristics into one of the following four categories:
i) *Investments available for sale*,
ii) Receivables and loans,
iii) Financial assets at fair value through profit and loss, and
iv) Investments held to maturity

Initially they are recognized at acquisition cost, which represents the fair value plus, in some cases, the direct transaction and acquisition expenses.

The classification of the above financial assets is made upon their initial recognition and wherever permitted it is reviewed and reassessed on a periodic basis.

(i) *Investments available for sale*
Financial assets (non-derivative) that cannot be classified in any of the above categories are designated and classified as investments available for sale. After the initial recognition, available for sale investments are valued at fair value with the resulting gains or losses being recognized in the other comprehensive income. Upon sale or write-off or impairment of the investment the accumulated gains or losses are included in the net earnings.

(ii) *Receivables and loans*
Receivables and loans created by the activities of the Company (and which fall outside the usual credit limits), are valued at net amortized cost using the effective interest rate method. Gains or losses are recorded in the net earnings when the relevant amounts are written-off or suffer impairment as well as through the amortization process.

(iii) *Financial assets at fair value through profit and loss*
This relates to the trading portfolio and comprises investments acquired with a view to liquidate them in the near future. Gains or losses from the valuation of such assets are recorded in the net earnings.

(iv) *Investments held to maturity*
Financial assets (non-derivative) with defined flows and defined maturity are classified as held to maturity when the Company is willing and able to retain them until their maturity. Investments held indefinitely or for a predetermined period cannot be classified in this category. Held to maturity investments are valued, after the initial recognition, at net amortized cost using the effective interest rate method. Gains or losses are recorded in the net earnings when the relevant amounts are written-off or suffer impairment as well as through the amortization process.
The fair value of such investments that are traded in an organized market is derived by the exchange value of the investment at the closing date. As regards to investments that are not traded in an active market, their fair value is calculated on the basis of relevant valuation techniques. These techniques are based on recent transactions, with reference to the exchange value of another investment with characteristics similar to the investment valued, discounted cash-flow analysis and investment valuation models.

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

Financial Instruments and Risk Management
The Company applys it's own Risk Policy. This represents guidelines to approach and cover the (i) market risk, (ii) volume risk and (iii) credit risk.
Non-derivative financial assets and liabilities in the Statement of financial position include cash balances, receivables, participations bank loans and other short and long-term liabilities. The Company does not use derivative financial tools. The accounting principles for the recognition and measurement of these items are mentioned in the respective accounting

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

(i) *Interest rate risk and exchange rate risk*
The Company's bank debt is in Euro and is subject to floating interest rates**.** The Company has not entered into agreements in order to reduce its exposure to interest rate risk. Management follows the development of interest rates and exchange rates and takes the necessary measures to reduce the risk.

(ii) *Fair value*
The amounts appearing in the attached Statements of financial position for cash balances, short-term receivables and other short-term liabilities approximate their respective fair values due to their short-term nature. The fair value of short-term bank loans does not differ from their accounting value due to the use of floating interest rates**.**

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

(iv) *Market Risk*
The Company faces the risk of the electricity market.
The Company's financial instruments consist mainly of trade and other receivables, bank deposits, payables to suppliers, and loan liabilities. The financial risks to which the Company is exposed consist in credit, liquidity and interest rate risks to which detailed reference is made in the respective sections below.

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

INTEREST RATE SENSITIVITY ANALYSIS
The Company does not apply any policy of interest rate cash flow risk management regarding long-term financing since all financing is set at floating rate.
All borrowing cost until the completion and operation of the production facilities are capitalized in cost of tangible assets (see Note 5)
The table below presents the sensitivity of the results for the period to a reasonable change of interest rate of +/-200 basis points (bps) (2017: +/-200 bps) on all variable rate financial instruments, assets or liabilities, derived from Euribor or spread. Changes in interest rates are estimated to range within a reasonable basis, taking into account recent market conditions.

	2019		**2018**	
(All amounts are presented in thousand Euro)	+200 bps	+200 bps	+200 bps	+200 bps
Profit and loss	(5)	5	(3)	3

The Company is not exposed to other interest rate risks or risks of changes in securities value, the price of which is traded on a stock exchange.

CREDIT RISK ANALYSIS

The Company's exposure to credit risk is limited to financial assets, which on the financial Statements are broken down as follows:

(All amounts are presented in thousand Euro)	31.12.2019	31.12.2018
Other long-term receivables (note 8)	18	18
Trade receivables (note 10)	29.544	29.016
Other receivables (note 11)	5	5
Cash and cash equivalents	12.348	8.994
Total	**41.915**	**38.033**

Almost all of the trade and other receivables originate from the wider public which represents main energy authorities. Thus, the relevant credit risk is considered almost limited according to the core business of the Company (electricity production) and the regulation and the balances of both gas and power market. So does the risk related to short-term financial assets (cash equivalents) given that the counterparties are banks whose creditworthiness is considered satisfactory by foreign credit agencies.

LIQUIDITY RISK ANALYSIS

The Company manages its liquidity needs by carefully monitoring its debts linked to long-term financial liabilities and its everyday payments. Liquidity needs are monitored at different intervals, on a daily and weekly basis and a rolling period of 30 days. Liquidity needs for the next 6 months and the next year are determined on a monthly basis.
The Company keeps cash and cash equivalents to banks so as to meet liquidity needs for periods up to 30 days. Funds for medium-term liquidity needs are released from the Company's time deposits. The maturity of financial liabilities on 31 December 2019 for the Company is broken down as follows:

(All amounts are presented in thousand Euro)	From 0 to 12 months	1st - 5th year	Over 5th year
Long-term loans	13.407	67.574	0
Leases	159	110	915
Suppliers	19.493	0	0
Accrued and Other short-term liabilities	13.492	0	0
Total	**46.551**	**67.684**	**915**

In the opening of 2018 the break down was the following:

(All amounts are presented in thousand Euro)	From 0 to 12 months	1st - 5th year	Over 5th year
Long-term loans	12.686	74.921	0
Suppliers	8.736	0	0
Accrued and Other short-term liabilities	17.176	0	0
Total	**38.598**	**74.921**	**0**

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

30. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets and financial liabilities on the date of the Financial Statements may be categorized as follows:

Financial Assets	**31.12.2019**	**31.12.2018**
Non-current assets[2]		
Other long-term receivables	18	18
Other Investments-Fair Value through OCI	10	10
Total	**28**	**28**
Current Assets		
Trade receivables	29.544	29.016
Other receivables – short-term financial receivables	5	5
Cash and cash equivalents	12.348	8.994
Total	**41.897**	**38.015**

Financial Liabilities	**31.12.2019**	**31.12.2018**
Non-current liabilities[3]		
Financial liabilities at amortized cost – Long-term Loans	67.574	74.921
Financial liabilities at amortized cost – Leases	1.026	0
	68.600	**74.921**
Current Liabilities		
Financial liabilities at amortized cost - Borrowings	13.407	12.686
Financial liabilities at amortized cost – Leases	159	0
Financial liabilities at amortized cost - Suppliers	19.493	8.736
Financial liabilities at amortized cost- Liabilities from customers	0	785
Financial liabilities at amortized cost - Accrued and other liabilities	13.492	17.176
Total	**46.551**	**39.383**

31. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's goals as regards 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.

At the end of the fiscal years 2018 and 2017 the aforementioned ratio is as follows:

(All amounts are presented in thousand Euro)	**31.12.2019**	**31.12.2018**
Interest-bearing loans	80.981	87.607
Less:		
Cash	(12.348)	(8.994)
Net debt	**68.633**	**78.613**
Equity	**41.692**	**73.899**
Leverage ratio	**60,75%**	**94,00%**

32. EXISTING ENCUMBRANCES AND OTHER LIENS

There are no encumbrances or liens raised on the Company's assets.

33. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities and assets

I .LAWSUIT OF THE COMPANY AGAINST ADMIE FOR THE PROVISION OF ANCILLIARY SERVICES

The above trade receivables include mainly receivables from TRANSMISSION SYSTEM OPERATOR (ADMIE). The main part of these invoices has to do with Ancillary Services, issued in the name of the TRANSMISSION SYSTEM OPERATOR for the amount of € 7.462 milion euros including VAT, claimed judicially by a Lawsuit of the Company against ADMIE, before the Multimember First Instance Court of Athens, under Deposit Number 29533/822/25-2-2013, claiming the payment of the invoices for Ancillary Services of November and December 2011 and January, February and March 2012. The Company's lawsuit had been discussed on 19/11/2015 and the Court decided (under 700/11.03.2016) to postpone its verdict until Council of State's final decision on the (relative) Administrative procedure i.e. Petition of the Company under Deposit Number 822/20-02-2013 against RAE's decision on the Dispatching Formula for Ancillary Services; accepted by the Administrative Court of Appeal of Athens' decision under 1579/17.03.2014; appealed by RAE in front of the Council of State. The lawsuit was eventually, after several postponements, discussed on 02/04/2019 and the Council of State rejected RAE's appeal. Given that, the Company brought back her claim against ADMIE before the Multimember First Instance Court of Athens, with the discussion date set as the 20th of February, 2020. The Company's claim was discussed at February 20th, 2020 based on the above court date and the relevant Decision is expected within 2020.

II. ***TRANSITORY FLEXIBILITY REMUNERATION MECHANISM***

The State Aid Approval Decision No 50152 (2018/N) established the implementation of the mechanism in two distinct auction phases. The first one starting upon approval of the measure and ending on the 31.03.2019 and the second one starting on 01.04.2019, implementation date of the Target Model, and ending on the 31.12.2019. Of the two phases, only the first one was implemented. In the first phase in the auctions will participate exclusively the Generators (CCGTs, OCGTs, Hydro) as the only entities capable of providing the flexibility service and in the second phase producers, demand response and storage systems were defined as providers of flexible power. The beginning of the second phase is correlated with the implementation of the four markets of the Target Model, since only through those markets the direct participation in the market of demand and storage is feasible. Due to the failure of the Hellenic Republic to implement the Target Model, the mechanism is suspended since its second phase cannot begin.

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

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

34. SUBSEQUENT EVENTS

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

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

Business :

- The decline of SMP even before the Covid-19 crisis, led to a significant compression of revenues from the operation of the production unit of HERON II VIOTIAS in context of the spot market of the Hellenic Energy Exchange (Daily Energy Programming, DAP).
- On top of this, the constant and significant drop of TTF (Title Transfer Facility) prices has also lowered the company's cost of LNG supply, which is valuated internationally in correlation with the TTF rate and consequently reduced the electroproduction cost of the unit .It is important to note that this was made possible thanks to the annual natural gas supply strategy of the Company, which ensured indirect access, through third-party suppliers, in large volumes of LNG in contrast to lowered natural gas supply through pipeline.
- Consequently, the company managed not only to offset the negative effect of the drop in SMP prices in the variable gross profit margin, but also to offset the effect of the reduced demand due to the COVID-19 crisis in the field of competition and assurance of sufficient production levels.
- It deserves to be noted that the most unfavorable period was during the months of April and May due to the low seasonal demand, the additional reduction due to the COVID-19 crisis as well as the intense competition mainly with the production units of PPC, which proceeded with large imports of LNG. The situation is expected to improve significantly by the end of May and thereafter, since due to the weather conditions and restart of the economy, demand is going to increase significantly leading to higher SMP prices, while TTF prices still remain at historically low levels.

Liquidity:

- Liquidity problems of the company are not new and are existing well prior to COVID-19 pandemic. Warnings have been sent during last BoDs in particular. The main flexibility is given by HERON THERMOELECTRIC S.A to which payment of gas purchase is delayed.
- Delaying payments to HERON THERMOELECTRIC S.A is done in order to secure the payment of the Senior Debt at the end of March 2020 as well as the payment to GE in order to ensure that the Major Overhaul programmed for the third quarter of 2020 continues on track.
- As of 31/3/2020, Senior Debt outstanding is significantly down, close to 13,0 M€.

Actions taken :

- The company is expecting to receive during the upcoming months an amount as return from following the successful litigation between DEPA and BOTAS . As of today, the company hasn't received any calculation nor explanation as to how this amount will be calculated.
- Active negotiation with RAE & Ministry of Energy in order to be able to net HTSO payables and receivables, for both Competitive and Regulatory charges. In that case, assignment of most of ADMIE receivables from HERON II VIOTIAS S.A to HERON THERMOELECTRIC S.A (if permitted by the Lenders) would assist HERON II VIOTIAS S.A to lower its debt to HERON THERMOELECTRIC S.A and HERON THERMOELECTRIC S.A to net its HTSO receivables and payables.
- Active support to reactivate TFRM as initially forecasted to increase revenues of HERON II VIOTIAS S.A and possibly also its cash position.
- Negotiation of working capital facility either with lending banks or other banks.

- At present state, it is not possible to predict the evolution of the Covid-19 pandemic and also the timeframe for which it is going to affect the country's economy and particularly the Company's operations. However, the Company, being in cooperation and constant communication with its parent companies, pays careful attention to the developments around this matter, examines different scenarios and takes measures in order to secure its ongoing operations in the foreseeable future. More specifically, the Company has already planned and agreed with its parent companies on the reduction of its expenses. The improvement of the Company's organizational operation as well as its increased liquidity during the date of preparation of its financial statements and the support of its parent companies, could, based on the Company's judgement, secure its operations in the foreseeable future. It is also noted that besides the continuation of operations, it is a major priority for the company to secure safety of its employees and thus, public health. Under these premises, the Company is fully in line with the instructions and legislation that the Government has applied in consideration of the issue.

THE CHAIRMAN OF THE BOARD THE MANAGING DIRECTOR

GEORGE KOUVARIS GEORGE DANIOLOS

THE ACCOUNTANT

VALMAS NIKOLAOS