



ANNUAL FINANCIAL REPORT

For the annual period from 1st January to 31st December 2019

By virtue of Article 4 of Law 3556/2007

SYSTEMS SUNLIGHT SA

Company Reg. No.: 31055/04/B/94/157 (2006)

General Commercial Registry (GEMI) No. 001579901000

2, Ermou St. & Nikis St., Athens

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1 Directors' Representations

The following representations are made pursuant to Article 4 (2) of Law 3556/2007, as currently in force, by the following representatives of the Company's Board of Directors:

1. Rouben Bourlas, Chairman and CEO
2. Dimitrios Goumas, Vice-Chairman
3. Michael Mastorakis, Chief Financial Officer and Director

The following signatories ("we", "us"), each acting under the capacity mentioned above, were appointed by the Board of Directors of "SYSTEMS SUNLIGHT SA" for this particular purpose and hereby represent and warrant that, to the best of our knowledge:

- (a) the attached annual financial statements of "SYSTEMS SUNLIGHT SA" for the annual period 01.01-31.12.2019, were prepared in line with the applicable accounting standards and provide an accurate description of the Company's assets, liabilities, equity and of the results for the financial year of the Company and the other entities included in the consolidated statements, altogether being considered as a whole, and
- (b) the attached report of the Board of Directors provides an accurate description of the development, the performance, and the position of the Company and the other entities included in the consolidated statements, altogether being considered as a whole, including the description of the major risks and uncertainties they face.

Athens, 07 April 2020

The persons making the Representations

**THE CHAIRMAN OF THE BoD
& CEO:**

ROUBEN I. BOURLAS
Identity Card No. AE
552845

THE VICE-CHAIRMAN

DIMITRIOS G. GOUMAS
Identity Card No. AK 618155

THE CFO AND DIRECTOR:

MICHAEL K. MASTORAKIS
Identity Card No. X 625227

2 Management Report of the Board of Directors of “SYSTEMS SUNLIGHT SA” on the corporate and consolidated financial statements for financial year 2019

This Annual Report of the Board of Directors relates to financial year 2019 and was prepared in line with the relevant provisions of Law 3556/2007 and the implementing resolutions of the Board of Directors of the Hellenic Capital Market Commission issued pursuant thereto.

This Report provides brief financial information about the Group and the Company for 2019 and describes the major events that occurred during that period (before and after the reporting date) as well as the Company's and the Group's future prospects. It also describes the major risks and uncertainties which the Group and the Company may need to deal with, as well as the major transactions concluded between the Company and its associates.

1. MAJOR EVENTS IN 2019

In the first half of the year, the Company's efforts focused on the restoration of its production capacity to pre-fire levels as quickly as possible. The achievement of this goal finally in July, is a remarkable feat given the complexity and size of the restoration project. With the solid support of all stakeholders (banks, bondholders, equipment suppliers, construction companies, consortium of insurers, experts and surveyors), Sunlight's management, employees, and shareholders managed to reinstate the Company in the international industrial batteries market - in which the Company holds a substantial share. The programme intended to increase the production capacity by 25% was also completed within the year.

In 2019, all procedures necessary for the completion of the insurance compensation process from the consortium of insurers were also officially completed, with the payment of the remaining EUR 48 million of a total of EUR 66 million. The above was the main source of funding for the restoration project of the affected part of the facility. We should note, however, that the new installations integrate optimum practices in terms of production efficiency, health and safety - an upgrade that was financed exclusively through our own resources as well as through bank borrowings.

2019 was also the year that the Company launched the series of Li.On Force products, i.e. lithium batteries for Electric Industrial Vehicles (EIVs). Based on our long experience in this technology, which is used in defence applications, we developed a pioneer EIV lithium battery solution, which integrates Internet of Things elements and therefore supports two-way communication with the battery and provides substantial benefits to our customers worldwide, in terms of efficiency and maintenance costs. Integrating a “fit-for-purpose” philosophy and designed in its entirety by an expert team of engineers in Xanthi, this product completes the Company's product range in a manner that meets effectively all industrial mobility requirements. Despite the major challenges still ahead of us, lithium battery technology offers substantial benefits and is bound to earn an ever increasing market share in the energy storage market. In parallel with the development of new product solutions, we have also completed the construction of our new lithium battery assembly unit at our manufacturing plant in Xanthi, with a total capacity of 10,000 batteries per year.

Furthermore, the other two manufacturing plants (recycling facility in Komotini and battery assembly facility in Verona, Italy), which form integral parts of the Sunlight supply chain, have also managed to keep pace with the battery manufacturing plant in Xanthi. Our recycling facility, although operating at full capacity for a

few months, focused on yield, raw material, and production improvement, and finally on the strengthening of fire protection, health and safety infrastructure. The Verona facility on the other hand (Sunlight European Battery Assembly) - which is practically in its first year of operation - has intensified its staff training efforts and focused on integrating the Sunlight quality assurance and H&S procedures, and on production improvement, by introducing assembly process automation and monitoring systems.

Finally, in December 2019, Sunlight established a subsidiary in N. Carolina, USA, with an initial share capital of USD 200,000 which was paid up in January 2020 and with the aim of accelerating the Company's expansion into the second largest market in the world. It is noted that over the past few years, SUNLIGHT has built up a presence on that market, providing the full range of batteries for eIVs. However, further market penetration and the increase of market shares require establishment there, given the increased delivery time from Greece and the specific characteristics of the American market. The government of North Carolina and the city of Greensboro plan to boost that investment with a grant of about USD 400,000. North Carolina is the 5th largest industrial economy in the United States, with excellent logistics infrastructure, a favourable business environment and highly trained workers and scientific personnel.

2. FINANCIAL DEVELOPMENTS AND PERFORMANCE FOR FINANCIAL YEAR 2019

2.1 Group performance and financial standing

Given the low production capacity of the manufacturing plant in Xanthi, its financial results in the period 01.01 – 31.07.2019 are clearly affected by reduced capacity and business activity. It is recalled, however, that financial results in 2018 were, too, significantly affected by the fire incident, in terms of both impairment in the value of the destroyed assets and reduced production capacity and business activity.

More specifically, the Group's **Turnover** from ongoing operations in 2019 was EUR 180 Mio. compared to EUR 108 Mio. in the respective period of 2018. It is noted that at the beginning of the year, production capacity was restored by nearly 40%, eventually reaching 100% in July, which had an impact also on sales.

Gross profit: The Group's gross profit margin stood at 20%, clearly up compares to the previous year (14.3%). Gross profit at Group and Company level amounted to EUR 36.5 Mio. and EUR 36 Mio. respectively, significantly improved in the second half of the year compared to the first half which was beset with production difficulties.

Earnings before interest, tax, depreciation, and amortisation (EBITDA): At Group level, EBITDA was EUR 22.2 Mio. (EUR 23.2 Mio. at Company level), (EUR 19.7 Mio. and EUR 19.8 Mio., year-on-year respectively). Administrative expenses amounted to EUR 7.5 Mio., 12% lower than in 2018, while R&D costs increased by 35%, mainly as a result of the corporate strategy to accelerate the development of product solutions based on lithium technology. On the other hand, the increase of marketing expenses to EUR 15.3 Mio. comes as a result of the significant increase in turnover compared to the dramatically low turnover of the previous year.

Adjusted Earnings before interest, tax, depreciation, and amortisation (adjusted EBITDA): As a result of the fire, buildings, machinery and other equipment and inventories were completely destroyed, while

on the other hand insurance compensation was recognised for asset risks and loss of profit. The adjusted EBITDA serves the analysis of the Company's and Group's operating results, except for (i) the net book loss arising from the particular destructions, which relates primarily to the 1st half of 2018; and (ii) the relevant amount of compensation, which, for the 1st half of year 2019 was received to compensate our loss of profit for the period. The adjusted EBITDA, on a consolidated basis, for 2019 amounted to EUR 14.9 Mio. (EUR 11.1 Mio. in 2018).

Earnings / (Losses) before tax: As a result of the above, in conjunction with the slight increase in financial expenses (EUR 5.2 Mio. compared to EUR 5 Mio. last year), the Group's profit was EUR 11.7 Mio. (EUR 10.1 Mio. in 2018), whereas the Company's profit was EUR 12.5 Mio. (EUR 11.2 Mio. in 2018). It is noted that the Company proceeded to assign without recourse, its claim against the Greek State, to the associated company "OLYMPIA GROUP HOLDING SA". This transaction amounted to EUR 8,100,000. The auditing company DELOITTE drafted the relevant valuation report, on which the determination of the above price was based. The purpose of this assignment was to utilise the claim financially, and improved the consolidated results by EUR 480,000.

The Group's **net borrowings** stand at EUR 86.5 Mio. (EUR 92 Mio. as at 31/12/2018). It is also noted that, as a result of the application of IFRS 16 ("Leases"), the Group's borrowings appeared to be further increased by EUR 3.8 Mio. as at 31/12/2019 and by EUR 4.3 Mio. as at 31/12/2018.

Equity: The Group's Equity as at 31/12/2019 was more than EUR 58 Mio. (EUR 48.7 Mio. as at 31/12/2018).

2.2 Selected Alternative Performance Measures (APMs)

The Group uses Alternative Performance Measures ("APMs") in the context of its decision-making process in relation to its financial, operational and strategic planning as well as for performance evaluation purposes. These measures offer a better understanding of the Group's financial and operating results, financial standing and liquidity.

There follows a description of how major financial indicators have evolved at Group level:

Financial Indicators	31/12/2019	31/12/2018
General Liquidity	116%	134%
Equity / Total Liabilities	40%	29%
Net Borrowings / EBITDA	3.9	4.7
Net Borrowings / Adjusted EBITDA	5.8	8.3
EBITDA / Sales	12.3%	18.1%
Adjusted EBITDA / Sales	8.3%	10.2%

General Liquidity: Current Assets to Short-Term Liabilities Totals result as such from the Statement of Financial Position.

Net Borrowings: Net Debt is calculated as total borrowings (including "short-term and long-term loans") as indicated in the Statement of Financial Position minus "Cash and Cash Equivalents". The relevant calculation is cited in section "Capital Risk Management" of this report.

EBITDA: Operating results plus total depreciation of tangible and intangible assets less depreciation of subsidies. This indicator is used by Management as an internal rate of return for the management of the Group's operating activities. The higher the indicator the more cost-effective the undertaking's operation is. Calculation of the indicator for the Group and the Company is provided below:

Amounts in €	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Calculation of EBITDA				
Financial year profits before taxes from ongoing operations	11,736,481	10,115,079	12,462,535	11,173,206
(Profits)/Losses from companies consolidated using the equity method	-38,044	-61,527	0	0
Financial result	4,709,621	5,142,230	5,581,334	4,693,424
Depreciation	6,195,634	4,907,787	5,589,458	4,376,511
Subsidy Amortization	-397,517	-441,034	-397,517	-441,034
EBITDA	22,206,176	19,662,535	23,235,810	19,802,106

Adjusted EBITDA: EBITDA minus impairment of assets as a result of the fire minus the income from the insurance compensation for such impairment.

GROUP	31/12/2019	31/12/2018
EBITDA	22,206,176	19,662,535
Plus:		
Book loss of assets destroyed by the fire at the Xanthi plant	0	32,675,375
Costs of repair for tangible assets affected by the fire	1,146,546	1,214,118
Less:		
Income from insurance compensation for such damage (see note 44)	-8,416,289	-38,948,421
Income from amortisation of subsidies for destroyed tangible assets (see note 44)	0	-1,628,513
Net realisable value of destroyed stocks (see note 44)	0	1,870,847
ADJUSTED EBITDA	14,936,433	11,104,247

3. PROSPECTS

Without a doubt, 2018 and 2019 were the most difficult periods in Sunlight's 30-year history. However, the Company now has an even more modern, productive and safe installation at its disposal to implement its strategic plans in the following years. With the completion of the investment program for the expansion of production capacity by 25%, emphasis is now placed on increasing productivity and ensuring business continuity.

However, the shrinking figures of the global economy and the recent COVID 19 pandemic have created a highly challenging business environment. Despite the undeniable trend towards electromobility in logistics, the weak economic environment is creating obstacles to the smooth continuation of the growth observed in the previous years. Sunlight's management believes that for most of 2020 demand for industrial batteries will be much lower than in the previous years, and will begin to recover towards the end of the year. Moreover,

the new situation resulting from the COVID19 pandemic is unprecedented, and the consequences are particularly difficult to assess.

By following the instructions of the Authorities and best practices, the Company is trying on the one hand to protect its employees and on the other to limit the losses sustained as a result of the situation. It is noted that in addition to projects under contract, Sunlight has a high penetration in the secondary market for motive power solutions (replacement of batteries that reach the end of their useful life), the demand for which is relatively inelastic.

However, in spite of the external conditions, the Company's aim is still the expansion into new market segments, where to date it has a small presence (OEMs, markets outside Europe) and to expand cost leadership, ensuring that the solutions offered, in addition to advanced know-how and high quality, offer a low total cost of ownership (TCO). Based on statistical data, penetration of eIVs has significant room of development in regions such as Northern America, India, and South-eastern Asia and, to this end, the Company will accelerate efforts to exploit its competitive edge in these promising markets. This includes the establishment of the subsidiary Sunlight Batteries USA Inc., which will focus on the charging, assembly and distribution of lead and lithium batteries. The launch of this unit in Greensboro, North Carolina, is scheduled for the fourth quarter of 2020 and is expected to allow the Company to quickly deliver high-level services to American customers.

In addition to the above, the Company has decided to allocate additional resources (human and financial):

I) The further development of solutions based on lithium technology. In particular, such focus consists in (i) the development and marketing of new products that are fit to meet EIV mobility requirements (fit-for-purpose solutions), and (ii) meeting other requirements, primarily in relation to Energy Storage Systems (ESS), mostly for renewable energy sources,

and

II) Sunlight's digital transformation. The Company's Management believes digitalising the Company's business operations, primarily by applying the Internet of Things in the supply chain, is one of the fundamental critical success factors in the immediate future.

4. RISK AND UNCERTAINTY FACTORS

Risks policies and management

Risk Sources

In the context of its activities the Group is required to deal with various types of financial risk, including foreign exchange and interest rate, credit and liquidity risks. The Group's general risk management plan focuses on market fluctuations and is intended to minimise the potentially adverse effects of such fluctuations on the Group's financial performance.

Risk management is conducted by the Company's Financial Management Division, on the basis of policies approved by the Board of Directors. The relevant process is outlined below:

- Evaluation of risks associated with the Group's activities and operations;
- Methodology planning and selection of appropriate financial products to reduce risks;

- Execution/implementation of the risk management procedure, through procedures approved by Management.

The Financial Management Division does not engage in speculative activities or transactions that are irrelevant to the Group's commercial, investment or borrowing activities.

The financial products used for these purposes mainly consist in bank deposits, foreign exchange transactions, foreign exchange and lead forward contracts, overdraft accounts, accounts receivable and payable, loans, investments in debt securities and liabilities arising from leasing agreements.

Foreign Exchange Risk

As the Group operates globally, it is inevitably exposed to foreign exchange risk, arising primarily from the USD and, to a far lesser extent, from the RON, while the biggest volume of transactions is conducted in the Group's operating currency, which is the Euro (€). Risk arises primarily from future trade transactions, receivables and liabilities in foreign currency and net investments in foreign undertakings (subsidiary in Romania).

The Company strives to hedge future foreign currency cash outflows with foreign exchange forward contracts in order to limit exchange risk.

Had the foreign currencies been appreciated/depreciated by 5% against the Euro, all other variables remaining unchanged, and had the Group not taken steps to counterbalance the foreign exchange risk, the effects on its operating results, equity and net profits in the current and the previous financial years would have been as follows:

€/ \$ exchange rate (amounts in € '000)	01/01 - 31/12/2019		01/01 - 31/12/2018	
	-5.00%	5.00%	-5.00%	5.00%
Net results before tax	-1,187	1,187	-780	780
Net results after tax	-902	902	-554	554
Equity	-902	902	-554	554

Commodities Price Risk

The prices of the commodities which the Group procures are determined in international markets by global supply and demand, so the Group is naturally exposed to their fluctuations. Lead, the main raw material, is one of the base metals and its trading takes place on regulated markets, principally the London Metal Exchange. The Group is directly exposed to the fluctuations of lead prices, given that this is the most essential element of the production costs of accumulators/lead-acid batteries. With regard to the fluctuations of lead prices, the Group resorts, as much as possible, to natural hedging by matching the purchase price list with the lead base price used in the battery sale price list. For those situations where the natural hedging of lead is not possible, the Group uses hedging tools (OTCs), which seemingly meet its needs so far and are compatible with the way the Group operates.

Environmental Risks

Environmental protection and compliance are two objectives that are fully compatible with the Group's economic and business development in all respects. The Group monitors closely all regulatory developments

on environmental protection-related matters and takes all prudential measures necessary to prevent potential risks relating to regulatory compliance and minimise its environmental footprint.

Interest Rate Risk

The Group's assets exposed to this type of risk are mainly its cash and cash equivalents. However, in view of the very low interest rates which are currently prevailing and of the Group's need to maintain its liquidity, this risk is considered rather limited. Moreover, by issuing a 5-year fixed-rate (4.25%) €50 million bond loan, the Group has opted for maintaining a portfolio of fixed- and floating rate- loans. In any case, the Group's management is making efforts to minimise interest rate risks.

As at December 31st, 2019 the Group is exposed to the market's interest rate fluctuations as regards its bank borrowings, cash and cash equivalents that are subject to a floating rate.

The table below provides a sensitivity analysis of results and equity in case of a reasonable interest rate fluctuation of +/- 1%.

GROUP				
Amounts in €	01/01 - 31/12/2019		01/01 - 31/12/2018	
	1%	-1%	1%	-1%
Impact on results	-534,375	534,375	-413,594	413,594
Impact on equity	-406,035	406,035	-293,652	293,652

COMPANY				
Amounts in €	01/01 - 31/12/2019		01/01 - 31/12/2018	
	1%	-1%	1%	-1%
Impact on results	-532,069	532,069	-413,594	413,594
Impact on equity	-404,372	404,372	-293,652	293,652

Credit Risk

The Group's exposure to credit risk is limited to the financial assets which are reported under items "Other Long-Term Receivables", "Trade Receivables", "Other Receivables" and "Cash & Cash Equivalents" in the Statement of Financial Position.

The Credit Control Department monitors closely the creditworthiness and other financial characteristics of the Group's customers and adjusts the Group's credit policy accordingly. Due to the substantial dispersion of its customer base, the Group is not exposed to significant credit risk. Moreover, the Group makes systematic use of credit insurance and factoring solutions and, where necessary, advances, and letters of credit.

The Group also applies authorised credit control procedures in relation to the credit facilitations, the credit limits of its customers and the collection of receivables. Receivables are systematically evaluated in terms of collectability and bad debts are accounted for, where necessary.

Management considers that there is no substantial credit risk which is not already hedged by some insurance coverage guaranteeing the credit or by any provisions made for doubtful debts.

Assets exposed to credit risk on the reporting date of the Statement of Financial Position are detailed as follows:

Amounts in €	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Cash and Cash Equivalents	7,877,272	13,613,441	6,026,472	12,387,357
Trade and other receivables	31,383,710	71,495,907	35,349,621	72,651,146
Total	39,260,982	85,109,347	41,376,093	85,038,503

Amounts included in "Trade and other receivables" in the above table do not correspond to the amounts in the Statement of Financial Position, because they only include financial receivables.

Liquidity Risk

Managing liquidity risk effectively requires adequate cash and financial sources. The Group's Financial Management Division manages the Group's liquidity needs on the basis of a detailed financial plan of anticipated inflows/outflows, which is implemented on a daily basis, with a view to ensuring the Group's ongoing operations and effective financing of its business activities.

Effective liquidity management is achieved by optimising the working capital and securing a balanced combination of cash and authorised credit limits.

Maturity of the Group's financial liabilities as at 31.12.2019 and 31.12.2018 can be detailed as follows:

Amounts in €	GROUP			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2019				
Bank loans	25,376,305	66,342,430	2,691,270	94,410,006
Suppliers and other trade creditors	37,944,173			37,944,173
Total	63,320,479	66,342,430	2,691,270	132,354,179
Amounts FY 2018				
Bank loans	39,119,294	65,773,497	746,172	105,638,962
Suppliers and other trade creditors	46,509,807			46,509,807
Total	85,629,100	65,773,497	746,172	152,148,769

Maturity of the Company's financial liabilities as at 31.12.2019 and 31.12.2018 can be detailed as follows:

Amounts in €	COMPANY			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2019				
Bank loans	25,123,072	65,595,179	2,660,647	93,378,898
Suppliers and other trade creditors	35,736,342			35,736,342
Total	60,859,414	65,595,179	2,660,647	129,115,240
Amounts FY 2018				
Bank loans	38,901,326	64,951,217	746,172	104,598,715
Suppliers and other trade creditors	45,243,183			45,243,183
Total	84,144,509	64,951,217	746,172	149,841,898

Amounts included in "Suppliers and other trade creditors" in the above tables do not correspond to the amounts in the Statement of Financial Position, because they only include financial liabilities.

As at 31.12.2019, the Group and the Company had positive working capital, current assets exceeding short-term liabilities by EUR 10,989,000 and EUR 12,511,000, respectively. In the previous financial year, both the Group and the Company had positive working capital by EUR 30,781,000 and EUR 30,617,000, respectively. Furthermore, there exist unused credit lines to the Company, which may be used as required.

The above assessment takes into account the effect of the spread of the coronavirus disease (COVID-19) (see note 43 of the attached financial statements).

Capital Risk Management

The Group's and Company's capital management policy is primarily intended to ensure their high credit rating, the unhindered conduction of their business activities and the effective implementation of their development plans, with a view to effectively supporting and promoting their business activities and maximising the value of their shares.

For capital management purposes, the Group monitors closely the "Net Borrowings to Total Equity" ratio. The Group defines "net borrowings" as the total of interest-bearing loan liabilities less the total amount of cash at hand. The Group manages indicators in a manner allowing it to ensure creditworthiness that is compatible with its growth strategy.

Amounts in €	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Financial indicators				
Long-term loan liabilities	69,033,700	66,519,669	68,255,826	65,697,389
Short-term loan liabilities	19,900,870	34,968,153	19,900,870	34,968,153
Long-term liabilities payable in the following year	5,475,435	4,151,140	5,222,202	3,933,173
Cash and Cash Equivalents	-7,877,272	-13,613,441	-6,026,472	-12,387,357
Net borrowings	86,532,734	92,025,522	87,352,426	92,211,359
Equity	58,031,842	48,690,462	58,015,769	48,087,470
Net Borrowings to Total Equity	1.49	1.89	1.51	1.92

Suppliers Risk

The Group's two production units have a considerable number of raw material suppliers, both in Greece and abroad. The Group aims at maintaining close and long-term relations with suppliers based on high quality standards, reliability, extremely competitive costs, transparency, and moral behaviour in transactions. The Group applies policies to maintain alternative supply sources so as to ensure the smooth running of its operations. However, the fact that a number of suppliers are located abroad may create difficulties in the supply chain, especially at times like these. To this end, the Group evaluates the performance of suppliers on an annual basis and makes adjustments, whereas as part of the supply chain security (in addition to reducing its environmental footprint) it has invested in the recycling plant in Komotini.

Information and Personal Data Security Risk

In modern times, when humanity is witnessing a new industrial revolution and rapid IoT developments, undertakings are exposed to risk relating to the security of their information systems and infrastructures - a risk capable of affecting substantially the integrity and security of the information they are processing, e.g. on confidential corporate information and personal data. Data security is a high-ranking priority for SUNLIGHT. The Company collects, stores and uses data in the ordinary course of its business and affords

them the level of protection required under the applicable data protection laws. Although proper data protection safeguards are applied as per the applicable laws, there is always a risk of human error or technological failure. The General Data Protection Regulation lays down thoroughly the regulatory requirements applicable to undertakings in relation to personal data processing procedures and mechanisms and the rights of data subjects, enabling the supervisory authorities to impose strict fines in case of identified infringements. In order to limit the relevant risks, the Group works with special consultants to develop and update all necessary policies and procedures; monitor their implementation; develop new security systems and infrastructures and evaluate their efficiency through regular system security controls (“penetration tests”).

Risk from COVID-19

The spread of COVID-19, in Europe and the rest of the world, is certainly expected to have a significant impact on economic activity and the supply chain. Although we cannot quantify or fully assess the impact at this stage, possible risk factors that are expected to affect the Company's and the Group's activities and results are the following:

i) demand for company products: Although Sunlight is mainly active in the secondary market for motive power solutions internationally and therefore demand is relatively inelastic, it could hardly remain completely unaffected by the spread of the virus. Aside from Greece, Sunlight's Management is carefully assessing the situation in other European countries as they represent a significant percentage of the Company's exports. We maintain long-term relationships with our customers in these markets and for the time being, we continue to supply them without significantly slowing down orders. However, the decrease in sales is impossible to estimate reliably, given the uncertainty about the size and duration of the problem. Nevertheless, it is estimated that for the remainder of the first half, turnover will be negatively affected.

ii) supply chain: A significant part of raw materials comes from abroad. The Company maintains stocks in order to deal with unforeseen supply chain disruptions, and in several cases it has alternative supply sources. However, the presence of COVID-19 for a long period of time is likely to cause problems in the uninterrupted supply of Sunlight's production units.

iii) transports: There may be disruptions in the ability of transport companies cooperating with Sunlight, which may affect the delivery of products or the receipt of raw materials. It is noted, however, that to date no relevant problem has arisen.

iv) arrival at the workplace and carrying out of work: In implementation of its business continuity plans, the Management of the Group has introduced a series of measures (including, among others, teleworking, ban on travelling and visiting, disinfection of the workplace), in order to mitigate any effects on employees on the one hand and on the other to ensure, to the extent possible, the smooth running of its individual activities. However, it is stressed that it is impossible to rule out that the persistence of COVID-19 or the imposition of stricter travel restrictions will not affect the smooth running of Sunlight's manufacturing, commercial and administrative activities.

The Group's management is monitoring recent developments regarding the rapid transmission of the coronavirus disease (COVID-19), reviewing business continuity plans and assessing potential risk factors that could affect the Group's financial position, activities and results.

5. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are thoroughly described in note 35 of the financial statements attached.

6. EVENTS AFTER THE REPORTING DATE

On 30 January 2020, the World Health Organization (WHO) declared the spread of COVID-19 a "public health emergency of international concern". In March 2020, the WHO declared COVID-19 a pandemic. The impact of the COVID-19 pandemic is a non-adjusting event for the financial statements of the year ended 31 December 2019.

According to the latest developments, the COVID-19 pandemic is expected to have significant negative effects on both the global and local economies in 2020. Although the duration and severity of the effects cannot be reliably predicted at this stage, it is expected that they will be determined by:

- whether the virus will follow a seasonal pattern, i.e. how intense the seasonal distribution of the transmission of the virus is during low-temperature months, compared to high-temperature months;
- the time required to develop effective methods for tackling the disease (vaccine, treatment);
- whether a country is exposed to disruptions in terms of supply or demand;
- the effectiveness of fiscal and other measures adopted by the Eurozone countries for the stimulation of the economy, as well as the decisions of bank supervisory authorities for the facilitation of banking institutions in providing liquidity and support to businesses and households.

Business Continuity Plans

Taking into account the protection of employee health, the Management has implemented a series of measures to ensure the smooth operation of the Company and its Subsidiaries (including, among others, teleworking, ban on travelling and visiting, disinfection of the workplace), in order to mitigate any effects on employees on the one hand and on the other to ensure, to the extent possible, the smooth running of its individual activities. In addition to the initial measures it implemented, the Management continues to evaluate and assess alternative scenarios in order to respond in a timely manner to the rapidly changing situation.

Furthermore, the Group's Management monitors the decisions of the Eurozone countries on a series of fiscal and other measures for the stimulation of the economy, as well as the decisions of the European Central Bank on a package of monetary policy measures to ensure favorable financing conditions for the economy. aimed at mitigating the effects of the crisis.

Financial standing

On the reporting date of the annual Consolidated Financial Statements and presently, the Group has a good financial standing, positive working capital with no significant liabilities reaching maturity until mid-2022, and unused credit lines that can be used if required. Furthermore, the Group's Management, closely monitoring domestic and international developments, analyses the sensitivity of future cash flows, and takes all necessary measures to ensure cash flow adequacy and the unimpeded continuation of its activities. In this regard, it is noted that the Management of the Group has faced significant challenges in recent years, the most recent being the handling of the facility's destruction by the fire, and possesses the experience and ability to effectively manage variables that are within its control in a rapidly changing environment. All of the above are important factors for mitigating the risk caused by the uncertainty surrounding the situation.

It is noted, however, that any possible impact on our results will largely depend on ongoing developments. Consequently, the economic impact of the COVID-19 pandemic on our financial position cannot be assessed reliably and soundly at this time.

There exist no other events subsequent to the financial statements, relating either to the Group or the Company, which are required to be reported under the IFRS.

7. NON-FINANCIAL INFORMATION

Business Model

The business model is the foundation for the Group's business strategy and operation, i.e. the manner in which the Group uses resources, creates, and offers value. SUNLIGHT's activity in manufacturing and marketing lead, and now lithium, batteries for various applications consists in all actions necessary to create value, satisfy the markets, maintain and create relations with customers, and satisfy other stakeholders. Accomplishment of the above requires various types of financial, natural, industrial, and human resources.

The Group's Management applies a grid of rules, such as Corporate Governance, corporate social responsibility, risk management systems, and performance measurement and analysis. Through these measures it seeks to increase the Group's value, produce competitive products and services, develop human resources, safeguard the environment, and contribute to the community.

The figure below depicts the Group's business model:

OUR BUSINESS MODEL FOR SUSTAINABLE DEVELOPMENT



INPUTS

FINANCIAL CAPITAL

- Equity **€ 58 million**
- Borrowing **€ 94.4 million**

INDUSTRIAL CAPITAL

- Manufacturing plant in Neo Olvio, Xanthi
- Recycling plant in Komotini
- Used batteries for recycling from the domestic market and import of waste batteries from third countries (as inputs for the recycling plant)
- Recycled lead-acid batteries (as inputs for the manufacturing plant)

HUMAN AND INTELLECTUAL CAPITAL

- More than **1,020** employees
- More than **160** scientific staff
- More than **70** specialised engineers
- Ethics Code and Internal Operating Rules
- Staff Health and Safety training (Manufacturing plant: **47**, Recycling plant: **23**)
- **18** product R&D programmes

NATURAL CAPITAL

- Total area occupied by manufacturing plant (**200,000 m²**)
- Total area occupied by recycling plant (**42,000 m²**)
- Imported lead and other raw materials used to manufacture products
- Electricity consumption (GWh) (Manufacturing plant: **42.48**, Recycling plant: **5.742**)
- Fuel consumption
Oil: **33,987** lt at the recycling plant
Natural Gas: **1,597,067** Nm³ at the recycling plant
Propane: **431,59** (t) at the manufacturing plant
- Water consumption: **3.552 m³** at the recycling plant

SOCIAL CAPITAL

- Strategic partnerships such as EUROBAT, TRACE, SEV and SEPAN
- Associates accredited by the Navy of 15 countries
- Anti-Corruption and Bribery Policy, **ISO 37001 & 19600**
- Actions and donations in the Thrace region.



OUTPUTS

FINANCIAL CAPITAL

- **€ 180.2 million** in revenues
- **€ 23.5 million** in salaries and taxes

INDUSTRIAL CAPITAL

- **€ 2.8 million** industrial batteries
- **40,000** tons of high quality recycled lead (capacity)
- Development and production of batteries using alternative technologies (e.g. Li.On Force and Xtreme Force)

HUMAN AND INTELLECTUAL CAPITAL

- No. of training courses: **69** for **960** employees
- No. of accidents: **36**
- No. of employees who underwent medical tests: **784**

NATURAL CAPITAL

- Production of high quality recycled lead **22,800tn**

SOCIAL CAPITAL

- **10** Social actions
- More than **1,500** beneficiaries of social actions

OUTCOMES

(indicative outcomes from all types of capital)

FOR THE SUNLIGHT GROUP

- Maintaining successful company operations
- Significant market share in the motive power solutions market
- Participation in energy storage projects worldwide
- Sale of high added-value products
- Reduction in quantity of imported lead
- Application of cyclical economy principles between Sunlight Systems and Sunlight Recycling products
- Employment of specialised staff
- Use of cutting edge recycling technology
- Maintaining the company's social license to operate

FOR OUR STAKEHOLDERS

- Direct, indirect and induced economic impact on the supply chain and the wider and local economy (GDP, tax revenues, jobs, etc.)
- Improved satisfaction and trust levels among customers and providers of capital
- Improved human resource knowledge and skills
- Employee satisfaction
- Natural resources consumption
- Contributing to achievement of national targets for the lead recycling rate set by the EU
- Contributing to combating climate change (by reducing greenhouse gas emissions)
- Protection of biodiversity
- Improved levels of trust among customers and associates
- Sharing of practices and values between the company and its stakeholders
- Supporting the needs of the defence industry in Greece and abroad
- Supporting the needs of local communities

* The forms of capital are interrelated and it is likely that there will be overlaps, e.g. inputs in training human resources can be considered to be the monies given by the organisation from the financial capital category, or the outputs (products, recycled lead) belonging to both industrial and natural capital.

** Only the most materially relevant information is presented in the table above.

Research & Development

Innovation is one of the main pillars of corporate strategy. Being active in a multitude of markets abroad, the Group has developed, and continues to develop, products aiming at improving the quality and other technical features of the proposed solutions so as to minimise the total cost of ownership for the final customer. Resources for research and development are directed, on the one hand, to developing products using alternative battery technologies and, on the other hand, to designing and manufacturing batteries for alternative applications or for penetrating new geographical markets with particular technical and quality specifications. Recent examples are the development and launch of the Li.On Force series, i.e. motive batteries, based on lithium technology for continuous use. Our team of engineers in Xanthi was successful in utilizing the accumulated knowledge from many years of experience in the defence applications sector and developed a series of solutions, incorporating IoT elements, for electromobility in industrial applications. Furthermore, the Group collaborates with institutes specialising in energy matters and education institutions and participates in European research programmes, thus leveraging the effectiveness and efficiency of available financial and human resources towards research and development. Lastly, part of the Group R&D team's efforts focus on optimizing the production process and the use of raw materials aiming at cost leadership.

Environmental Issues

The SUNLIGHT Group is inspired by a sense of responsibility towards the environment, given that it is an integral part of its activities.

We aim at achieving growth that will satisfy current needs without jeopardising the needs of future generations. In this context, we implement an Environmental Management System in line with the requirements of the ISO 14001:2015 standard for the manufacturing plant and the recycling plant and Regulation (EC) 1221/2009 on the participation by organisations in a Community eco-management and audit scheme (EMAS) for the recycling plant, aimed at safeguarding the environment as part of our activities.

The starting point for the design and implementation of the Environmental Management System is to identify all environment aspects that are part of the Group's activities. For each environmental aspect identified by activity, the possible impact on the environment is also identified.

Environmental aspects have been identified and examined in the environmental terms study taking into account all operating conditions, normal or otherwise, emergencies as well as situations arising from other activities, and are reflected in the approval of the environmental terms issued by the Ministry of Environment and Energy, at the same time as the annual re-inspection carried out in the context of environmental certification, in accordance with the requirements of the ISO 14001:2015 standard.

The following subsections include a brief description of the main management methods and procedures used by the Group for managing its environmental impact:

Energy and recycling indicators

The Company and the Group follow the indicators below to measure their environmental footprint, taking care to adopt, as much as possible, the best practices. As an example, the logistics centre of the Xanthi plant uses to, a large extent, electricity generated from photovoltaic systems. In addition, apart from the electricity procured, SUNLIGHT RECYCLING uses natural gas in its production processes. Indeed, the plant has been designed taking into account issues such as energy savings, mainly by reducing energy losses in auxiliary activities (exploitation of hot flue gases, etc.).

The table below shows, based on 2015 (index 100), the use of various energy resources (electricity, propane, and natural gas) with regard to the quantity produced, in the Group's two plants, in the course of the past 5 years:

	2015	2016	2017	2018	2019	Plant
Consumption of electricity (Gwh/industrial component)	100	99	91	98	88	Xanthi
Consumption of electricity (GWh/ton of lead)	100	46	41	53	44	Komotini
Consumption of propane (ton/element)	100	85	67	101	61	Xanthi
Consumption of natural gas (Nm3/ton of lead)	100	53	50	61	55	Komotini

There can be no doubt that the problem-loaded operation of the Xanthi industrial batteries plant in the first half and the consequent non-rational operation of the Komotini plant have exerted pressure on the energy consumption indicators of the latter, despite the significant improvement compared to 2018. However, we believe that it can be further corrected, in 2020, with the more rational and balanced operation of the aforementioned two production facilities.

Finally, the table below shows, based on 2017 (index 100), CO₂ emissions, with regard to the quantity produced, in the Group's two plants. These results are in line with the above conclusions regarding energy consumption at the two plants, where despite the improvement compared to 2018, the imbalance in production did not allow further improvement of the relevant KPIs.

CO ₂ emissions	Emissions/Production (2017 : 100)		
	2017	2018	2019
CO ₂ (source of literature factor: UNFCC)/industrial component	100	151	91
CO ₂ (source of literature factor: UNFCC)/tons produced	100	121	110

Protection of water resources

Water consumption

To cover its operational needs, the production unit is supplied with water from the water supply network as well as from a borehole located within the plot where the plant is situated.

The recycling plant only uses water from the Industrial Area water supply network. The following measures have been taken to reduce water consumption:

- Total water recirculation systems are used in the production process.
- A leak monitoring system has been installed.
- All piping is above ground for easy leak detection.

Regular leak checks are carried out as part of the maintenance and control program of the plant.

Liquid waste management

Liquid waste from the operation of the manufacturing plant is divided into the following three categories:

1. Waste from the production process
2. Waste from staff sanitary facilities and ancillary activities
3. Rainwater

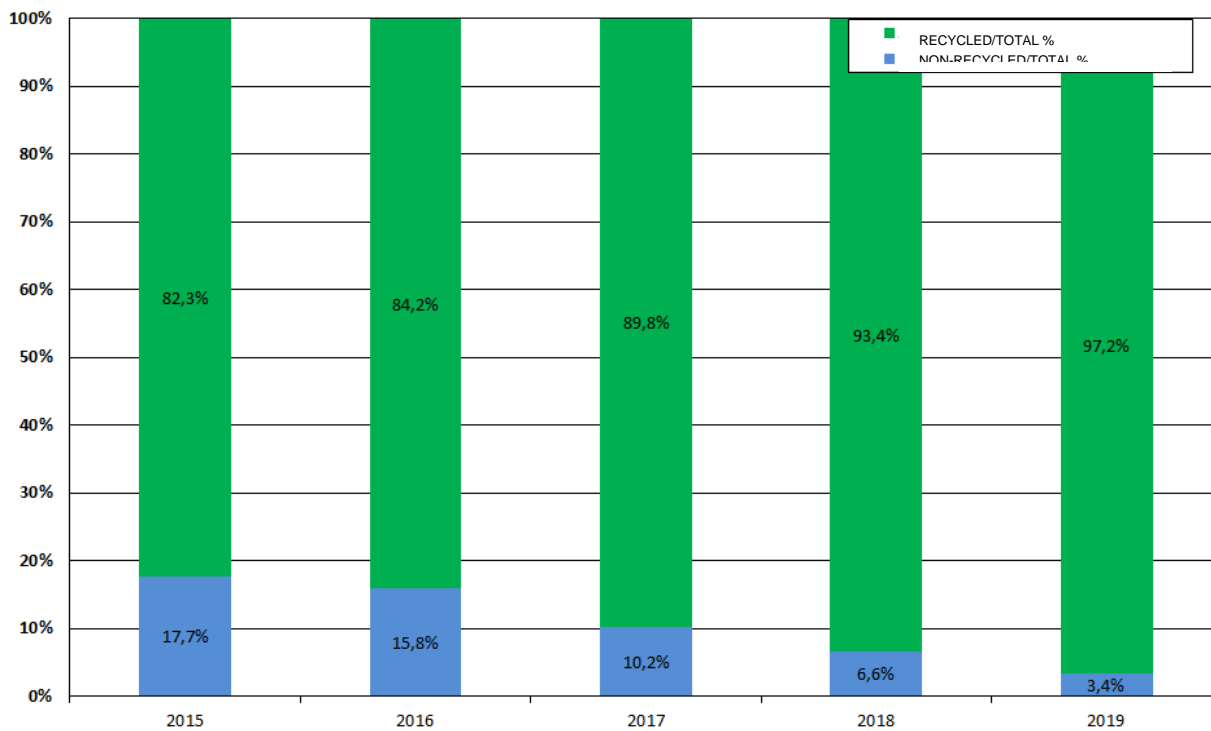
At the recycling plant zero wastewater is released into the environment, through the total recirculation and reuse of water within the plant.

Volume of wastewater processed (m ³) at the manufacturing plant (Xanthi)	2017	2018	2019
	13,111.14	12,552.33	13,504.4

Solid waste management

The Group implements responsible management of the final volume of waste that arises from its production processes. In this context, it has taken care to increase every year the waste recycling percentage, as may be seen from the table below, demonstrating in practice its interest in sustainable development. In addition, the Group only collaborates with duly licensed companies for transport, treatment, and disposal of its waste, which it constantly reviews as to the lawfulness and the validity of their licenses as provided under the then applicable legislation. The following diagram concerns the manufacturing plant in Xanthi (the quantities have been amended as some measurements made at the end of each year were not included).

% OF RECYCLED AND NON-RECYCLED WASTE PER YEAR FOR THE LAST 5 YEARS



Quantity of plant solid waste recycled (t) (Xanthi)			
	2017	2018	2019
Plastic	37.2	37.3	58.6
Wood	489	384.2	689.8
Paper	152.3	66.8 **	81.6
Gyp mud	1,911	1,557.3	995.7
Copper	9.5	59.7***	0.0
Iron	301.3	1,436.4****	338.1

** the amount of paper decreased due to reduced production as a result of the fire.

*** the increase in copper waste is due to the fact that the amount of copper intended for production was altered by the fire and ended up becoming waste.

**** the increase in iron waste is due to damaged infrastructure and machinery as a result of the fire.

GREEN MISSION Environmental Initiative

In 2016, SUNLIGHT RECYCLING's Management launched the Green Mission environmental initiative, which aims at raising awareness among the public and businesses with regard to the proper recycling of lead-acid batteries. The programme's actions have already begun and they aim at raising awareness and informing 14,000 Greek businesses producing and/or managing considerable quantities of industrial waste. Green Mission has been implemented for three years and has achieved the following results:

- **Quantity of recycling:** 1,828,000 kg of recycled batteries
- **CO₂ pollutants reduction:** 2,952 t (equivalent to the annual CO₂ absorption of 135,272 trees)
- **Energy Savings:** 5,010 MWh (equivalent to the annual energy consumption of 305 households)
- **Participants:** 61 Companies
- **Green Spots:** 62 in 12 Cities

Protection of biodiversity

The Group operates in an eco-development area of the National Park of Eastern Macedonia and Thrace, which includes the wetlands of the Nestos Delta, lakes Vistonida and Ismarida and their wider area, and strictly adheres to environmental operating limits, as defined by Greek law, in accordance with the provisions of the Ramsar Convention on Wetlands of International Importance and the Natura 2000 Network. In this context, we faithfully follow and comply with such decisions across the whole range of our activities.

Despite the fact that we operate in the wider Eco-Development zone of the National Park of Eastern Macedonia and Thrace, there are no special types of flora and fauna where the manufacturing plant is situated as that the area is characterized as "permanently irrigated land". These areas are located around the facility and at a far distance. The company has made sure that all necessary precautionary measures have been taken and has installed modern equipment to ensure the avoidance of any environmental impact in the wider area. In this context, the degradation of the existing natural environment has been avoided and is expected to continue to be avoided as a result of the operation and modernization of the Group's manufacturing plants.

Furthermore, the recycling plant carries out frequent checks and implements procedures for monitoring soil pollution caused by its activities. Moreover, soil samples are taken at the recycling plant's facilities and analysed in a certified laboratory for the levels of lead, sulfur and pH. The levels of lead found are lower than the levels of lead provided by law for agricultural land use.

Therefore, the company's activity has no effect on biodiversity. It is noted that this plant is not located within a protected area. Specifically, the plant is located inside an organized industrial activity hub of the Komotini Industrial Area.

Labour Issues

A. Equal opportunities, respect for diversity and human rights

The Code of Ethics and Conduct defines integrity as the basic value for our day-to-day behaviour, while stressing the Management's relevant commitment. The Code's pillars include respect for laws and regulations, our customer-centric approach, careful selection of partners based on our principles, protection of our corporate property, respect for

the individual and practical care for the environment and society.

The Group has adopted and implements adequate procedures, so that we can identify training needs and provide incentives to our staff so that they can achieve maximum performance as part of an inclusive professional environment. We are all expected to demonstrate honesty in our interactions with other employees and external actors, report concerns about equal opportunities, and not tolerate abusive discrimination of any kind.

Should any employee become aware of any discriminatory activity at the Group or should any employee feel that they are the victim of racial, religious, sexual, or any other form of harassment, they should report this to the Human Resources Department or to the Compliance Officer (compliance@sunlight.gr). All issues are dealt with in a completely confidential manner, objectively and with increased sensitivity towards the affected person and other parties involved.

Breakdown of SYSTEMS SUNLIGHT's human resources, by gender and age

As of 31.12.2019, the total headcount for Systems Sunlight, including the recycling plant, was 1,011.

During 2017-2018 and in spite of the fire of 01/05/2018, the company managed to maintain all jobs with a growth rate of 10% (75 jobs).

	31.12.17	31.12.18	31.12.19
Total	755	830	1,011

2019		
	Management bodies	Other employees
Gender		
Men	84%	90.5%
Women	16%	9.5%
Age		
<30	0%	17%
30-50	58%	67%
>50	42%	16%
Other diversity indicators		
Variety of religions	-	17%

Development of the participation of women in SYSTEMS SUNLIGHT's Management

Participation of women in SYSTEMS SUNLIGHT's Management			
Year	Men	Women	% of women in managerial positions
2014	9	1	10%
2015	8	2	20%
2016	8	4	33%
2017	8	4	33%
2018	9	2	18%
2019	10	2	16%

Year	2017	2018	2019
Employees that belong to religious minorities - foremen	2	2	3
Employees that belong to religious minorities hired	28	3	57

B. Health and safety at the work place, training systems

The SUNLIGHT Group has been a pioneer in Greece by applying, in 2004, an integrated Health & Safety Management System based on the OHSAS 18001 standard. This System aims at supporting, organising, implementing, and constantly improving models and practices, so that the Company's operation complies with all requirements of the Greek and European legislation as well as the highest quality requirements, minimising the chances of any accident or other harmful incident. At the same time, SUNLIGHT, a member of Eurobat, actively participates in the relevant fora and continuously keeps up with international developments.

More specifically:

Incidents (accidents) and near misses are systematically recorded at the work place.

The level of exposure of employees to lead is reviewed and the competent authorities are regularly informed.

Conditions at the work place are reviewed on a daily basis.

Furthermore, the company has received a Safety Certification with respect to its personnel and the facility in N. Olvio, Xanthi, issued by the Ministry of National Defence (HNDGS), in accordance with the provisions of the "National Regulation on Industrial Safety" and C-M(2002) – Enclosure G/17 June 2002, National Security vetting - NATO SECRET - EU SECRET.

It should be noted that no fines were imposed during the reporting period and there were no legal issues related to workers' health and safety.

Furthermore, to achieve the best possible work environment, the Internal Operating Rules ensure fair utilisation of staff focusing on education and personal development, describe the applicable rules of behaviour between employees, and analyse the Wages and Benefits Policies.

We train all our employees in matters of health and safety at work and we develop special forms and safety manuals for their best possible information and preparation.

The following tables include information on Group health and safety matters.

TOTAL TRAINING SESSIONS	2017	2018	2019
HEALTH & SAFETY MATTERS			
MANUFACTURING PLANT	13	47	21
RECYCLING PLANT	23	10	23
TOTAL TRAINING HOURS IN H&S MATTERS			
MANUFACTURING PLANT	500	1,198	3,516.50
RECYCLING PLANT	92	630	843

MANUFACTURING PLANT	2017	2018	2019
TOTAL EMPLOYEES SUBJECT TO CHECKS	589	596	752
TOTAL EMPLOYEES EXCEEDING THE PERMISSIBLE EXPOSURE LIMIT FOR LEAD IN THE BLOOD	0	0	0
RECYCLING PLANT	2017	2018	2019
TOTAL EMPLOYEES SUBJECT TO CHECKS	60	76	76
TOTAL EMPLOYEES EXCEEDING THE PERMISSIBLE EXPOSURE LIMIT FOR LEAD IN THE BLOOD	0	0	0

C. Respecting employees' rights and trade union freedom

The Group has committed to recognise the rights of his employees to freedom of association and collective bargaining. As part of this, all employees have the right to vote and stand for election at the Health and Safety Committee, which they may address to discuss any matters of concern to them. This Committee represents employees and it is competent for holding regular meetings with the Group's senior management in order to collectively convey and negotiate any issues of concern to our employees.

During the reference period, no fines were imposed and no litigation was initiated relating to collective bargaining and freedom of association matters.

Fight against Corruption

The vision of the SUNLIGHT Group is to be the most reliable partner and the first choice for his customers, by acting with integrity. For this reason, particular attention is paid to reviewing transactions with external

partners, as well as to the integrity of the Group's employees, building, on a daily basis, a transparent environment and aiming at preventing phenomena of corruption.

To this end, a series of very important initiatives have been undertaken and various procedures and policies have been adopted, including the following:

- Anti-corruption and Anti-Bribery Policy, whose rules affect our every commercial and business practice and is supported by strict internal and accounting audits.
- Questionnaires to special categories of suppliers by which they commit to comply with the rules against corruption.
- Training sessions at various levels of our organisation at regular intervals.
- Acquisition of certification for the implementation of the ISO37001 standard on the fight against bribery
- Certificate of compliance with ISO 19600 (Compliance Management System) for regulatory compliance
- Revision and adaptation of contracts in accordance with the new framework for the protection of personal data (GDPR)

In addition, our Group has committed to comply with the requirements of the Greek and European legislation on respecting competition rules, as well as the national competition legislation of the countries where it operates.

As part of the new ISO 37001 international standard on anti-bribery management systems, for which SUNLIGHT was the first company in Greece to obtain certification, evaluation procedures, internal audits, and risk management for possible corruption areas are carried out.

Taking steps for a working environment that is free from corruption

Maintaining high standards of ethics, in compliance with national and international laws, is a guiding principle of our Group and applies to all its activities and functions around the world. Given the complex and special features of the global market in which we operate, compliance with anti-corruption legislation requires ongoing and up-to-date information on market developments, understanding the particular need for compliance with the law in general, and vigilance, consistency and integrity in the implementation of the Anti-Corruption Policy by all staff members employed at all levels of the Group.

The commitment to fight corruption is communicated to the Group's employees at regular intervals, and training sessions are organised for all employees on the fight against corruption.

Before entering into any agreement with any customers, representatives, partners in a consortium, contractors, distributors, resellers, or other intermediaries and third parties, or any party that acts or will act on behalf of the Group, the latter, as required, carries out due diligence and ensures that third parties are fully aware of, and agree to comply with, our Anti-Corruption Policy. Group employees must always contact the Legal Services and Corporate Compliance Directorate before making any such commitment in order for due diligence to be carried out. All Group associates have been informed of our policies regarding compliance with the law and the fight against corruption.

Specific guidelines regarding Civil Servants prohibit the conclusion of contracts with intermediaries (consultants, agents and other business associates) who may have relations with Civil Servants, or the conclusion of a contract by these persons, unless:

- Prior approval from the Legal Services and Corporate Compliance Directorate is ensured.
- A due diligence study has been carried out to ensure that the intermediary is not likely to commit acts of corruption.
- A record is kept of the results of due diligence studies.
- The agreement with the intermediary includes the following provisions:
 - A statement according to which the intermediary is required, if so requested by the company, to provide copies of any documents or securities that may relate to that commercial collaboration.
 - A statement according to which the intermediary confirms that it is aware of this policy and agrees to abide by its provisions.
 - The terms of the agreement can be communicated to the relevant government agencies, if the company deems it necessary.
 - The intermediary shall not assign to other persons duties that it has undertaken, without the prior and specific consent of the Group.
 - The intermediary shall disclose to the Group any relationship that may be formed between it and a public official. The intermediary shall file official statements according to which it has complied with anti-corruption legislation on an annual basis, or if the Group deems it necessary, every six months.
 - The Group may withhold payments under the terms of the contract, or terminate the agreement, if it considers, in good faith, that the intermediary has violated anti-corruption legislation.
 - The Group shall have access, within reason, to the books and records of the intermediary, as well as the right to conduct regular audits, provided that such access and such audits are allowed in accordance with normal commercial practice.

Lastly, all policies are linked to suppliers, customers, agents or any kind of Group associates who have been informed of our policies regarding compliance with the law and the fight against corruption.

CORPORATE GOVERNANCE STATEMENT

I. Introduction

Corporate Governance refers to a set of principles based on which adequate organisation, operation, management, and audit of a company is pursued, with the long-term objective of maximising its value and safeguarding the legitimate interests of all persons related to it.

This Corporate Governance Statement is a special part of the Annual Report of the Board of Directors, in accordance with Article 152 of Law 4548/2018.

II. Corporate Governance Code

The Company has decided, on its own initiative, to adopt the Greek Corporate Governance Code for Listed Companies (hereinafter to be called, the "Code"). This Code is available on the website of Hellenic Exchanges SA, at the following address:

<http://www.helex.gr/documents/10180/2227277/ESED+Kodikas+FEB+2015+--+A4+--+FINAL+-+Internet.pdf/a1b406ab-52e4-4d76-a915-9abefd0a9d09>

The Company derogates from the Code and the Corporate Governance Principles, as permitted, with regard to the matters described in the following section.

III. Derogations from the Corporate Governance Code and reasons thereof

As the case may be, the Company derogates from, or does not apply in their entirety, certain provisions of the Code relating to the following matters:

Size and line-up of the Board of Directors

By virtue of the Articles of Association, in 2018 the number of Directors ranged between 3 and 7, the majority of which are non-executive directors, derogating from the Code which provides for 7-15 Directors. In early 2019, the Company amended its Articles of Association increasing the number of its Directors to 3-11. Currently, the BoD comprises 6 executive directors, 1 non-executive director, and 2 independent non-executive directors. This particular balance has ensured its efficient and productive operation.

Furthermore, the Board of Directors appoints an independent Vice-Chairman from its independent members.

Duties and behaviour of Directors

Directors are not required to disclose in detail any professional commitments (including important non-executive commitments to companies and non-profitable institutions) before appointment to the Board of Directors and there is no limitation as to the number of boards of directors of listed companies they may be members of, provided that all Directors have been able up to know to respond to their duties, to dedicate enough time thereto, and to be kept up to date about developments in matters relating to their duties.

No approval by the Board of Directors is required regarding appointment of any executive director to a company which is neither a subsidiary nor an associate.

Nominations to the Board of Directors

As per the Articles of Association, the term of the Directors' mandate is 5 years (and not 4), given that this provision has ensured, in the past, the BoD's more stable performance and effectiveness.

Operation of the Board of Directors

The Chairman does not hold meetings, on a regular basis, with non-executive Directors, without the presence of executive Directors, to discuss the performance and remuneration of the latter, and other relevant matters as well as any matter that may be discussed in the presence of all Directors.

There are no induction sessions provided by the Board of Directors for its new members, there is no continuous professional training for the rest of the Directors, because the persons nominated to the Board of Directors have sufficient and demonstrated experience and organisational/managerial skills.

There is no specific provision for allocating adequate resources to the committees of the Board of Directors to perform their duties as well as to hire external consultants, since the relevant resources are approved on a case by case basis by the company's management according to the then corporate needs.

Evaluation of the Board of Directors

There is no institutionalised procedure for evaluating the efficiency of the Board of Directors or its committees, nor is the performance of the Chairman of the Board of Directors evaluated. This procedure is not deemed a priority given the *modus operandi* of the Company's bodies.

The Board of Directors does not describe in summary, in the annual corporate governance statement, the procedure for its own evaluation and the evaluation of its committees.

Internal audit system

The Board of Directors does not carry out an annual evaluation of the internal audit system. The Audit Committee examines and expresses its opinion to the BoD on the periodic reports of the internal audit department.

Remuneration

The agreements entered into with executive Directors do not provide that the Board of Directors may require the restitution of the whole or part of the bonus granted, because of the revision of financial statements of previous financial years or, in general, due to erroneous financial data used to calculate such bonus.

In 2019, a Remuneration Committee was established, consisting exclusively of non-executive members, regardless of their majority, charged with determining the remuneration of the executive and non-executive members of the Board of Directors.

Compensation may be paid to Directors, for an amount to be determined by special resolution of the ordinary General Meeting of Shareholders. Any other remuneration or compensation of Directors shall be borne by the Company, where approved by special resolution of the Ordinary General Meeting.

General Meeting

For the time being, there exist no methods for electronic voting and/or voting by mail.

IV. Corporate Governance Practices additional to those provided by the law

As part of the implementation of a structured and adequate corporate governance system, the Company has applied specific good corporate governance practices, some of which are additional to those provided by the relevant legislation (Laws 4548/2018, 3016/2002, 3873/2010, 4403/2016 and 4449/2017, decision 5/204/14.11.2000 of the Board of Directors of the HCMC, as amended and in force, as well as the other relevant decisions of the Board of Directors of the HCMC, as amended and in force).

In particular, the Company implements the following additional corporate governance practices, which all relate to the size, the line-up, the duties, and the operation, in general, of the BoD:

- Due to the Company's nature and object as well as the complexity of matters, the BoD -whose members are now nine, i.e. six more than the minimum number required by law- has set up committees to assist it with its tasks, comprised by its members having advisory, regulatory, and/or approval responsibilities. These committees and their line-up are the following:
 - The Audit Committee, which consists of
 - Dimitrios Goumas, Chairman
 - Alexandros Manos, Director
 - Ioannis Pantoleon, Director
 - The Regulatory Compliance Committee, which consists of
 - Dimitrios Goumas, Chairman
 - Ioannis Pantoleon, Director
 - Sultana Chadouli, Director
 - The Remuneration and Nomination Committee (since 2019), which consists of
 - Alexandros Manos, Chairman
 - Dimitrios Goumas, Director
 - Stergios Nezis, Director
- Since 2015, the Company has adopted an Ethics Code and set up the Regulatory Compliance Committee, which has been tasked with monitoring the implementation of such Code.

V. Main features of the internal audit systems with regard to the procedure for preparing financial statements and financial reports

With regard to the procedure for preparing financial statements and financial reports, the internal audit system includes controls and audit mechanisms at various levels in the organisation as described below:

A) Controls at corporate level

Risk identification, assessment, measurement, and management:

The scope, the size, and the complexity of the Group's activities require a complex system for methodically approaching and dealing with risks, which is implemented by all Group companies. Risk prevention and management is at the core of the Company's strategy.

Internal Audit System Adequacy

The Internal Audit System includes the policies, procedures, and duties defined and implemented by the Company's Management and human resources for efficiently managing risks, achieving business objectives, ensuring reliability of financial and administrative reporting, and complying with laws and regulations.

The Company's Internal Audit Department prepares the annual audit plan on the basis of the assessment of risks to determine the operational priorities of the Internal Audit Department as well as the issues identified by the Audit Committee and Management.

The Company's Internal Audit Department submits quarterly reports to the Audit Committee to allow for systematic monitoring of the Internal Audit System's adequacy.

Reports of the Company's Management and Internal Audit Department provide an assessment of the major risks and the effectiveness of the Internal Audit System for managing them. Reports communicate any weaknesses that may be identified, the actual or possible impact thereof as well as the Management's actions to correct them. The audit results and the monitoring of the implementation of agreed actions are taken into account in the Company's Risk Assessment System.

To ensure independence of the regular audit of the Company's financial statements, the BoD applies a specific policy when preparing the proposal to the General Meeting regarding appointment of the Regular Auditor.

Preventing and fighting financial fraud

As part of risk management, areas which are considered to be of high risk in terms of financial fraud are monitored by appropriate audit systems, there being accordingly enhanced controls. Examples include the existence of detailed organisational charts, operating rules, detailed procedures, and approval limits as well as application of the four eyes principle to practically all Company commitments. In addition to the control mechanisms implemented by each Directorate, all Company activities are subject to controls by the Internal Audit Department, whose results are presented to the Company's Audit Committee and BoD.

Internal Operating Rules:

The Company has prepared the relevant Internal Operating Rules, approved by the BoD. The Rules also define the tasks and responsibilities of the main posts, thus promoting adequate separation of responsibilities within the Company.

B) Controls in IT systems

The Company's IT Directorate is in charge of determining the strategy in matters of technology and information technology and of training the staff to cover for any needs that may arise. It is also responsible for supporting the applications through adherence to, and updating of, the software user manuals in collaboration, as the case may be, with external partners.

The Company has developed an adequate framework for monitoring and controlling its information systems determined by separate control mechanisms, policies, and procedures. Furthermore, specific access rights have been determined to the various information systems for all employees, depending on their position and role, and a relevant entry log is also kept for the Company's systems.

C) Controls for the preparation of financial statements and financial reports

As part of the procedures for preparing the Company's financial statements, specific controls exist and apply which relate to the use of commonly accepted tools and methodologies based on international practices. The main areas in which controls apply relating to the preparation of the Company's financial statements and financial reports are the following:

Accounting and financial reporting procedures

Uniform policies and accounting procedures for the Company and its subsidiaries.

Verifications between the various reporting systems, and special approval for non-recurring accounting operations.

Preservation of assets procedures

Controls for fixed assets, stocks, cash/checks and other Company assets, such as, for example, physical security of safes or inventories and inventory and comparison of counted quantities with quantities entered into accounting books.

Periodic physical inventory plan to verify the balances of physical and accounting inventories and detailed manual for conducting inventories.

Transaction approval limits

Chart of Authorities describing the powers granted to various Company executives to perform specific transactions or operations (for example, payments, collections, legal transactions, etc.).

VI. The General Meeting and the Rights of Shareholders

The role, the responsibilities, the call, the participation, the ordinary and extraordinary quorum and majority of attendees, the Bureau, the agenda, and, in general, the operation of the General Meeting of the Company's shareholders are all matters laid down in the Company's Articles of Association, as updated according to the provisions of Law 4548/2018.

VII. Line-up and Operation of the Company's Board of Directors, Supervisory Bodies, and Committees

Board of Directors (BoD)

Introduction

The Company is managed by a BoD comprising nine (9) members; the term of its mandate expires on 28/01/2024 and is automatically extended until the first Ordinary General Meeting after expiration of their mandate, but it may not exceed six years (i.e. 28/01/2025). The members of the current BoD are:

1. Rouben Bourlas, Chairman of the BoD and CEO, executive member
2. Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
3. Alexandros Manos, son of Stefanos, Director, independent member

4. Michael Mastorakis, son of Konstantinos, Director, executive member
5. Stergios Nezis, son of Georgios, Director, executive member
6. Ioannis Pantoleon, Director, non-executive member
7. Spyridon Kopolas, Director, executive member
8. Lampros Bisalas, Director, executive member
9. Stefanos Kanidis, Director, executive member

Information is provided below on individual Directors:

1. Rouben Bourlas, Chairman of the BoD and CEO

Rouben Bourlas has a BSc and a MSc in Mechanical Engineering from Cornell University in New York as well as an MBA from MIT in Boston. He began his career in 1999 as Senior Analyst in First Manhattan Consulting Group in New York. In 2003, he moved to London and joined the easy Group, owned by Stelios Chatziioannou, where he was Commercial Director until 2006. In 2006, he started working for the Olympia Group of Companies as Sales Manager for the Public chain store. In 2008, he became General Manager of Public and in 2012 Managing Director of the company. In 2015, he became CEO of Westnet. In February 2018 he took over as CEO of Olympia Group and in October 2019 he assumed duties as Chairman of the BoD and CEO of Systems Sunlight.

2. Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member

Dimitrios Goumas has a Degree in Economics from the Athens University of Economics and Business (ASOEE). He began his career in 1963 at the National Bank of Greece, where he worked for 41 years in various departments and headquarters directorates of the Bank's Administration. From 1987 to 1996, he was Deputy Director of the Investment and Capital Market Directorate of the National Bank, he became Director of the same Directorate in 1997, a post he held until January 2001, when he became Managing Director of ETEVA. Following the merger of ETEVA and the National Bank, in December 2002, he became General Manager of the National Bank, responsible for Investment Banking, until 2004, when he retired. In the past, he has been a member of the BoD of many companies in which the National Bank held a stake.

He is currently Vice-Chairman and independent non-executive member of the BoD of SYSTEMS SUNLIGHT SA. He is also member of the Audit Committee of the company Trastor REIC SA.

3. Alexandros Manos, son of Stefanos, Director, independent member

Alexandros Manos started his professional career in 1989 at the British Gas-Midlands Research Centre. In 1992, he joined Salomon Brothers as an analyst in the Transportation & Infrastructure department of Investment Banking. Then, after working for a short period of time at the corresponding department of Société Générale, in 1998, he reintegrated Citigroup as head of Investment Banking initially for Greece and, then, for Greece, Central and Eastern Europe, and Northern Africa.

In May 2007, he became executive member of the Board of Directors of Piraeus Bank and Deputy Managing Director. From June 2008 to December 2012, he was Managing Director of Piraeus Bank, Chairman of Piraeus Securities SA and participated in the boards of directors of subsidiaries of the Group abroad. From December

2012 to December 2013, he was Managing Director of Geniki Bank, a subsidiary of the Piraeus Group. From December 2013 to April 2019, he was Management Consultant, and went on to assume duties as Chief Operations Officer of Praxia Bank until December 2019. He is Chairman of the Remuneration and Nomination Committee.

Mr. Manos has an MSc in Mechanical Engineering from the Imperial College of Science, Technology & Medicine and an MBA from the INSEAD Business University.

4. Michael Mastorakis, son of Konstantinos, Director, executive member

Michael Mastorakis, the Company's CFO, has a Degree in Economics and an MBA from the Athens University of Economics and Business, as well as a post-graduate degree from the Wharton School of the University of Pennsylvania. He has worked for a long time in companies of the VIOHALCO Group (Corinth Pipeworks, Hellenic Cables, ICME ECAB Romania), as CFO and Deputy General Manager, as well as from 2012 to 2016 as CFO in the listed companies CRETA FARMS and Karamolegos.

5. Stergios Nezis, son of Georgios, Director, executive member

Stergios Nezis was Deputy Managing Director and executive Director of the Chipita Group from early 2011 to May 2018, in charge of manufacturing, supplies, the Human Resources (HR) Department, and development of new markets. He has been COO in DOL SA (2006-2011) and Managing Director in six of the Group's subsidiaries. Mr. Nezis has also held the position of Managing Director in the Delta Ice Cream Group and the position of Deputy Managing Director in Delta Holdings SA (currently Vivartia) (2005-2006). He has been Managing Director of DEI SA (2000-2005) leading the company to its successful listing in the Athens Exchange in 2001, which was followed by 2 further public offerings in 2002 and 2003. He has been Managing Director of SCA Hygiene Products SA - a subsidiary of the Swedish multinational SCA Group (1989-2000) and the Phosphoric Fertilizers Industry SA (1984-1989). Mr. Nezis has been Director and Executive Director, in charge of industrial activities for Commercial Bank of Greece (1987-1989).

He graduated from the National Technical University of Athens with a degree in Chemical Engineering and has an MBA from the Athens University of Economics and Business.

6. Ioannis Pantoleon, Director, non-executive member

Ioannis Pantoleon graduated in Economics from the Athens University of Economics and Business (ASOEE) and has a Master's Degree in Financial Management and Accounting from the University of Manchester. He has a long experience in economics, international activities, and investment. From 1999 to 2013, he was Group Chief Financial Officer in Intralot, and from 2014 to 2015 he was Group Chief Operations Officer in the same company. In 2015, he became Chief Financial Officer of the Marinopoulos Group. Since February 2017, he has been Chief Financial Officer of the Olympia Group.

7. Spyridon Kopolas, Director, executive member

Spyridon Kopolas started his career in the shipping sector and then joined Germanos SA as Sales Engineer. He then worked as head of the Energy Projects department in Sunlight and later on became head of international operations development. He has been an executive and a shareholder in companies in the sector

of renewable sources of energy and since 2013 he is in charge of the construction and operation of the battery recycling plant in the Industrial Zone of Komotini.

8. Lampros Bisalas, Director, executive member

Lampros Bisalas started his career as certified auditor in PricewaterhouseCoopers. He then became internal auditor in Marfin Egnatia Bank. He joined Sunlight 12 years ago, initially being in charge of subsidiaries abroad, and then moved to the Commercial Department, initially as head of the motive power solutions department and then as Commercial Manager. He is a graduate from the Panteion University. He has post-graduate degrees from the IMD Business School in Switzerland, Wharton Business School of the University of Pennsylvania and Harvard Business School.

9. Stefanos Kanidis, Director, executive member

Stefanos Kanidis is the Company's Technical Manager. He began his career as an engineer at various construction projects in Germany, and became Production Manager in Pipe Manufacturing Supplies & Ancillaries - Komotini. In 1999, he joined Sunlight, initially as Production Manager, before being promoted to his current post in 2017.

Roles and responsibilities of the BoD

The BoD is the Company's highest administrative body and it is mainly responsible for defining its growth strategy and policy, as well as for supervising and controlling management of the Company's assets. The line-up and the skills of the members of the BoD are determined by the law and the Company's Articles of Association. The primary obligation and duty of the members of the BoD is to constantly seek to enhance the Company's long-term economic value and to defend the general corporate interests.

To achieve corporate objectives and to ensure the Company's smooth operation, the BoD may delegate part of its responsibilities, other than those that require collective action, as well as the management, administration, or conduct of business, to the Chairman of the BoD and Managing Director, to one or several Directors, to Managers or to Company employees. Directors and any third parties to whom the BoD has delegated any of its responsibilities are prohibited from pursuing own interests that are contrary to the Company's interests. Directors and any third parties to whom the BoD has delegated any of its responsibilities are required to timely disclose to other Directors their own interests that may result from Company transactions falling under their remit, as well as any other conflict of their own interests with those of the Company or associated companies resulting from the exercise of their duties.

Among other things, the BoD makes decisions about and approves the following:

Acceptance of the Company's commitment by encumbering its (movable or immovable) assets with real rights and registration of prenotations.

Sale and purchase of assets having book historical cost or market value, whichever is higher each time, exceeding a specific limit.

Establishment of new companies in which the Company will have a stake or conversion of interests in existing companies, irrespective of the stake.

Acquisitions, sales, and merger of companies, in which the Company participates in any manner whatsoever (capital or management).

Making any commitment on behalf of the Company or signing any contract where their value exceeds a specific amount.

In 2019, the Board of Directors met 81 times and attendance of its members at these meetings has been as follows:

1. Rouben Bourlas	81 times
2. Dimitrios Goumas	81 times
3. Alexandros Manos	80 times
4. Michael Mastorakis	81 times
5. Stergios Nezis	81 times
6. Ioannis Pantoleon	81 times
7. Spyridon Kopolas	81 times
8. Lampros Bisalas	80 times
9. Stefanos Kanidis	81 times

Executive and non-executive Directors

When constituted as a body, the BoD determines the capacity and the responsibilities of its executive and non-executive members. The number of non-executive Directors may not be less than 1/3 of the total number of its members.

Chairman of the BoD and Managing Director

The Chairman and Managing Director is the Company's lawful representative and is responsible for all Company Directorates.

Vice-Chairman of the BoD

The Vice-Chairman of the BoD is an independent non-executive Director and the chairman of the Audit Committee and the Regulatory Compliance Committee.

Audit Committee

Audit Committee main responsibilities

It monitors the procedure and the conduct of the mandatory audit of the Company's corporate and consolidated financial statements. In this context, it informs the BoD by submitting the relevant report on the issues that have arisen from the mandatory audit, explaining in detail:

(a) the contribution of the mandatory audit to the quality and integrity of financial reporting, i.e. the accuracy, completeness, and correctness of financial reporting, including the relevant disclosures, approved by the BoD and made public;

(b) its role in the procedure under (a) above, i.e. description of the Audit Committee's actions during the conduct of the mandatory audit.

2. It monitors, reviews, and evaluates the procedure for preparing the financial reporting, i.e. the production mechanisms and systems, the flow and dissemination of financial information generated by the relevant Company's organisational units. The Audit Committee informs the BoD about its findings and submits proposals for improving the procedure, where necessary.

3. It monitors, reviews, and evaluate the adequacy and efficiency of all Company policies, procedures, and controls with regard to, on the one hand, the internal audit system and, on the other hand, the risk assessment and management, with regard to financial reporting. Regarding the operation of the internal audit, the Audit Committee monitors and supervises the proper operation of the Group Internal Audit Department and evaluates its work, adequacy, and efficiency, without, however, affecting its independence. It also reviews the reports made public as to the internal audit and the major risks and the uncertainties faced by the Company with regard to financial reporting. In this context, the Audit Committee informs the BoD about its findings and submits proposals for improvement, where necessary.

4. It reviews and monitors the independence of certified auditors and accountants or audit companies, in accordance with Law 4449/2017 (Articles 21, 22, 23, 26, and 27), as well as Article 6 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 and in particular the adequacy of the provision of non-audit services under Article 5 of the Regulation.

5. It is responsible for the selection procedure of certified auditors and accountants or audit companies and it proposes the certified auditors and accountants or audit companies to be appointed by resolution of the General Meeting.

Line-up and activity of the Audit Committee

Line-up of the Audit Committee	Capacity	Committee Meetings 2019	Committee Meetings 1/1-2/4/2020	Percentage of participation in meetings
D. Goumas	Chairman	12	5	100%
A. Manos	Member	12	5	100%
S. Nezis Member until 7/10/2020	Member	9		100%
I. Pantoleon – Member since 7/10/2020	Member	3	5	100%

In 2019, as well as from 1.1.2020 to 02.04.2020 (date of last meeting of the Audit Committee before publication of the annual financial report for financial year 2019), the Audit Committee met a total of 17 times, as shown in the above table, and discussed and evaluated matters as part of the requirements of the current legislation and the Company's operational needs. For example:

The Committee repeatedly met with the CFO and the Chief Accountant about the procedure for preparing the financial reporting for 2018 and 2019 (including the financial reporting for the first half of 2019), analysing all data.

The relevant meetings were held with the certified auditors about the procedure for the regular audit of financial reporting for 2018 and 2019 (including the financial reporting for the first half of 2019), paying particular attention to and having lengthy discussions about key audit matters.

The Audit Committee reviewed and confirmed the independence of the certified auditors, and reviewed and approved the permitted non-audit services provided by them.

As part of monitoring the efficiency of the internal audit systems and risk management, the Audit Committee, *inter alia*:

Approved the annual audit plan of the Internal Audit Department;

Obtained, during the course of the year, all Internal Audit reports, which contained the findings and the manner in which Management dealt with such findings;

Held regular meetings with the Internal Auditor to discuss the audit findings;

Held regular meeting with the Company's Managers about corporate operational matters.

The Audit Committee gave the required approvals and submitted the required reports and/or proposals to the Board of Directors.

During the Ordinary General Meeting in 2019, the chairman of the Audit Committee informed the Company's shareholder about the work of the Audit Committee in financial year 2018.

EXPLANATORY REPORT OF THE BoD (BY VIRTUE OF ARTICLE 4(7)(8) OF LAW 3556/2007)

This explanatory report of the Board of Directors to the General Meeting of Shareholders includes detailed information, by virtue of Article 4(7)(8) of Law 3556/2007:

1. Share capital structure. The Company's share capital amounts to EUR 44,394,950 divided into 15,151,860 shares of a nominal value of EUR 2.93 each. The Company's shares are ordinary registered shares with voting rights.

2. Restrictions to the transfer of Company shares. The Company's shares are transferred as provided by the law and there exist no restrictions under its Articles of Association as to such transfer.

3. Important direct or indirect participations within the meaning of Articles 9-11 of Law 3556/2007. Olympia Group LTD holds 100% of the Company's share capital.

4. Holders of all kinds of shares conferring special control rights. There exist no Company shares conferring to their holders special control rights.

5. Restrictions to the right to vote. The Company's Articles of Association do not provide for any restrictions to the right to vote.

6. Agreements between Company shareholders. The Company is not aware of the existence of any agreements between its shareholders which entail any restrictions in the transfer of its shares or the exercise of voting rights arising from its shares.

7. Rules on appointment and replacement of members of the Board of Directors and on amendment of the Articles of Association which differ from the provisions of Law 4548/2018. The rules provided for by the Company's Articles of Association on the appointment and replacement of members of the Board of Directors and the amendment of provisions of the Articles of Association do not differ from the provisions of Law 4548/2018.

8. Responsibility of the Board of Directors, or certain members thereof, to issue new shares or to purchase own shares.

The rules provided for by the Company's Articles of Association on issue of new shares or purchase of own shares, as a responsibility of the Board of Directors, do not differ from the provisions of Law 4548/2018.

9. Important agreement entered into by the Company which becomes effective, is amended, or expires in the event of change of control in the Company, following a public offering, and results of such agreement. The ordinary bond loan which is tradable in the Athens Stock Exchange and other Loan Agreements of the Group include a clause of no change of control without the prior consent of creditors. Should the clause be activated, creditors have the right to claim repayment of the relevant liabilities.

10. Any agreement entered into by the Company with the members of its Board of Directors or with its staff, which provides for compensation in the event of resignation or removal

without cause or termination of their mandate or employment because of the public offering. There exist no agreements between the Company and the members of its Board of Directors or its staff providing for payment of compensation in particular in the event of resignation or removal without cause or termination of their mandate or employment because of a public offering.

Athens, 07 April 2020

THE BOARD OF DIRECTORS By:

THE CHAIRMAN OF THE BoD & CEO:

ROUBEN I. BOURLAS

Identity Card No. AE 552845

3 Independent Auditor's Report

To the Shareholders of "SYSTEMS SUNLIGHT S.A."

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "SYSTEMS SUNLIGHT S.A." ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2019, separate and consolidated income statements and statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company "SYSTEMS SUNLIGHT S.A." and its subsidiary (the Group) as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in the entire course of our assignment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of separate and consolidated financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the audited period. These matters, as well as the related risk of significant misstatements, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<p>Assignment of compensation receivables from the Greek State without exercising a recourse</p> <p>Other non-current assets of the Group and the Company as at 31/12/2018 included "receivables for third parties compensation" amounting to € 10.007 k, which, given the present value (discounted) stood at € 7.620 k.</p> <p>On December 20, 2019, the Company assigned without exercising a recourse the receivables, as mentioned above, to an associates versus a consideration of € 8,100 k, which it received in full within the fiscal year. The consideration in question was based on a relevant valuation study of fair and equitable commercial value of the assigned receivables, conducted by an independent appraiser. The total net result of the transaction stood at a profit of € 479 k and is included in the item "Other financial results" of the consolidated and separate Income Statement for FY 2019 and is analyzed in Note 33.</p> <p>As referred to in Note 16, given the special nature of the receivables, a legal assessment was required regarding the</p>	<p>Our audit approach included, among other, the following procedures:</p> <ul style="list-style-type: none"> • We obtained and reviewed the minutes of the Board of Directors on providing the special permission to prepare the private assignment agreement. • We obtained and reviewed the opinion of the external legal consultant regarding the potential of assigning the receivables. • We obtained and reviewed the valuation study of fair and equitable commercial value of the assigned receivables, conducted by an independent appraiser.

possibility of assigning the receivables to a third party, on the basis of which the private assignment agreement had been prepared and all the risks and benefits of the receivables had been transferred versus the consideration.

We considered this matter to be a key audit matter, due to the significance of the amount and the need for legal experts to be involved in the Management's assessment of the possibility of assigning these receivables to a third party. Furthermore, the determination of the fair consideration of the assignment, conducted by an independent appraiser, is based on judgments and estimates of the Management.

The Group's disclosures pertaining to assigning the receivables to an associate and the results of the transaction are included in Notes 16 and 33 to the financial statements.

- We obtained and reviewed the private assignment agreement, the sales invoice and verified collecting the amount of € 8.100 k through bank documents.
- We reviewed the terms of the private assignment agreement for the purposes of assessing derecognition criteria and transfer of all the risks and benefits in compliance with the provisions of IFRS 9.
- We assessed the adequacy of the related disclosures of the Company and the Group in the accompanying financial statements.

Recoverability of long term receivables

As at December 31, 2019, the Group's and the Company's other non-current assets, presented in Note 16 to the financial statements, include grants receivable amounting to € 3.959 k. pertaining to ongoing litigation claims.

At each reporting date, the Group's Management assesses recoverability of the abovementioned receivables and makes estimates regarding the possible need to recognize impairment losses and reduce the receivables to their recoverable amount. This assessment involves a significant degree of judgment, as management evaluates the current status of the related litigations and assesses the possible risk of impairment, mainly based on the legal opinion of external legal advisors. In case additional information becomes available, the Group's management reassesses recoverability of the receivables, which is likely to lead to a revision of estimates.

We considered this matter to be a key audit matter, due to the high degree of judgment involved in assessing the recoverability of the above receivables.

The Group's disclosures pertaining to the nature of the aforementioned receivables, judgments and estimates used while assessing the recoverability and the course of litigation cases are included in Notes 9(9), 16 and 36.1 to the financial statements.

Our audit approach included, among other, the following procedures:

- We obtained and reviewed minutes of management internal meetings, in order to identify new facts and circumstances, regarding the course of the litigation cases.
- We received and reviewed external legal advisor's opinions to corroborate management assumptions in connection with assessing recoverability of receivables.
- We held discussions with the Group's management and legal consultants regarding the above-mentioned pending court cases and assessed the Management's estimates of recoverability of the particular long term receivables.
- We assessed the adequacy of the related disclosures of the Company and the Group in the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report includes the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report and Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance. No such issue has arisen.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated financial statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Company and the Group or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

The Company's Audit Committee (Article 44, Law 4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as an aggregate, 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, incorporated into the 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 affect the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, incorporated into the 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 separate and consolidated 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

- a) The Board of Directors' Report includes a statement of corporate governance that provides the information required by Article 152, Law 4548/2018.
- b) In our opinion, the Board of Directors' Report has been prepared in accordance with the legal requirements of Articles 150-151 and 153-154 and paragraph 1 (c and d) of Article 152, Law 4548/2018 and the content of the report is consistent with the accompanying separate and consolidated financial statements for the year ended 31 December 2019.
- c) Based on the knowledge we obtained during our audit of the Group and the Company "SYSTEMS SUNLIGHT SA" and their environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying separate and consolidated financial statements is consistent with the complementary report to the Company's Audit Committee in accordance with Article 11 of the European Union (EU) Regulation 537/2014.

3. Non-Audit Services

We have not provided to the Company and its subsidiaries any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.

The allowed services provided to the Company and the Group, in addition to the statutory audit, during the year ended December 31, 2019 have been disclosed in Note 31 to the accompanying separate and consolidated financial statements.

4. Appointment

We were appointed as statutory auditors for the first time by General Assembly of shareholders of the company on June 30, 2014. Our appointment has been, since then, renewed by the Annual General Assembly of shareholders for a total period of 6 years.

Athens, April 7, 2020
Certified Public Accountant

Nikolaos-Christos Mantzounis
I.C.P.A. Reg. No. 40511





ANNUAL CORPORATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31st DECEMBER 2019 IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), AS ADOPTED BY THE EUROPEAN UNION

The attached annual financial statements were approved by the Board of Directors of SYSTEMS SUNLIGHT SA on 07.04.2020 and have been made public through publication on the Internet at www.systems-sunlight.com.

4 Annual Financial Statements

4.1 Statement of Financial Position as of 31.12.2019 (corporate and consolidated)

Amounts in €	Note	GROUP		COMPANY	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-current assets					
Tangible Assets	11	117,957,101	77,834,344	115,085,969	75,159,482
Intangible assets	12	2,435,968	2,781,902	1,475,154	1,664,784
Investments in subsidiaries	13	0	0	2,392,547	3,262,087
Investments in affiliates	14	1,045,842	1,104,210	669,847	669,847
Investment portfolio	15	28,159	28,159	28,159	28,159
Other Non-Current Assets	16	4,248,109	11,832,482	4,216,605	11,811,206
Deferred tax assets	22	403,850	267,343	0	0
Total non-current assets		126,119,029	93,848,440	123,868,281	92,595,565
Current assets					
Inventories	17	35,231,612	36,996,575	32,871,774	35,547,011
Customers and other trade receivables	18	20,896,407	6,374,482	25,250,387	7,867,886
Other current assets	19	14,332,627	65,299,969	13,230,163	64,819,061
Cash and Cash Equivalents	20	7,877,272	13,613,441	6,026,472	12,387,357
Total current assets		78,337,918	122,284,467	77,378,797	120,621,314
Total assets		204,456,947	216,132,907	201,247,078	213,216,880
Equity & Total Liabilities					
Equity					
Share capital	21	44,394,950	44,394,950	44,394,950	44,394,950
Above par	21	38,985,693	38,985,693	38,985,693	38,985,693
Foreign exchange differences	21	-26,286	-11,393	0	0
Cash flow hedge reserve	21	-72,091	0	-72,091	0
Legal reserve	21	11,844	11,844	11,844	11,844
Other reserves	21	67,016,051	67,054,560	66,997,400	67,042,606
Retained Earnings	21	-92,859,451	-102,953,255	-92,302,028	-102,347,624
Equity attributed to parent company owners		57,450,711	47,482,401	58,015,769	48,087,470
Non-controlling interests		581,131	1,208,062	0	0
Total Equity		58,031,842	48,690,462	58,015,769	48,087,470
Long-term liabilities					
Long-term loan liabilities	24	69,033,700	66,519,669	68,255,826	65,697,389
Staff dismissal/retirement compensation provision	23	1,465,823	1,268,139	1,427,769	1,252,407
Deferred tax liabilities	22	2,211,729	1,391,480	2,315,684	1,415,723
Other Long-Term Liabilities	26	6,365,007	6,760,001	6,365,007	6,760,001
Total long-term liabilities		79,076,259	75,939,288	78,364,286	75,125,520
Short-term liabilities					
Short-term loan liabilities	24	25,376,305	39,119,294	25,123,072	38,901,326
Suppliers and other trade creditors	27	24,771,160	25,806,108	24,372,105	25,459,839
Income tax		1,572,980	3,288,556	1,552,221	3,273,881
Other Short-term Liabilities	28	13,173,014	20,703,698	11,364,237	19,783,344
Provisions	29	2,455,387	2,585,500	2,455,387	2,585,500
Total short-term liabilities		67,348,845	91,503,157	64,867,022	90,003,890
Total liabilities		146,425,105	167,442,444	143,231,309	165,129,410
Total Equity and Liabilities		204,456,947	216,132,907	201,247,077	213,216,880

The pages below are an integral part of the financial statements.

4.2 Profit and Loss Account for financial year 2019 (corporate and consolidated)

Amounts in €	Note:	GROUP		COMPANY	
		01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Ongoing operations					
Sales	30	180,177,841	108,471,362	177,814,126	107,533,735
Cost of goods sold	31	-143,695,460	-92,948,908	-141,827,837	-92,622,772
Gross profit		36,482,381	15,522,454	35,986,289	14,910,963
Other operating income	32	10,541,994	61,524,871	10,509,610	61,500,655
Distribution costs	31	-15,309,149	-9,090,372	-14,353,103	-8,790,734
Administrative expenses	31	-7,456,919	-8,516,722	-6,880,246	-8,025,231
Research and development expenses	31	-1,951,233	-1,438,331	-1,357,250	-933,671
Other operating expenses	32	-5,899,016	-42,806,118	-5,861,431	-42,795,353
Operating results		16,408,059	15,195,782	18,043,869	15,866,629
Financial income	33	562	6,930	554	6,925
Financial costs	33	-5,201,585	-4,965,394	-5,153,750	-4,916,582
Other financial results	33	491,402	-183,767	-428,138	216,233
Financial result		-4,709,621	-5,142,230	-5,581,334	-4,693,424
Profits/(Losses) from associates consolidated using the equity method	14	38,044	61,527	0	0
Earnings / (losses) before tax		11,736,481	10,115,079	12,462,535	11,173,206
Income tax	40	-2,262,049	-362,705	-2,416,940	-524,762
Earnings / (losses) of the period (ongoing operations)		9,474,432	9,752,374	10,045,595	10,648,443
Earnings / (losses) of the period (discontinued operations)		0	565,587	0	1,654,082
Profit / (Loss) for the period		9,474,432	10,317,961	10,045,595	12,302,525
Allocated to:					
Owners of the parent company					
Earnings / (losses) of the period (ongoing operations)		10,100,940	9,834,854	10,045,595	10,648,443
Earnings / (losses) of the period (discontinued operations)		0	565,587	0	1,654,082
Profit / (Loss) for the period allocated to owners of the parent company		10,100,940	10,400,441	10,045,595	12,302,525
Non-controlling interests					
Earnings / (losses) of the period (ongoing operations)		-626,508	-82,480	0	0
Earnings / (losses) of the period (discontinued operations)		0	0	0	0
Profit / (Loss) for the period allocated to non-controlling interests		-626,508	-82,480	0	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		22,206,176	19,662,535	23,235,810	19,802,106
Adjusted earnings before interest, taxes, depreciation and amortisation, and net book loss arising from the fire (adjusted EBITDA)		14,936,433	11,104,247	15,966,067	11,243,819

The pages below are an integral part of the financial statements.

4.3 Statement of comprehensive income for financial year 2019 (corporate and consolidated)

Amounts in €	Note:	GROUP		COMPANY	
		01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Profit / (Loss) of the period (ongoing and discontinued operations)		9,474,432	10,317,961	10,045,595	12,302,525
Other total income					
Amounts reclassified in the Statement of Profit and Loss in subsequent periods					
Foreign exchange differences from business conversions abroad		-14,893	-1,254	0	0
Valuation of cash flow hedging contracts:					
- Profit / (Loss) for the period		-94,857	0	-94,857	0
- Reclassification in the results for the period		0	18,733	0	18,733
Deferred tax on the valuation of cash flow hedging contracts		22,766	-5,433	22,766	-5,433
		-86,984	12,047	-72,091	13,301
Amounts not reclassified in the Statement of Profit and Loss in subsequent periods					
Reassessment of employee benefit liabilities	23	-51,877	-5,156	-50,783	-5,223
Deferred tax on reassessment of employee benefit liabilities		5,807	-25,078	5,577	-24,931
		-46,070	-30,234	-45,207	-30,154
Other total income / (expenses) for the period after tax		-133,054	-18,187	-117,298	-16,853
Comprehensive total income / (expenses) for the period		9,341,378	10,299,774	9,928,298	12,285,672
Allocated to:					
Owners of the parent company		9,968,309	10,382,294	9,928,298	12,285,672
Non-controlling interests		-626,931	-82,519	0	0

The pages below are an integral part of the financial statements.

4.4 Consolidated Statement of Changes in Equity

GROUP	Share capital	Above par	Foreign exchange differences	Legal reserve	Other reserves	Actuarial loss reserve	Cash Hedge Reserve	Flow	Retained Earnings	Total	Non-controlling interests	Total Equity
Amounts in €												
Balance 01.01.2018 (initially published)	44,394,950	38,985,693	-10,139	11,844	67,545,807	-467,569	-13,300		113,594,928	36,852,358	1,208,804	38,061,162
Changes in Accounting Policies									-170,475	-170,475		-170,475
Balance 01.01.2018	44,394,950	38,985,693	-10,139	11,844	67,545,807	-467,569	-13,300		113,765,403	36,681,883	1,208,804	37,890,687
Profit / (Loss) for the period									10,400,441	10,400,441	-82,480	10,317,961
Other total income / (expenses)			-1,254			-30,195	13,301			-18,148	-39	-18,187
Total comprehensive loss / income for the financial year	0	0	-1,254	0	0	-30,195	13,301		10,400,441	10,382,294	-82,519	10,299,774
Transactions with owners of the parent company												
Transfer between reserves					6,517				-6,517	0		0
Increase / (Decrease) of non-controlling interests									418,223	418,223	81,777	500,000
Total transactions with owners of the parent company	0	0	0	0	6,517	0	0		411,706	418,223	81,777	500,000
Balance 31.12.2018	44,394,950	38,985,693	-11,394	11,844	67,552,324	-497,764	1		102,953,254	47,482,401	1,208,062	48,690,462
Balance 01.01.2019	44,394,950	38,985,693	-11,394	11,844	67,552,324	-497,764	1		102,953,254	47,482,401	1,208,062	48,690,462
Profit / (Loss) for the period									10,100,940	10,100,940	-626,508	9,474,432
Other total income / (expenses)			-14,893			-45,647	-72,091			-132,631	-423	-133,054
Total comprehensive loss / income for the financial year	0	0	-14,893	0	0	-45,647	-72,091		10,100,940	9,968,309	-626,931	9,341,378
Transactions with owners of the parent company												
Transfer between reserves					7,137				-7,137	0		0
Total transactions with owners of the parent company	0	0	0	0	7,137	0	0		-7,137	0	0	0
Balance as at 31.12.2019	44,394,950	38,985,693	-26,287	11,844	67,559,461	-543,411	-72,090		-92,859,451	57,450,712	581,131	58,031,843

The pages below are an integral part of the financial statements.

4.5 Corporate Statement of Changes in Equity

COMPANY	Share capital	Above par	Legal reserve	Other reserves	Actuarial loss reserve	Cash Flow Hedge Reserve	Retained Earnings	Total
Amounts in €								
Balance 01.01.2018 (initially published)	44,394,950	38,985,693	11,844	67,538,460	-445,880	45,666	-104,253,716	46,277,018
Changes in Accounting Policies*							-161,369	-161,369
Balance 01.01.2018	44,394,950	38,985,693	11,844	67,538,460	-445,880	45,666	-104,415,085	46,115,648
Profit / (Loss) for the period							12,302,525	12,302,525
Other total income / (expenses)					-30,154	13,301		-16,853
Total comprehensive loss / income for the financial year	0	0	0	0	-30,154	13,301	12,302,525	12,285,672
Transactions with owners of the parent company								
Merger by absorption of a subsidiary					-19,820	-58,967	-10,235,065	-10,313,852
Total transactions with owners of the parent company	0	0	0	0	-19,820	-58,967	-10,235,065	-10,313,852
Balance 31.12.2018	44,394,950	38,985,693	11,844	67,538,460	-495,854	0	-102,347,624	48,087,469
Balance 01.01.2019	44,394,950	38,985,693	11,844	67,538,460	-495,854	0	-102,347,624	48,087,469
Profit / (Loss) for the period							10,045,595	10,045,595
Other total income / (expenses)					-45,207	-72,091		-117,298
Total comprehensive loss / income for the financial year	0	0	0	0	-45,207	-72,091	10,045,595	9,928,298
Transactions with owners of the parent company								
Merger by absorption of a subsidiary								0
Total transactions with owners of the parent company	0	0	0	0	0	0	0	0
Balance as at 31.12.2019	44,394,950	38,985,693	11,844	67,538,460	-541,060	-72,091	-92,302,028	58,015,768

The pages below are an integral part of the financial statements.

4.6 Statement of Cash Flows (Corporate and Consolidated)

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Profit/Loss before tax for the period - ongoing operations	11,736,481	10,115,079	12,462,535	11,173,206
Plus / less adjustments for:				
Depreciation	6,195,634	5,520,795	5,589,458	4,989,519
Subsidies amortisation	-397,517	-441,034	-397,517	-441,034
Loss / (Profit) from sale of fixed assets	-130	-16,518	-130	-6,029
Loss / (Profit) from sale of interests	0	0		-400,000
Provisions	317,492	1,596,431	274,579	1,521,886
Impairment of assets	1,225,258	29,180,076	1,609,004	29,180,076
Recognition of insurance compensation income (see notes 32 and 44)	-7,844,958	-58,155,042	-7,844,958	-58,155,042
Foreign exchange differences	-68,437	163,699	-68,443	173,136
Results (income, expenses, profits & losses) from investing activities	-38,044	-61,527	0	0
Financial results	4,708,915	5,142,230	4,661,794	5,093,424
Cash flow from operating activities before changes in working capital	15,834,695	-6,955,811	16,286,322	-6,870,858
Changes in working capital				
Decrease/ (increase) in inventories	1,013,566	-12,844,935	2,340,632	-11,886,139
Decrease / (increase) in trade receivables	-14,731,452	14,773,919	-16,935,164	13,494,152
Decrease / (increase) of other receivables	6,170,187	-3,011,928	6,181,463	-3,096,909
Insurance Compensation received in relation to destroyed inventories and loss of profit (see note ..)	32,568,024	0	32,568,024	0
(Decrease) / Increase in liabilities (save for banks)	-1,521,407	-10,577,649	-2,447,917	-10,988,496
Operating cash flows from discontinued operations (see note 34)	0	663,559	0	663,559
Less:				
Interest paid and other related expenses paid	-5,092,528	-4,857,723	-5,045,318	-4,808,911
Taxes paid	-6,463,326	-13,077	-6,407,055	0
Total inflow/(outflow) from operating activities (a)	27,777,757	-22,823,645	26,540,987	-23,493,603
Investing activities				
Sale (Acquisition) of subsidiaries, affiliates, consortia	0	0	-50,000	500,000
Increase of subsidiaries share capital	0	0	0	-800,000
Purchase of tangible fixed and intangible assets	-46,028,133	-29,155,663	-45,593,132	-28,013,102
Compensation received for destruction of fixed assets	16,003,306	18,000,000	16,003,306	18,000,000
Interest received	562	6,930	554	6,925
State subsidies received	0	6,045,539	0	6,045,539
Sale of tangible and intangible assets	5,034	2,509,688	5,034	2,499,198
Income from sale of sector (see note 34)	0	5,246,284	0	5,246,284
Investment cash flows from discontinued operations	0	0	0	0
Total inflow/(outflow) from investing activities (b)	30,019,231	2,652,778	29,634,237	3,484,844
Financing activities				
Revenue from loans issued / committed	10,434,130	34,631,780	10,421,527	34,631,780

Inflows /(Outflows) from change in stake in existing subsidiaries	0	500,000	0	0
Loan repayment	-22,051,606	-20,345,443	-21,820,477	-20,146,691
Income from the assignment of long-term receivables (see note ..)	8,100,000	0	8,100,000	0
Financial cash flows from discontinued operations	0	-9,564	0	-9,564
Total inflow/ (outflow) from financing activities (c)	-3,517,476	14,776,773	-3,298,950	14,475,525
Net increase / (decrease) of cash and cash equivalents (a) + (b) + (c)	-5,758,949	-5,394,094	-6,392,201	-5,533,234
Cash and cash equivalents at start of period	13,613,441	19,003,467	12,387,357	17,659,479
Cash and cash equivalents from merger	0	0	0	256,361
Effect of foreign exchange differences	22,779	4,068	31,315	4,751
Cash and cash equivalents at end of period	7,877,270	13,613,441	6,026,471	12,387,357

The pages below are an integral part of the financial statements.

Explanatory note 25 of the attached financial statements presents the agreement on the change in financial liabilities for the Group and the Company.

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 General Information about the Group

SYSTEMS SUNLIGHT SA has derived from a spin-off of the division of "GERMANOS SA" that engaged in the production and trade of batteries / defence industry systems / stand-alone energy systems, and its contribution to company "ARION".

The company is domiciled in Athens. It is legally registered with the Register of Corporations of the Ministry of Development (Corporations and Credit Division) [Registration No.: 31055/04/B/94/157 (2006)], as well as with the General Commercial Registry ("GEMI") (Reg. No.: 001579901000).

In 2018 the merger between SYSTEMS SUNLIGHT SA and SUNLIGHT RECYCLING SA has been completed by absorption of the latter by the former. That merger by absorption was adopted with a view to achieving synergies and optimising the Group's productive and administrative operations. The merger was completed as per the provisions of Articles 69-77 and 78 of Codified Law 2190/1920 and Article 54 of Law 4172/2013, whereas the transformation balance sheet is the one of 31/12/2017.

The Group's corporate and consolidated financial statements for the financial year ended 31 December 2019 attached hereto were authorised by the Board of Directors on 07.04.2020 and are subject to final approval by the General Meeting of shareholders; they are available to investors at the Company's headquarters (2, Ermou and Nikis Street, Syntagma) and also through the Company's website (www.systems-sunlight.com).

In January 2019, Olympia Group Holdings SA, until then the sole shareholder of SYSTEMS SUNLIGHT SA, sold all the shares it held in SYSTEMS SUNLIGHT SA, i.e. 15,151,860 shares, together with the corresponding voting rights, to Olympia Group Ltd. It should be noted that Olympia Group Ltd is a company based in Cyprus, holding 100% of the shares of Olympia Group Holdings SA.

The Group's consolidated financial statements were consolidated through total consolidation of the financial statements of OLYMPIA GROUP Ltd.

Board of Directors:

By Minutes dated 28.01.2019 of the Extraordinary General Meeting of Shareholders a new Board of Directors was elected, comprising ten members, as follows:

- Vassileios Billis, son of Aggelos, Chairman of the BoD and Managing Director, executive member
- Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
- Alexandros Manos, son of Stefanos, Director, independent member
- Michael Mastorakis, son of Konstantinos, Director, executive member
- Stergios Nezis, son of Georgios, Director, independent member
- Ioannis Pantoleon, Director, non-executive member
- Rouben Bourlas, Director, non-executive member
- Spyridon Kopolas, Director, executive member
- Lampros Bisalas, Director, executive member
- Stefanos Kanidis, Director, executive member

A meeting of the Board of Directors of the company was held on 07.10.2019, during which the Chairman of the BoD and CEO Vassileios Billis submitted his resignation. The reorganization of the company's Board of Directors with the following composition was decided at the same meeting:

- Rouben Bourlas son of Ilias, Chairman of the BoD and Managing Director, executive member
- Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
- Alexandros Manos, son of Stefanos, Director, independent member
- Michael Mastorakis, son of Konstantinos, Director, executive member
- Stergios Nezis, son of Georgios, Director, executive member
- Ioannis Pantoleon, son of Odysseas, Director non-executive member
- Spyridon Kopolas, son of Ioannis, Director, executive member
- Lampros Bisalas, son of Spyridon, Director, executive member
- Stefanos Kanidis, son of Anastasios, Director, executive member

The Company is managed by a BoD comprising nine (9) members; the term of its mandate expires on 28/01/2024 and is automatically extended until the first Ordinary General Meeting after expiration of their mandate, but it may not exceed six years (i.e. 28/01/2025).

5.1 Scope of Activity

The Group engages in the design and production of integrated energy systems incorporating innovative technologies and high-added value know-how. Its production facilities are located in the industrial complex of Neo Olvio, Xanthi, Greece. The Company is among the leading energy product/system producers and suppliers globally, particularly in the following sectors:

- Energy storage systems for industrial, consumer and advanced applications (motive power solutions, reserve power solutions, submarine batteries, torpedo batteries etc.).
- Energy services (consulting and technical support, maintenance, training, recycling, equipment rentals).

The Group offers integrated solutions that meet comprehensively the energy needs of its customers, who are mainly involved in sectors of activity such as industrial operations, supply chain and transports, telecommunications, information technology, defence industry, constructions and infrastructure works. It is noted that over 90% of the Group's annual turnover derives from foreign customers.

The Group's industrial facility expands to an area of 207,000 m², with 56,000 m² of covered spaces. It owns four (4) highly specialised manufacturing plants, producing:

- Open- and closed-type industrial batteries, lead-based batteries;
- industrial lithium-ion batteries;
- specialised lead-based submarine batteries;
- silver-zinc oxide torpedo batteries.

In addition, the Group has the most modern recycling plant for lead accumulators in Southern Europe. The company is established in the Industrial Area of Komotini. It has an annual recycling capacity of 30,000 tons of used batteries and utilises recycling materials to supply the manufacturing plant at Neo Olvio, Xanthi. The industrial facility of Komotini, which is owned by the Company, expands to an area of 45,000 m², of which 17,000 m² are covered.

The Group has a 51% holding in "ADVANCED LITHIUM SYSTEMS EUROPE SA", a company that derived from the strategic collaboration of "SYSTEMS SUNLIGHT SA" and "ATLAS EL GMBH", which joined forces with a view to developing lithium-ion batteries for defence applications.

The Company holds 100% of the share capital of the Romanian battery distributor "SUNLIGHT INDUSTRIAL SRL", while it also has a holding in the Italian battery distributor "SUNLIGHT ITALY SRL".

Moreover, as at 31.12.2019 the Company held 90% of the share capital of the Italian entity "Sunlight European Battery Assembly SRL". The aforementioned subsidiary engages primarily in the assembly and trade of batteries intended for industrial applications with a view to further reinforcing the Group's presence in the markets of Western and Northern Europe.

Moreover, in 2019 the Company established a subsidiary in Italy (ECORBA SRL). The subsidiary's main object is to collect and temporarily store lead-acid batteries, in order to facilitate and make more cost-effective the supply of raw materials to the parent company's recycling plant in Komotini.

Furthermore, in December 2019, Sunlight established a subsidiary in North Carolina, USA, with an initial share capital of USD 200,000, which was paid up in January 2020, to accelerate the Company's expansion into the world's second largest market. It is noted that over the past few years, SUNLIGHT has built up a presence on that market, providing the full range of batteries for eIVs. However, further market penetration and the increase of market shares require establishment there, given the increased delivery time from Greece and the specific characteristics of the American market. North Carolina is the 5th largest industrial economy in the United States, with excellent logistics infrastructure, a favorable business environment and highly trained workers and scientific personnel.

Finally, the Company maintains a holding in "TECHNOFORM SA", an entity engaging in the design, moulding and manufacture of high-technology metal accessories and in the production of plastic accessories.

6 Basis of preparation of the financial statements

6.1 Compliance Statement

The consolidated and corporate financial statements of the Company (hereinafter referred to as financial statements) covering the period from 1 January to 31 December 2019, have been prepared on the basis of the principle of going concern. The use of this accounting basis takes into account the current and estimated

financial position of the Company and the Group, including the impact of the spread of the coronavirus disease (COVID-19) (see thorough reference in note 43).

The consolidated and corporate financial statements of the Company have been prepared and are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRIC committee that have been adopted by the European Union up to 31.12.2019.

The Group applies all International Audit Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations which are applicable to its operations.

The relevant accounting policies were consistently applied to all reporting periods, duly adjusted to all new Standards and any Standards revisions imposed by the IFRS. The IFRS were adopted as their implementation was mandatory from 01.01.2019 onwards (see note 7.1).

Any differences in sums are due to rounding-up.

6.2 Reporting Currency

Amounts in these financial statements are expressed in Euro. Save as otherwise stated, all amounts are expressed in €.

6.3 Use of Estimates

Compliance with the IFRS requires that the Management makes specific estimates and assumptions in applying the Company's accounting policies. The Management's opinions, assumptions and estimates influence the reported figures of certain assets or liabilities, the figures of certain revenues and expenses that are recognised during the year as well as the assumptions for contingent liabilities.

Estimates and assumptions are evaluated constantly on the basis of historical data and other factors, including on the basis of Company's expectations as to the future outcome of certain incidents that are considered reasonable under the circumstances. These estimates and assumptions refer to the future; therefore, actual results may be slightly different from accounting calculations.

Sectors which require the greatest degree of judgement as well as sectors in which estimates and assumptions have a significant impact on the financial statements are presented in note 9.

6.4 Measurement Basis

The Group's financial statements were prepared based on the historical cost principle, as same is adjusted for the purpose of reporting financial assets and liabilities (derivative financial instruments) at fair value, on the basis of the results.

6.5 Changes in Accounting Policies

The Group adopted for the first time the amendments thoroughly described in note 7.1 in the year that began on 01/01/2019.

6.6 Comparative data

Where necessary, comparative data are re-allocated to ensure consistency with the changes made to reporting requirements in respect of the information of the current period. No such need was identified during the current period.

7 Changes in Accounting Policies

The corporate and consolidated Financial Statements of the year ended on 31.12.2019 were prepared based on the accounting principles which were applied to the Group's annual Financial Statements for the year ended 31.12.2018, as those principles were adjusted to the new Standards and to the revisions imposed by the IFRS. The IFRS were adopted as their implementation was mandatory from 01.01.2019 onwards (see note 7.1).

7.1 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2019.

- **IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease.

Utilising the option afforded under the new Standard, the Group chose to apply the Standard early on in 2018 and readjust the comparative information of the preceding year accordingly. Hence, 01.01.2017 was defined as transition date. The effects of such early application of the particular standard are thoroughly described in note 7.2 of the Group's and Company's annual Financial Statements for the year ended 31/12/2018.

- **IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)**

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The new Interpretation has no impact on the consolidated and corporate Financial Statements.

- **Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through

profit or loss as the “negative compensation” feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. The amendments do not affect the consolidated Financial Statements.

- **Amendments to IAS 28: “Long-term Interests in Associates and Joint Ventures” (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The amendments do not affect the consolidated Financial Statements.

- **Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)**

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: **IFRS 3 - IFRS 11**: Previously held interest in a joint operation, **IAS 12**: Income tax consequences of payments on financial instruments classified as equity, **IAS 23**: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments do not affect the consolidated Financial Statements.

- **Amendments to IAS 19: “Plan Amendment, Curtailment or Settlement” (effective for annual periods starting on or after 01/01/2019)**

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users. The amendments do not affect the consolidated Financial Statements.

7.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on

derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have. The above have been adopted by the European Union with effective date of 01/01/2020.

- **Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2020.

- **Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2020.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (effective for annual periods starting on or after 01/01/2020)**

In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rate Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest – rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2020.

- **Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other

economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 17 “Insurance Contracts” (effective for annual periods starting on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (effective for annual periods starting on or after 01/01/2022)**

In January 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity’s right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

8 Basic accounting principles

The accounting principles used to prepare the financial statements have apply consistently applied to all financial years presented.

8.1 Consolidation

(a) Subsidiaries

Subsidiaries are companies in which the parent company has the possibility of, directly or indirectly, exercising control through other subsidiaries. The Company acquires and exercises control by holding the majority of the voting rights in the subsidiaries. Companies in which the Company, being the single most important shareholder, has the possibility of appointing the majority of the members of their Board of Directors are also considered to be subsidiaries. The existence of potential voting rights which may be exercised at the time of preparation of the financial statements is taken into account in order to establish whether the Company exercises control over the subsidiaries.

Subsidiaries are fully consolidated (full consolidation) using the acquisition method from the date on which control over them is acquired and are no longer consolidated on the date that such control ceases.

Acquisition of a stake by the Group is accounted for using the acquisition method. On the date of acquisition, the acquiring company recognises the goodwill from the acquisition transaction as the excess amount between:

- the sum of (i) the consideration transferred valued at fair value, (ii) the amount of any non-controlling interests in the acquired business (valued either at fair value or at the pro rata of the non-controlling interests on the net recognisable assets in the acquired business) and (iii) in a combination of businesses that is gradually completed, the fair value on the date of acquisition of the interests held before in the acquired business by the acquiring business, less
- the net value on the date of acquisition of the acquired recognisable assets and the assumed liabilities.

The costs relating to the acquisition of investments in subsidiaries (for example, consultancy, legal, accounting, appraisal fees and other professional and consultancy fees) are recognised as expenses and are attributed to the profit or loss account for the period in which they are incurred.

On the contrary, should the acquiring business acquire an interest in which, on the acquisition date, the net value of the acquired assets and the assumed liabilities exceeds the consideration transferred, this will be an opportunity purchase. After making the necessary verifications, the excess amount of the above difference is recognised as profit in the profit and loss account for the period.

Intercompany transactions, balances, and unrealised profit from transactions between Group companies are eliminated. Unrealised loss is also eliminated, unless the transaction provides indications of impairment of the transferred asset. Where required, the subsidiaries' accounting policies have been amended in order to harmonise them with those adopted by the Group.

The preparation date of the financial statements of subsidiaries is the same as that of the parent company.

Impairment of investments in subsidiaries (corporate financial statements):

Interests of the parent company in its consolidated subsidiaries are valued at acquisition cost less any accumulated impairment loss. At each reporting date, Management assesses the existence of any internal or external indications of impairment of the parent company's investments in subsidiaries. Where such indications exist, the Company verifies the impairment and determines the recoverable value for each cash-generating unit as the higher amount between fair value less cost to sell and value in use. To estimate impairment, investments in subsidiaries are classified in the smallest group of assets that generates cash flow independently from other Group assets or groups of assets (cash-generating units).

Impairment loss is recognised for the amount by which the book value of a cash-generating unit exceeds its recoverable amount, which is the higher amount between fair value less cost to sell and value in use. To determine value in use, Management determines the estimated future cash flows for each cash-generating unit, determining an appropriate discount rate in order to calculate the present value of cash flows. The data used to verify impairment are directly derived from the Management's approved budgets. Discount factors are determined individually for each cash-generating unit and they reflect the corresponding risk elements that have been identified by Management for each of them.

Transactions with non-controlling interests

Non-controlling interests represent the part of a subsidiary's equity which does not, directly or indirectly, correspond to the parent company. Losses pertaining to non-controlling (minority) interests in a subsidiary may exceed the rights of non-controlling interests in the subsidiary's equity. The profit or loss and any component of other comprehensive income are attributed to both the owners of the parent company and the non-controlling interests, even if this results in non-controlling interests showing a deficit.

(b) Affiliates

In affiliated companies, the Group has material influence (not control) and stakes vary from 20% to 50% of voting rights. Investments in affiliates are accounted for using the equity method. They are initially entered into at acquisition cost.

The Group's share in the profit or loss of affiliated companies after acquisition is entered into the Statement of Profit and Loss, whereas its share of the changes in reserves after acquisition is entered into the reserves. All these changes affect the book value of investments. Should the Group's share in the subsidiary's losses be equal to its interest in the affiliate, no loss is recognised, except where further commitments have been undertaken for the account of the affiliate.

In the parent company's financial statements investments in affiliates are presented at acquisition cost less any impairment loss. On each date of the Statement of Financial Position, the Company considers whether there exist objective indications leading to the conclusion that investments have been impaired. Should impairment be substantiated, the loss which represents the difference between acquisition cost and fair value is transferred to the Statement of Profit and Loss.

The acquisition goodwill reduces the value of the interest and is recognised in the Statement of Profit and Loss for the financial year.

The preparation date of the financial statements of affiliated companies is the same as that of the parent company.

(c) Participations in business arrangements under joint control

The Group applies IFRS 11 to all joint arrangements it participates in. According to IFRS 11, joint arrangements are classified either as joint operations or as joint ventures, depending on each investor's contractual rights and obligations.

Companies under joint control are consolidated using either the method of proportionate consolidation (in cases of joint operations) or the equity method (in cases of joint ventures). The stake held by the Group on the consolidation date is taken into consideration for the consolidation. The structure of the business arrangement is the main decisive factor for determining the accounting treatment. The accounting policies of the companies under joint control have been modified where necessary to be consistent with those adopted and applied by the Group.

8.2 Foreign currency conversion

Cash assets and liabilities expressed in foreign currency are converted into the company's operating currency at the operating/foreign currency exchange rate on the reporting date of the financial statements. The resulting foreign exchange differences are recognised in the profit or loss for the reporting period. Non-cash assets and liabilities expressed in foreign currency are converted into the operating currency at the exchange rate of initial recognition. By derogation to this arrangement, non-cash assets measured at fair value or at any value other than the acquisition cost are converted into the operating currency on the basis of the exchange rates on the date on which such measurement was effected. In this case, the resulting foreign exchange differences follow the accounting treatment of the recognition of the difference between the former book value of such elements and the measurement at fair value or any value other than the acquisition cost.

Where a company's financial statements are presented in a currency other than its operating currency, these elements of the financial statements are converted from the operating currency into the reporting currency as indicated below:

- (a) assets and liabilities are converted using the exchange rates on the balance sheet date;
- (b) equity elements are converted at the exchange rates on the date such elements occurred;
- (c) the results for each period are converted at the exchange rates on the dates the relevant income, profit, expense, and loss elements occurred. The weighted average exchange rate for the period may be used where the result arising in this manner approximates the result that would arise from using the actual exchange rates that were applicable at the time of the relevant transactions;
- (d) foreign exchange differences resulting from the above conversion are recognised in the Extended Income Statement and then in an equity reserve.

The financial statements are presented in Euro, the Group's and Company's operating currency.

8.3 Tangible assets

Fixed assets are shown in the financial statements at their acquisition value or at their deemed cost, as determined, on the transition date, decreased by the amount of accumulated depreciation as well as any impairment of fixed assets. Acquisition cost includes all directly related expenses for acquiring the assets. Subsequent expenses are entered into as an increase of the book value of tangible assets or as a separate fixed asset only to the extent that such expenses increase the future financial gains that are expected to flow in the company from use of the fixed assets and whose cost may be measured in a reliable manner. Repair and maintenance cost is entered into the results when incurred. Depreciations of other tangible assets (other than plots which are not depreciated) are calculated using the straight-line method over their useful life, as follows:

-Buildings	8 - 50 years
-Machinery & Equipment	8 - 20 years
-Vehicles	5 - 12 years
-Other equipment	4 - 10 years

Residual values and useful lives of tangible assets are subject to review on each reporting date. Where the book value of tangible assets exceeds their recoverable value, the difference (impairment) is directly recognised as an expense in the results.

When tangible assets are sold, differences between the price obtained and their book value are recognised as profit or loss in the results. Repair and maintenance are recognised in the expenses for the relevant period. Self-constructed fixed assets are an addition to the acquisition cost of fixed assets at values that include the direct cost of the payroll of the staff participating in the construction (corresponding employer contributions), the cost of used materials, and other general costs.

8.4 Intangible assets

Intangible assets include software licences, research and development expenses, and other intangible assets.

Software:

Software includes the purchase cost as well as any expenses made during development of the software in order to make it operational. Expenses that enhance or expand the software performance beyond its original specifications are recognised as capital expenses and added to the software initial cost. Software is valued at

acquisition cost less amortisation. Amortisation is carried out by using the straight-line method during the useful life of these elements, which ranges from 1 to 5 years. Expenses required for software maintenance are recognised as expenses when incurred.

Research and development expenses:

Research expenses are recognised as expenses when incurred. Development expenses incurred are capitalised per project when their future recoverability is considered to be assured.

Expenses incurred to develop new products controlled by the Company are recognised as intangible assets where all the following criteria are satisfied:

- (a) the technical feasibility of completing the asset so that it will be available for sale or use
- (b) the intention to complete and sell or use the asset
- (c) the ability to use or sell the asset
- (d) the asset will generate future financial gains It must be demonstrated that a market exists for the specific asset or its production or, if intended for internal use, it has to be demonstrated that the asset will be useful in other sectors of the entity
- (e) assurances about the availability of adequate technical, financial, and other resources to complete the asset and ensure sale or use of the asset
- (f) the cost directly attributable to the asset can be measured reliably.

Development expenses which are capitalised include the cost of materials and services used or consumed as well as the cost of employees benefits arising directly from the creation of the asset.

Following initial recognition of development expenses, the cost model that requires the asset to be valued at cost less any accumulated amortisation and accumulated impairment loss is applied. Each capitalised expense is amortised within the period of the expected future sales of the relevant project and in no more than ten years.

The book value of development expenses is assessed for any impairment each year in which the asset has not been used or more often where there is an indication of impairment during the financial year suggesting that the transferred value may not be recovered.

8.5 Impairment of non-financial assets

On each reporting date of the financial statements, the Group estimates whether there exist any indications of impairment. Where there are indications of impairment or where an annual review of asset impairment is required, the asset's recoverable value is calculated. Assets having an undetermined useful life are not amortised and they are subject to impairment review annually or more often where there exist specific facts and indications suggesting possible impairment of the assets. As of 31.12.2019, the Group has not recognised any assets having an undetermined useful life.

Assets amortised are subject to review of impairment of their value when indications exist that their book value will not be recovered. Impairment loss is recognised for the amount by which the book value of the asset exceeds its recoverable value. The recoverable value is the higher value between fair value decreased by the required cost to sell and value in use (present value of cash flows expected to be generated on the basis of Management's estimate about future financial and operating conditions). To estimate impairment loss, assets are classified into the smallest possible cash-generating units.

For non-financial assets other than goodwill, on each reporting date, Management estimates whether there exist indications that impairment losses that have been recognised in the past have either decreased or no longer exist. Where such indications exist, the Group calculates the recoverable value of the asset or the cash-generating unit. Impairment losses that had been recognised in the past are only reversed where the estimates used at the time of recognising the loss have changed. Reversal of the impairment is permitted up to the point at which the book value of the asset does not exceed its recoverable value or the book value of the asset less amortisations, where the asset had not been impaired in previous years.

8.6 Financial instruments

Initial Recognition and Derecognition

Financial assets and liabilities are recognised in the Statement of Financial Position only when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights over the asset's cash flows expire or when the Group transfers the financial asset and, practically, all risks and benefits concomitant to its possession, to third parties.

A financial liability is derecognised (in whole or in part) only when the liability determined in the contract is fulfilled, cancelled or expired.

Financial Assets Classification and Measurement

Apart from those trade receivables which do not involve a substantial financing component and are measured based on their transaction price, as per IFRS 15, financial assets are initially measured at fair value, plus the relevant transaction costs, save for the financial assets which are measured at fair value through profit or loss.

Financial assets, save for those that constitute defined and effective risk hedging instruments, are classified in the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss; and
- Financial assets at fair value through other comprehensive income.

The classification is determined based on the business model which is applied by the Group in relation to the management of financial assets and the characteristics of the assets' contractual cash flows.

All revenues and expenses related to financial assets, which are recognised in the Profit and Loss Account, are included in item "Other Financial Results", "Financial Expenses" and "Financial Income", save for the reduction in trade receivables, which is included in the operating results.

Subsequent measurement of financial assets

Financial assets are subsequently measured at fair value through profit or loss, at amortised cost or at fair value through other comprehensive income. The classification relies on two criteria:

- i. The business model adopted in relation to the financial asset's management, i.e. whether the entity's intention is to keep the asset in its possession and collect contractual cash flows or to collect contractual cash flows and sell the financial assets, and

ii. Whether the asset's contractual cash flows represent "solely payments of principal and interest" ("SPPI" criterion).

The measurement category of financial assets at amortised cost includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments, which are not traded on any active markets. After initial recognition, these assets are measured at amortised cost under the effective interest rate method. In those situations where the impact of discounting is minimal, the discounting is omitted.

In relation to financial assets which are measured at fair value through other comprehensive income, changes in the fair value are recognised in the Statement of Comprehensive Income under other comprehensive income and re-classified in the Profit and Loss Account during the derecognition of financial assets.

In relation to financial assets which are measured at fair value through profit and loss, changes in the fair value are recognised in profit or loss in the Profit and Loss Account. The fair value of assets is determined with reference to transactions in an active market or through use of technical valuation methods, in those situations where there is no active market.

Impairment of Financial Assets

The Group and the Company recognise impairment provisions for anticipated credit losses in respect of all financial assets, save for those measured at fair value through profit or loss.

The impairment requirements of IFRS 9 are intended to recognise the lifetime expected losses, where credit risk has increased since initial recognition, irrespective of whether the evaluation is conducted on a collective or individual basis, using all available information, whether historical or current, as well as information relating to logical future estimates.

This approach requires a distinction between:

- Financial assets whose credit risk has not increased substantially since initial recognition or financial assets with low credit risk as at the reporting date (Stage 1);
- Financial assets whose credit risk has increased substantially since initial recognition and do not involve low credit risk (Stage 2); and
- Financial assets for which there is objective evidence of impairment as at the reporting date (Stage 3).

In relation to financial assets classified under Stage 1, 12-month expected credit losses are recognised, whereas in relation to those falling under Stage 2 or 3, lifetime expected credit losses are recognised.

Expected credit losses rely on the difference between contractual cash flows and cash flows which the Group or the Company anticipates to generate. The difference is discounted based on an estimate of the asset's initial effective interest rate.

The Group and the Company apply the Standard's simplified approach for contract assets, trade receivables and lease receivables, estimating the anticipated credit losses throughout their lifetime. In this case, anticipated credit losses represent the anticipated deficits in contractual cash flows, taking into account the possibility of default any time during the financial instrument's lifetime. In estimating anticipated credit losses, the Group uses a table of provisions where the aforementioned financial instruments are classified based on

the nature and the maturity of outstanding balances, taking into account any available historical information about the debtors, which is adjusted to future factors relating to the debtors and the economic environment.

Financial Liabilities Classification and Measurement

Given that the accounting requirements relating to financial liabilities remained unchanged compared to IAS 39, the Group's accounting policies relating to financial liabilities were not affected by the adoption of IFRS 9.

Hedge Accounting

The Group's risk management policies are fully harmonised with the new IFRS 9 requirements and the Company still applies hedge accounting.

Insofar as derivative financial instruments are not characterised as effective hedging instruments, they are measured at fair value through the profit and loss account.

8.7 Inventories

Stocks are valued at the lower value between acquisition cost and net realisable value. Cost is determined using the method of monthly weighted cost. The cost of finished and semi-finished products includes the value of raw materials, direct personnel expenses, other direct costs, and general industrial expenses. The net realisable value is estimated on the basis of current sale prices of stocks as part of the company's ordinary business, less estimated expenses for completing the stock and estimated marketing expenses necessary to complete the sale. Parts used within the year are accounted for as stocks and recognised in the results when used.

8.8 Trade receivables

Trade receivables are initially recognised at fair value and, subsequently, measured at non-amortised cost using the effective interest rate less any impairment loss. Impairment loss is recognised when there exist objective indications that the Group is not able to collect all the amounts owed on the basis of contractual terms. Indications of possible impairment of trade receivables include significant financial difficulties facing the customer, likelihood of the customer going bankrupt or being subject to financial restructuring as well as delays in or suspension of payment of invoices. The amount of loss impairment is the difference between the book value of receivables and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is entered into the results as an expense. The book value of the receivable is reduced using a provision account and the amount of the provision is recognised into the Statement of profit and loss. Where a trade receivable is considered to be uncollectible, it is written off using the provision account. Should a receivable which had been initially written off be subsequently collected, the reversal of the loss is recognised as income in the profit and loss account.

8.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and cash on hand as well as highly liquid short-term investments such as money market products and bank deposits.

8.10 Share capital

The share capital is determined in accordance with the nominal value of the shares issued and includes the Company's ordinary shares.

Direct expenses incurred when issuing the shares are accounted for after deducting the relevant income tax and are reduced by the cost of issue. The buyback of Company (own) shares is recognised at cost and deducted from equity. When acquiring own shares, the price paid, including the relevant expenses, is recognised by reducing equity. As of 31.12.2019, the Group and the Company do not hold any own shares.

8.11 Borrowings

Loans are initially accounted for at fair value, reduced by any direct expenses arising from the transaction effected. They are subsequently valued at non-amortised cost using the effective interest method.

Any difference between the amount collected (net off relevant expenses) and the repayment value is recognised in the results during the term of the borrowing by using the effective interest method. Loans are derecognised from the Statement of Financial Position when the obligation that had arisen from the contract is annulled, expires, or becomes non-existent.

Loans are characterised as short-term liabilities unless the Group unconditionally reserves the right to defer repayment of the obligation for at least 12 months after the reporting date of the financial statements.

Recourse factoring settlements are initially accounted for at fair value as a liability towards the factoring company. They are subsequently valued at non-amortised cost using the effective interest method. Any difference between the amount collected (net off relevant expenses) and the repayment value is recognised in the results during the term of the borrowing by using the effective interest method.

Amounts collected in advance by factoring companies, without right to recourse, reduce trade receivables.

8.12 Current and deferred income tax

Recognition of income tax in the period includes current taxes and deferred taxes, i.e. taxes or tax breaks relating to the financial gains arising in the period but which have already been imputed or will be imputed by tax authorities to different periods. Income tax is recognised in the Statement of profit and loss, except for the tax that relates to transactions directly recognised in equity, in which case the tax is similarly directly recognised in equity.

Current income tax includes short-term liabilities to tax authorities relating to tax payable on the taxable income for the period and any additional income taxes relating to previous financial years.

Current taxes are measured in accordance with the tax rates and tax laws applicable to the business year to which they refer to based on the taxable profit for the year. Any changes to short-term tax assets or liabilities are recognised as part of the tax expenses in the Statement of Profit and Loss.

Deferred income tax is determined by using the liability method as arising from temporary differences between the book value and the tax base of the assets and liabilities. No deferred income tax is taken into account when it results from the initial recognition of an asset or a liability in a transaction, other than a business combination, which, when effected, did not affect either the book or the tax profits or losses.

Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences between the book value and the tax base of assets and liabilities. They are calculated using the income tax rates that are expected to apply in the periods when the assets will be recovered and the liabilities will be settled, and the calculation should reflect the manner in which the recovery or the settlement is expected to

occur. Where it is not possible to clearly determine the time of reversal of temporary differences, the tax rate applicable in the financial year following the date of the balance sheet shall apply.

Deferred tax assets are only recognised where it is likely that there will be future tax gains for using the temporary difference that generates the deferred tax asset.

Deferred income tax is recognised for temporary differences arising from investments in subsidiaries and associates, except where reversal of temporary differences is controlled by the company and it is likely that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are only offset where offsetting of tax assets and liabilities is permitted and where deferred tax assets and deferred tax liabilities arise from the same tax authority on the taxable entity or on various entities and there is an intention for settlement to be effected by offsetting.

8.13 Employee benefit liabilities due to retirement

(a) Short-term benefits

Short-term employee benefits (other than benefits for termination of the employment relationship) in cash and in kind are recognised as an expense when they become accrued. Any outstanding amount is accounted for as a liability, whereas, should the amount already paid exceed the amount of the benefits, the company only recognises the excess amount as an asset (prepaid expense), to the extent that prepayment will lead to reduction of future payments or to restitution.

(b) Post-retirement benefits

Benefits after employment has ended include one-off retirement compensation, pensions, and other benefits paid to employees upon the end of their employment as consideration for their service. The Group's liabilities regarding retirement benefits involve both defined contribution plans and defined benefit plans.

The accrued costs of defined contribution plans is recognised as an expense in the relevant period. The retirement plans adopted by the Group are financed in part by payments to insurance companies or to State social insurance institutions.

(i) Defined contribution plan:

Defined contribution plans involve payment of contributions to insurance bodies (for example, Social Insurance Institute), and, therefore, there exists no legal obligation for the Group should the State fund not be able to pay their pensions to the insured. The employer's liability is limited to paying employer contributions to the funds. The contribution payable by the Group to a defined contribution plan is recognised as a liability after deduction of the contribution paid, whereas accrued contributions are recognised as an expense in the profit and loss account for the financial year.

(ii) Defined benefit plan (non-financed)

In accordance with Law 2112/20 and Law 4093/2012, the Company pays compensation to its employees in the event of dismissal or retirement. The amount of the compensation paid depends on the years of seniority, the amount of the remuneration, and the reason for leaving employment (dismissal or retirement).

The liability recognised in the Statement of Financial Position for the defined benefit plans represents the present value of the liability for the defined benefit less the fair value of the plan's assets (reserve from payments to the insurance company) and the changes arising from any actuarial profit or loss and the cost of seniority. The defined benefit commitment is calculated annually by an independent actuary using the projected

unit credit method. To discount financial year 2018, the selected interest rate follows the trend of the iBoxx AA Corporate Overall 10+ EUR indices, which are considered to be consistent with the principles of IAS 19, i.e. they are based on bonds corresponding to the currency and the estimated term of the benefits granted to employees, as well as appropriate for long-term projections.

Defined benefit plans determine, on the basis of various parameters, such as age, years of seniority, and salary, specific liabilities for payable benefits. Provisions for the period are included in the relevant personnel costs in the attached corporate and consolidated statements of profit and loss and they consist in the current and past cost of service, the relevant financial cost, the actuarial profit or loss, and any possible additional surcharges. Regarding non-recognised actuarial profit or loss, revised IAS 19 is applied, which includes a series of amendments to the accounting of defined benefit plans, including:

- recognition of actuarial profit/loss in other comprehensive income and definite exemption thereof from the statement of profit and loss,
- no further recognition of the expected return of the plan's investments in the statement of profit and loss, but recognition of the relevant interest on the net liability/(claim) of the benefit as calculated on the basis of the interest rate used to measure the defined benefit liability,
- recognition of the seniority cost in the statement of profit and loss on the earlier of the date of amendment of the plan or the date of recognition of the relevant restructuring or termination benefit,
- other changes include new disclosures, such as quantitative sensitivity analysis.

The provision for the cost of staff retirement in 2019, shown in the Company's and the Group's profit and loss account, is based on an actuarial study prepared by an independent company of actuaries.

8.14 Subsidies

The Group recognises State subsidies that satisfy all the following criteria: (a) it is considered certain that the company has complied or will comply with the terms of the subsidy and (b) it is likely that the amount of the subsidy will be collected. Subsidies are accounted for at fair value and are systematically recognised in income, using the principle of correlation of subsidies with the corresponding subsidised costs.

Subsidies relating to assets are included in long-term liabilities as deferred income and are systematically and rationally recognised in income during the asset's useful life.

8.15 Provisions

Provisions are made when:

- there exists a present legal or presumed liability as a result of past events,
- an outflow of resources will likely be required to settle the liability,
- the amount required may be reliably valued.

Provisions are reviewed at the end of each reporting period and adjusted so as to reflect the best possible estimates. Where it is no longer likely that an outflow of resources will be required in order to settle a liability for which a provision has already been made, the provision is reversed.

Provisions are calculated on the basis of the present value of the Management's estimates relating to the expense required to cover this liability on the date of the Statement of Financial Position. The discount rate used to determine the present value reflects the current market estimates about the time value of money and increases relating to this specific liability.

Where the outflow of financial resources as a result of present commitments is considered unlikely or the amount of the provision cannot be reliably estimated, no liability is recognised in the financial statements, unless it is considered as part of a business combination. Such contingent liabilities are recognised as part of the allocation of the acquisition costs to assets and liabilities during the business combination. Contingent liabilities are not recognised in the financial statements but they are disclosed, unless the likelihood of an outflow of resources incorporating financial gains is minimal. Possible inflows from financial gains for the Group which do not yet satisfy the criteria of assets are considered contingent liabilities and disclosed if the inflow of financial gains is likely.

8.16 Recognition of income and expenses

The Group's and Company's revenues derive primarily from sales of batteries intended for industrial applications (motive power solutions, reserve power solutions) and defence applications (submarine / torpedo batteries, military packages).

The Group and the Company recognise revenue when (or as) they satisfy a performance obligation, by transferring a promised good or service (i.e. an asset) to a customer. The asset is transferred when (or as) control over the good or service is passed to the customer. Control over an asset (good or service) passes to the customer if the latter can direct its use and obtain substantially all of the remaining benefits from the asset.

The revenue amount which is recognised is the amount allocated to the contractual performance obligation which has been satisfied. A performance obligation may be satisfied either over time or at a point in time. With respect to performance obligations that are fulfilled over time, the Group and the Company recognise revenues over time, by selecting the most appropriate method to measure progress in satisfaction of each performance obligation. Proper progress measurement methods include both output methods and input methods.

8.17 Leases

IFRS 16 repeals for lessees the classification of leases into operating leases and financial leases and requires that all leases be accounted for as items of the "Statement of Financial Position", through recognition of "right-of-use" assets and a "lease liability".

Recognition and Initial Measurement of Right-of-Use Assets

As at the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability by measuring the right-of-use asset at cost.

The cost of the right-of-use asset includes:

- (a) The amount of initial measurement of the lease liability (see below);
- (b) Any rents payments effected before or after the commencement date of the lease, less any lease incentives collected;
- (c) The initial direct costs borne by the lessee; and
- (d) An estimate of the costs to be incurred by the Group for: disassembly and removal of the leased asset; restoration of the space where the leased asset is located or restoration of the leased asset, as per the terms and conditions of the lease agreement, unless such costs are incurred to generate inventory. The Group

undertakes responsibility for these costs either at the commencement date of the term of lease or as a result of the use of the leased asset over a specific period of time.

Initial Measurement of the Lease Liability

At the commencement date of the lease the Group measures the lease liability at the present value of the lease payments outstanding for payment as at that date. If it is possible to determine the implicit interest rate of the lease, then lease payments will be discounted based on such rate. If not, the Group's marginal borrowing rate shall apply.

At the commencement date of the lease, any lease payments included in the measurement of the lease liability shall include the following payments in relation to the right-of-use asset during the term of lease, provided that no payments were affected by the commencement date of the lease:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate, which are initially measured based on the value of the respective index or rate as at the commencement date of the lease;
- (c) Amounts expected to be payable by the Group under residual value guarantees;
- (d) The exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- e) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate the lease.

Subsequent Measurement

Subsequent Measurement of Right-of-Use Assets

After the commencement date of the term of lease, the Group measures right-of-use assets based on the cost model.

The Group measures right-of-use assets at cost:

- (a) less accumulated amortisation and accumulated impairment losses, and
- (b) Adjusted for any subsequent measurement of the lease liability.

The Group applies the requirements of IAS 16 regarding depreciation of the right-of-use asset, which is examined to identify any impairment.

Subsequent Measurement of the Lease Liability

After the commencement date of the lease, the Group measures the lease liability as follows:

- (a) By increasing the book value to reflect the financial cost of the lease liability;
- (b) By reducing the book value to reflect lease payments already effected; and
- (c) Remeasuring the book value to reflect any revaluation or amendment of the lease.

The financial cost of a lease liability is allocated throughout the term of lease in such a manner as to derive a constant periodic rate of return on the outstanding balance of the liability.

After the commencement date of the lease, the Group recognises both of the following items in loss or profit (unless the costs are included in the book value of another asset under another Standard):

- (a) Financial cost on the lease liability, and
- (b) Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs.

8.18 Segment Reporting

Operational units are defined on the basis of business activities, as reviewed by those responsible for financial decision making. The units that have to be separately reported are determined on the basis of the quantitative and qualitative criteria set out by IFRS 8. The accounting policies of the business units are identical to those followed when preparing the financial statements. Management evaluates the performance of the business units based on operating profit / (loss) before financial and investing activities.

8.19 Distribution of dividends

Distribution of dividends to Group shareholders is recognised as a liability in the financial statements for the period in which the dividends were announced and the distribution was approved by the General Meeting of shareholders.

9 Significant accounting estimates and judgements by Management

Preparing the financial statements in line with the International Financial Reporting Standards (IFRS) requires Management to make judgements, estimates, and assumptions which affect the assets and liabilities, the disclosure of contingent liabilities and receivables as well as the income and expenses during the periods presented.

Specific amounts included in or affecting the financial statements as well as the relevant disclosures are assessed, requiring making assumptions about values or conditions which may not be known with certainty at the time of preparation of the financial statement and, therefore, actual results may differ from those assessed. An accounting estimate is considered to be significant when it is significant for the Group's financial situation and results and requires the more difficult, subjective or complex judgements by Management. The Management's estimates and judgements are based on past experience and other factors, including expectations about future events which are considered to be reasonable under the particular circumstances, although they are continuously re-evaluated on the basis of all available information.

Basic estimates and judgements that refer to data whose development could affect the items in the financial statements in the following 12 months are detailed below:

(1) Estimates when calculating the value in use of cash-generating units (CGU)

The Group verifies impairment of the value of investments in subsidiaries and affiliates whenever there is an indication of impairment, in accordance with the provisions of IAS 36. In order to establish the existence of reasons for impairment, the value in use and the fair value reduced by the cost to sell have to be calculated for each cash-generating unit (CGU). The recoverable amounts of the CGUs have been determined for impairment verification purposes on the basis of the calculation of their value in use, which requires estimates.

To calculate the value in use, the estimated cash flows are discounted at present value using a discount factor which reflects the current market estimates about the time value of money as well as the risks related to the specific CGU. The calculation uses cash flow forecasts based on business plans approved by Management. These business plans and the cash flow forecasts usually cover a period of five years. Cash flows beyond the period for which projections are available are projected on the basis of the estimated growth rates. The main assumptions used to determine the recoverable value of the various CGUs and the sensitivity analyses performed from time to time are indicated and further explained in note 13 of the financial statements.

(2) Income tax

The process for determining income tax and deferred tax is complex and requires to a large extent estimates and the exercise of judgement. The provision for income tax, in accordance with IAS 12, is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for each financial year and a provision for additional tax that may arise from tax audits. The overall determination of the provision for income tax, as shown in the Statement of Financial Position, requires significant estimates. For specific transactions and calculations, determining the final tax involves uncertainty. The Group recognises liabilities for envisaged tax issues on the basis of calculations as to whether additional taxes may arise. Where the final tax result of these issues differs from the amount initially recognised, the differences affect the provision for income tax and deferred tax in the period in which such determination was made (see further information in notes 22 and 40 of the financial statements).

(3) Recovery of deferred tax assets

Deferred tax assets also include amounts relating to tax losses of previous years. Deferred tax assets are recognised for all unused tax losses to the extent that there will likely be adequate tax profits to be offset with such tax losses. To determine the amount of the deferred tax assets that can be recognised, the Group makes assumptions as to whether the deferred tax assets may be recovered, which are based on future estimated tax profits arising from approved business plans, together with future tax strategies to be followed (see further information in note 22 of the financial statements).

(4) Provision for employee compensation

The amount of the provision for employee compensation is based on an actuarial study. The actuarial study includes establishing assumptions with regard to the discount rate, the rate of increase of personnel salaries, the increase of the consumer price index, and the expected remaining work-life. The assumptions used involve significant uncertainty and the Group's Management continuously reviews them (see further information in note 23 of the financial statements).

(5) Impairment of tangible assets

Tangible assets are reviewed for impairment purposes when events or changes in conditions suggest that their book value may not be recoverable. To calculate the value in use, Management estimates the future cash flows from the asset or the cash-generating unit and selects the appropriate discount rate to calculate the present value of future cash flows.

(6) Useful life of depreciable assets

The Group periodically reviews the useful life of depreciable assets, in order to estimate the appropriate character of initial estimates. As of 31st December 2019, Managements estimates that useful lives represent the expected usefulness of the assets.

(7) Provisions for obsolete inventory

For each reporting period, the Group values stocks at the lower price between the acquisition cost and the net realisable value. The realisable value is calculated on the basis of the best available information reflecting current market conditions (see further information in note 17 of the financial statements).

(8) Provisions for financial assets impairment

The Group and the Company recognise impairment provisions for anticipated credit losses in respect of all financial assets, save for those measured at fair value through profit or loss.

The impairment requirements based on IFRS 9 are intended to recognise the lifetime expected losses, where credit risk has increased since initial recognition, irrespective of whether the evaluation is conducted on a collective or individual basis, using all available information, whether historical or current, as well as information relating to logical future estimates.

The Group and the Company apply the Standard's simplified approach for contract assets, trade receivables and lease receivables, estimating the anticipated credit losses throughout their lifetime. In this case, anticipated credit losses represent the anticipated deficits in contractual cash flows, taking into account the possibility of default any time during the financial instrument's lifetime. In estimating anticipated credit losses, the Group uses a table of provisions where the aforementioned financial instruments are classified based on the nature and the maturity of outstanding balances, taking into account any available historical information about the debtors, which is adjusted to future factors relating to the debtors and the economic environment.

(9) Provisions for litigation

The Group and the Company are involved in pending litigation. Management evaluates the outcome of litigation, taking into account the available information from the Group's legal department and the opinion of external legal counsel entrusted with the matters. In the event of a likely negative outcome, the Group makes the necessary provisions. Provisions, where required, are calculated on the basis of the estimates of Management regarding the expense that will be needed to settle the expected liabilities as of the reporting date of the financial statements and they are based on various factors requiring the exercise of judgement. Changes in judgements or estimates may result in increase or decrease of the Group's contingent liabilities in the future. Where additional information becomes available, the Group's Management reviews the facts and may revise its estimates (see further information in note 36.1 of the financial statements).

The recoverability of long-term receivables is evaluated on the same basis as indicated in explanatory note 16 of the financial statements, given that the relevant evaluation requires a significant degree of judgement. In particular, the Group's Management reviews the stage of the litigation relating to such receivables and assesses the likely impairment risk, mostly on the basis of the opinion of the external legal counsel entrusted with the

relevant matters. Where additional information becomes available, the recoverability of the above receivables is reviewed and this may subsequently lead to revision of the initial estimates (see further information in note 36.1 of the financial statements).

10 Group Structure

10.1 Consolidated entities of the Group as at 31.12.2019

The table below shows the consolidated entities of SYSTEMS SUNLIGHT SA as at 31/12/2019, their registered address and scope of activity and the relevant consolidation method.

S/N	Company Name	Registered Address	Scope of Activity	Holding Rate (%)	Consolidation Method	Type of Holding
1	SYSTEMS SUNLIGHT SA	Greece	Production of battery accumulators and other energy products		Parent	
2	ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	Greece	Production of lithium-ion battery components for defence applications	51%	Full consolidation	Direct
3	ALSE DEUTSCHLAND GMBH	Germany	Consulting - Technical Services	51%	Full consolidation	Indirect
4	SUNLIGHT INDUSTRIAL SRL	Romania	Battery Distribution	100%	Full consolidation	Direct
5	Sunlight European Battery Assembly SRL	Italy	Battery Assembly and Distribution	90%	Full consolidation	Direct
6	ECORBA SRL	Italy	Collection and temporary storage of lead scrap	100%	Full consolidation	Direct
7	Sunlight Batteries USA	USA	Assembly and distribution of lead and lithium batteries for industrial use	100%	Full consolidation	Direct
8	SUNLIGHT ITALY SRL	Italy	Battery Distribution	30%	Equity	Direct
9	TECHNOFORM SA	Greece	Machine Shop - Production of plastic and metal battery components	24%	Equity	Direct

Reference to the unaudited financial years of the entities mentioned in the above table is made in note 36.2 of the Financial Statements.

10.2 Group Structure Changes

In 2019 the Company established a subsidiary in Italy (ECORBA SRL). The subsidiary's main object is to collect and temporarily store lead scrap, in order to facilitate and make more cost-effective the supply of raw materials to the parent company's recycling plant in Komotini.

Moreover, in December 2019, a company was established in the USA with the corporate name Sunlight Batteries USA. The company's main object is the assembly and distribution of lead and lithium batteries for electrical Industrial Vehicles (eIVs), to accelerate the Company's expansion into the world's second largest market, that of the United States. The initial share capital of USD 200,000 was paid up in January 2020.

There were no changes to the Group's structure during the financial year compared to the period ended on 31 December 2018.

10.3 Subsidiaries with significant non-controlling interests

The Group now includes two subsidiaries with significant non-controlling interests:

COMPANY	Percentage of interest and voting rights held by non-controlling interests		Comprehensive Total Income / (Expenses) for the financial year allocated to non-controlling interests		Total non-controlling interests	
	31.12.19	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
ADVANCED LITHIUM SYSTEMS EUROPE SA	49%	49%	-619,032	-50,627	539,145	1,158,177
SUNLIGHT EUROPEAN BATTERY ASSEMBLY SRL	10%	10%	-7,899	-31,892	41,986	49,885

No dividends were distributed to non-controlling interests during 2019 and 2018. The table below shows summary financial information for such subsidiaries before elimination of inter-company transactions.

	2019	2018
Non-current assets	4,012,201	3,973,428
Current assets	7,817,344	3,190,494
Total assets	11,829,545	7,163,922
Long-term liabilities	633,941	801,291
Short-term liabilities	9,680,447	3,505,154
Total liabilities	10,314,388	4,306,445
Equity attributed to parent company owners	934,026	1,649,415
Non-controlling interests	581,131	1,208,062
	2019	2018
Sales	17,135,228	2,709,109
Total comprehensive profit/loss for the financial year after tax	-1,342,320	-600,687
Owners of the parent company	-715,389	-518,168
Non-controlling interests	-626,931	-82,519
	2019	2018
Total inflow/(outflow) from operating activities	1,230,163	858,249
Total inflow/(outflow) from investing activities	-406,143	-1,142,556
Total inflow/ (outflow) from financing activities	-188,060	640,418
Net cash flow	635,960	356,111

11 Tangible Assets

The Group's tangible assets are thoroughly presented in the table below:

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in €					
Gross book value as at 01 January 2018	38,939,440	69,499,009	7,356,895	902,034	116,697,378
Additions	8,668,748	11,072,415	1,518,558	9,128,150	30,387,871
Disposals / Write-offs	-384,131	-6,540,691	-224,635	0	-7,149,457
Fixed assets destroyed by the fire	-9,439,336	-26,523,672	-1,708,019	-231,477	-37,902,504

Reclassified items	7,000	894,811	0	-901,811	0
Foreign exchange differences	0	-30	-109	0	-139
Gross book value as at 31 December 2018	37,791,721	48,401,843	6,942,689	8,896,895	102,033,148
Accumulated depreciation as at 01 January 2018	-5,388,513	-26,128,629	-4,706,160	0	-36,223,302
Depreciation for the financial year	-1,421,035	-3,471,133	-539,952	0	-5,432,120
Depreciation of disposals / write-offs	247,216	4,383,972	109,601	0	4,740,789
Depreciation of fixed assets destroyed by the fire	1,506,649	9,756,690	1,016,408	0	12,279,747
Other arrangements	435,949	0	0	0	435,949
Foreign exchange differences	0	26	108	0	134
Accumulated depreciation as at 31 December 2018	-4,619,734	-15,459,075	-4,119,996	0	-24,198,804
Net Book Value as at 31 December 2018	33,171,988	32,942,768	2,822,694	8,896,895	77,834,344

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in €					
Gross book value as at 01 January 2019	37,791,720	48,403,169	6,941,364	8,896,894	102,033,147
Additions	13,164,755	24,943,126	1,744,565	6,313,072	46,165,517
Disposals / Write-offs	-172,313	0	-59,249	0	-231,563
Reclassified items	4,782,833	4,001,631	110,898	-8,895,361	0
Foreign exchange differences	-1,256	-820	-1,978	0	-4,054
Gross book value as at 31 December 2019	55,565,738	77,347,105	8,735,599	6,314,605	147,963,047
Accumulated depreciation as at 01 January 2019	-4,619,733	-15,459,245	-4,119,825	0	-24,198,804
Depreciation for the financial year	-1,764,114	-3,560,841	-625,451	0	-5,950,406
Depreciation of disposals / write-offs	110,126	0	29,896	0	140,022
Other arrangements					0
Foreign exchange differences	1,052	608	1,583	0	3,242
Accumulated depreciation as at 31 December 2019	-6,272,670	-19,019,479	-4,713,797	0	-30,005,946
Net Book Value as at 31 December 2019	49,293,068	58,327,626	4,021,802	6,314,605	117,957,101

The Group's tangible assets include rights of use of tangible assets which were acknowledged by lease agreements, as per the requirements of IFRS 16 as follows:

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in €				
Gross book value as at 01 January 2018	2,555,530	1,331,629	969,011	4,856,170
Additions due to merger	0	0	0	0
Additions	1,573,289	0	108,058	1,681,347
Disposals / Write-offs	-319,266	0	-121,371	-440,637
Fixed assets destroyed by the fire	0	-24,862	0	-24,862
Gross book value as at 31 December 2018	3,809,553	1,306,768	955,698	6,072,018
Accumulated depreciation as at 01 January 2018	-463,318	-536,553	-261,682	-1,261,553
Additions due to merger	0	0	0	0
Depreciation for the financial year	-626,977	-438,352	-168,917	-1,234,245
Depreciation of disposals / write-offs	244,578	0	41,268	285,846
Depreciation of fixed assets destroyed by the fire	0	13,121	0	13,121
Other arrangements	435,949	0	0	435,949
Accumulated depreciation as at 31 December 2018	-409,768	-961,783	-389,330	-1,760,882
Net Book Value as at 31 December 2018	3,399,785	344,984	566,367	4,311,136

GROUP	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in €				
Gross book value as at 01 January 2019	3,809,553	1,306,768	955,698	6,072,018
Additions	218,589	0	166,069	384,657
Disposals / Write-offs	-174,587	0	-54,215	-228,803
Gross book value as at 31 December 2019	3,853,554	1,306,768	1,067,551	6,227,873
Accumulated depreciation as at 01 January 2019	-409,768	-961,783	-389,330	-1,760,882
Depreciation for the financial year	-615,238	-326,787	-176,013	-1,118,038
Depreciation of disposals / write-offs	111,179	0	29,766	140,945
Other arrangements	0	0	0	0
Accumulated depreciation as at 31 December 2019	-913,827	-1,288,570	-535,577	-2,737,975
Net Book Value as at 31 December 2019	2,939,727	18,197	531,974	3,489,899

The Company's tangible assets are thoroughly presented in the table below:

Amounts in €					
Gross book value as at 01 January 2018	30,218,638	53,168,232	6,149,498	901,812	90,438,180
Additions due to merger	8,587,913	15,450,436	928,822	222	24,967,393
Additions	7,188,689	10,673,599	1,178,221	9,128,150	28,168,659
Disposals / Write-offs	-384,131	-6,540,691	-178,709	0	-7,103,531
Fixed assets destroyed by the fire	-9,439,336	-26,523,672	-1,708,019	-231,477	-37,902,504
Reclassified items	7,000	894,811	0	-901,811	0
Gross book value as at 31 December 2018	36,178,773	47,122,716	6,369,813	8,896,894	98,568,197
Accumulated depreciation as at 01 January 2018	-4,912,031	-23,458,374	-4,185,849	0	-32,556,254
Additions due to merger	-458,025	-2,353,533	-337,057	0	-3,148,615
Depreciation for the financial year	-1,194,218	-3,418,826	-501,361	0	-5,114,405
Depreciation of disposals / write-offs	247,216	4,383,972	63,674	0	4,694,862
Depreciation of fixed assets destroyed by the fire	1,506,649	9,756,690	1,016,408	0	12,279,747
Other arrangements	435,949	0	0	0	435,949
Accumulated depreciation as at 31 December 2018	-4,374,460	-15,090,071	-3,944,185	0	-23,408,716
Net Book Value as at 31 December 2018	31,804,313	32,032,645	2,425,629	8,896,894	75,159,481

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Fixed assets under construction and down payments for the acquisition of fixed assets	Total
Amounts in €					
Gross book value as at 01 January 2019	36,178,773	47,122,716	6,369,813	8,896,894	98,568,197
Additions	12,922,994	24,732,404	1,580,722	6,309,072	45,545,191
Disposals / Write-offs	-41,699		-59,249		-100,949
Reclassified items	4,782,833	4,001,631	110,898	-8,895,361	0
Gross book value as at 31 December 2019	53,842,900	75,856,751	8,002,183	6,310,605	144,012,439
Accumulated depreciation as at 01 January 2019	-4,374,460	-15,090,071	-3,944,185	0	-23,408,716
Depreciation for the financial year	-1,525,741	-3,488,991	-555,507		-5,570,239
Depreciation of disposals / write-offs	22,587		29,896		52,483
Other arrangements		1,386	-1,386		0
Accumulated depreciation as at 31 December 2019	-5,877,613	-18,577,676	-4,471,182	0	-28,926,471
Net Book Value as at 31 December 2019	47,965,287	57,279,075	3,531,001	6,310,605	115,085,968

The Company's tangible assets include rights of use of tangible assets which were acknowledged by lease agreements, as per the requirements of IFRS 16 as follows:

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in €				
Gross book value as at 01 January 2018	2,168,604	1,331,629	875,174	4,375,407
Additions due to merger	254,038	0	93,837	347,875
Additions	491,353	0	108,058	599,411
Disposals / Write-offs	-319,266	0	-121,371	-440,637
Fixed assets destroyed by the fire	0	-24,862	0	-24,862
Gross book value as at 31 December 2018	2,594,729	1,306,768	955,698	4,857,195
Accumulated depreciation as at 01 January 2018	-412,433	-536,553	-238,356	-1,187,342
Additions due to merger	-32,428	0	-23,326	-55,754
Depreciation for the financial year	-406,050	-438,352	-168,917	-1,013,318
Depreciation of disposals / write-offs	244,578	0	41,268	285,846
Depreciation of fixed assets destroyed by the fire	0	13,121	0	13,121
Other arrangements	435,949	0	0	435,949
Accumulated depreciation as at 31 December 2018	-170,384	-961,783	-389,330	-1,521,498
Net Book Value as at 31 December 2018	2,424,345	344,984	566,367	3,335,697

COMPANY	Plots & buildings	Machinery & Equipment	Vehicles & other equipment	Total
Amounts in €				
Gross book value as at 01 January 2019	2,594,729	1,306,768	955,698	4,857,195
Additions			128,263	128,263
Disposals / Write-offs	-41,699		-54,215	-95,915
Gross book value as at 31 December 2019	2,553,030	1,306,768	1,029,745	4,889,543
Accumulated depreciation as at 01 January 2019	-170,384	-961,783	-389,330	-1,521,498
Depreciation for the financial year	-390,812	-326,787	-170,657	-888,256
Depreciation of disposals / write-offs	22,587		29,766	52,353
Other arrangements				0

Accumulated depreciation as at 31 December 2019	-538,609	-1,288,570	-530,221	-2,357,401
Net Book Value as at 31 December 2019	2,014,421	18,197	499,524	2,532,142

The restoration of the Xanthi plant, which sustained damage as a result of the 2018 fire was completed within the year, and the company proceeded with a program to expand production capacity by 25%, which is reflected in the significant value of additions made during the year.

Tangible assets are checked for impairment when there are facts or circumstances indicating that their residual value is no longer recoverable. If the residual value of tangible assets exceeds their recoverable value, the excess amount relates to impairment loss, which is recognised directly to the detriment of the results. The largest component of the comparison between a tangible asset's fair value, less any costs incurred during the sale, and the value in use, represents the asset's recoverable value. No need for further impairment of tangible assets has arisen during the current financial year for the Group or the Company.

12 Intangible assets

The Group invests in new applications/technologies development programmes as part of the production of industrial batteries and accumulators for defence applications. It is noted that, as innovation is among the Group's strategic goals, the Group invests consistently in research and development, with a view to designing products for new applications (e.g. renewable energy sources), improving the quality and life cycle of existing products, developing solutions in alternative energy storage technologies and improving production process functionalities. Moreover, the Company's intangible assets include primarily software acquisition and development costs.

The changes in the Group's intangible assets are thoroughly presented below:

GROUP (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2018	2,411,443	9,046,605	302,469	11,760,516
Additions	44,803	0	404,357	449,160
Foreign exchange differences	-4	0	0	-4
Gross book value as at 31 December 2018	2,456,242	9,046,605	706,825	12,209,672
Accumulated depreciation as at 01 January 2018	-2,312,960	-6,296,129	-302,469	-8,911,558
Depreciation for the financial year	-46,059	-437,609	-32,547	-516,215
Foreign exchange differences	4	0	0	4
Accumulated depreciation as at 31 December 2018	-2,359,015	-6,733,738	-335,016	-9,427,769
Net Book Value as at 31 December 2018	97,226	2,312,866	371,809	2,781,902

GROUP (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2019	2,456,242	9,046,605	706,825	12,209,672

Additions	188,355	0	57,901	246,256
Foreign exchange differences	-108	0	0	-108
Gross book value as at 31 December 2019	2,644,489	9,046,605	764,726	12,455,820
Accumulated depreciation as at 01 January 2019	-2,359,016	-6,733,738	-335,015	-9,427,769
Depreciation for the financial year	-66,376	-437,609	-88,205	-592,189
Foreign exchange differences	107	0	0	107
Accumulated depreciation as at 31 December 2019	-2,425,285	-7,171,347	-423,220	-10,019,852
Net Book Value as at 31 December 2019	219,204	1,875,257	341,506	2,435,968

The changes in the Company's intangible assets are thoroughly presented below:

COMPANY (Amounts in €)	Software	Development costs	Other intangible assets	Total
Gross book value as at 01 January 2018	2,365,936	6,450,134	302,469	9,118,538
Additions due to merger	4,451	0	0	4,451
Additions	44,803	0	399,071	443,875
Gross book value as at 31 December 2018	2,415,190	6,450,134	701,540	9,566,864
Accumulated depreciation as at 01 January 2018	-2,269,130	-5,026,022	-302,468	-7,597,620
Additions due to merger	-2,874	0	0	-2,874
Depreciation for the financial year	-45,960	-223,519	-32,106	-301,585
Accumulated depreciation as at 31 December 2018	-2,317,964	-5,249,540	-334,575	-7,902,079
Net Book Value as at 31 December 2018	97,226	1,200,592	366,966	1,664,784

13 Investments in subsidiaries

The Company's subsidiaries are presented in detail in note 10. In the Statement of Financial position, interests have been valued at acquisition value less any provisions for impairment of their value. The table below shows the net value of subsidiaries as at 31.12.2019 and 31.12.2018:

The item "Investments in subsidiaries" may be broken down as follows in 2018 and 2017:

Amounts in €	COMPANY	
	31.12.19	31/12/2018
Balance at start of period	3,262,087	20,480,027
Additions due to merger	0	-17,917,940
Changes in subsidiaries share capital	0	800,000
Sale of stake without loss of control	0	-100,000
Establishment of subsidiaries	50,000	0
Impairment of investments in subsidiaries	-919,540	0
Balance at end of period	2,392,547	3,262,087

In line with the accounting policies applied and the requirements of IAS 36, the Group reviews impairment of the assets at the end of each annual reference period. This review may also be conducted sooner where there are indications of possible impairment loss. The evaluation focuses on both external and internal factors.

In the financial year ended on 31.12.2019, the company proceeded to further reduce its holding in the company "Advanced Lithium Systems Europe Defence Applications SA" amounting to EUR 920,000, and now the value of this holding in the Statement of Financial Position as at 31.12.2019 amounts to EUR 1,020,000. The main assumptions and methodology used to determine the value of said holding are as follows:

Assumptions used to determine the value in use

The recoverable value of the CGU is determined in line with the calculation of the value in use. Determination results from the net value of estimated future cash flows, as expected to be generated by the CGU (discounted cash flow method). This particular methodology for determining the value in use is sensitive to the following main assumption, as adopted by Management to determine future cash flows:

Main assumptions by CGU	Weighted average cost of capital (WACC)		Compound annual growth rate	
	2019	2018	2019	2018
ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	9.3%	10.7%	38.5%	13.20%

- **Preparation of 5-year business plans by CGU**

Calculation of estimated cash flows results from approved business plans which have included the necessary revisions to capture the current economic conjecture and reflect past experience and other available information from external sources.

- Business plans are prepared on the basis of a maximum 5-year period. Cash flows beyond the 5-year period are deduced by using estimates of unchanged growth rates, which remain stable and capture the estimates about the long-term growth objective of the CGU.
- Business plans rely on recently prepared budgets and estimates.
- They use budgeted sales figures and gross margins, as well as future estimates using reasonable assumptions.

- **Weighted average cost of capital (WACC)**

The weighted average cost of capital (WACC) method reflects the discount rate of the CGU's future cash flows and is used to weigh the equity costs and the borrowing costs, in order to calculate the cost of the Company's total capital. Determining the WACC involves a number of parameters (such as risk-free rate of return, special country risk, and equity risk premium).

It should be noted that the assumptions used for the impairment study may be subject to further change in the future. Possible changes in certain parameters, such as the discount rate, may have an impact on the value in use of the Company's assets.

- **Compound annual growth rate**

The compound annual growth rate of the cash-generating unit is linked to a multitude of internal and external factors, such as demand for batteries in markets where the CGU operates, production levels, and the sales mix per battery type.

The compound annual growth rate for the five-year period appears high as sales during the base year (2019) are particularly low. If the index is recalculated with the next year (during which sales agreements were concluded) as base year, the index is 6.6%.

Sensitivity analysis of main assumptions

It should be noted that the assumptions used for the impairment study may be subject to further change in the future. Possible changes in certain parameters, such as the discount rate, may have an impact on the value in use of the Company's assets.

Apart from the above estimates for determining the value in use, Management is not aware of any changes in conditions that might affect the rest of its assumptions. On 31.12.2019, the relevant analysis of all the above factors showed that there was a need for further reduction of the Company's investment in the subsidiary ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA by EUR 920,000.

14 Investments in affiliates

The Group has the following interests in associates, which are consolidated using the equity method in the consolidated financial statements (the object and the Group's interests in such investments are detailed in note 10 of the financial statements).

Based on the contribution of associates to the Group's profit/(loss) before tax, the Group has considered that each of the associated companies taken individually is non-material and, therefore, discloses in the table below its aggregate stake for such associated companies:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Balance at start of period	1,104,211	2,219,048	669,847	744,661
Change in interest in affiliate	0	0	0	0
Transfer of interest as part of transferred sector	0	-1,109,401	0	-74,814
Interest in profit / (loss) from ongoing operations	38,043	61,527	0	0
Interest in profit / (loss) from discontinued operations	0	-53,907	0	0
Reclassified items	-96,412	-13,056	0	0
Balance at end of period	1,045,842	1,104,211	669,847	669,847

COMPANY CONSOLIDATED USING THE EQUITY METHOD 2018	STAKE	EQUITY AS OF 31.12.2017	EQUITY AS OF 31.12.2018	PROFIT (LOSS)
SUNLIGHT ITALY SRL	30%	436,902	439,868	2,966
TECHNOFORM SA	24%	618,838	672,111	58,561
AFIS SA	0%	1,163,308	0	-53,907
Total		2,219,048	1,111,979	7,620

COMPANY CONSOLIDATED USING THE EQUITY METHOD 2019	STAKE	EQUITY AS OF 31.12.2018	EQUITY AS OF 31.12.2019	PROFIT (LOSS)
SUNLIGHT ITALY SRL	30%	439,868	444,644	4,776
TECHNOFORM SA	24%	672,111	705,378	33,267
Total		1,111,979	1,150,022	38,043

None of the associates is listed in any Stock Exchange and, therefore, there are no relative market capitalisations. The Group did not receive dividends from affiliates in financial years 2019 and 2018.

Transfer of interest to an affiliate as part of transferred sector

In 2018 the Company's Management decided to sell the Toshiba consumer batteries sector and its holding in AFIS SA which is included in that sector, for EUR 5,360,000, on zero net borrowing base, to WESTNET DISTRIBUTION SA, a subsidiary of OLYMPIA Group engaging in the trade of technological products. The sale transaction was consummated on 17/07/2018.

15 Investment portfolio

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Start of period	28,159	28,159	28,159	28,159
Write-off of investments	0	0	0	0
Balance at end of period	28,159	28,159	28,159	28,159

The investment portfolio includes shares of non-listed companies for a total value of EUR 28,159. No change has been noted in the financial year in this item.

16 Other Non-Current Assets

The Group's and Company's other non-current assets are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Description				
Claim for indemnification against third parties	0	10,007,425	0	10,007,425
Long-term portion of trade receivables	0	14,801	0	14,801
Subsidies receivable from OAED	3,959,140	3,959,140	3,959,140	3,959,140
Guarantees provided	288,969	239,230	257,464	217,955
Convertible bond loan	170,000	170,000	170,000	170,000
Total	4,418,109	14,390,597	4,386,605	14,369,321
Impairment provisions	-170,000	-170,000	-170,000	-170,000
Cost of discounting long-term receivables	0	-2,388,115	0	-2,388,115
Balance at end of period	4,248,109	11,832,482	4,216,605	11,811,206

The Group's and Company's other non-current assets include primarily subsidies receivable from OAED, equal to EUR 3,959,000, relating to pending litigation. More specifically, from that amount:

(a) EUR 3,822,000 relate to a subsidy for payroll costs established by virtue of Article 21 of Law 1767/1988, as replaced by Article 32 of Law 1836/1989 currently in force, consisting in the grant of financial aid by OAED

to industrial, craft, and mining companies established in zone D of Development Law 1262/1982, which includes the Department of Xanthi (it should be noted that Joint Ministerial Decision No 13311/273/11.4.2016 repealed the payroll cost grant as of 11.04.2016, although this repeal does not affect claims already established, like those of the Company's) and

(b) EUR 138,000 relate to a subsidy for payroll costs for higher-education graduates in the Departments of Xanthi, Rodopi, and Evros by virtue of Article 59 (2) of Law 2324/1995.

These subsidies have been repaid to the extent they represent claims of the Company against OAED for the period until the first half of year 2010 (last payments were effected in 2013). Given that the limitation period applicable to these claims is five years (Article 86 of Law 2362/1995) and starts from the end of the year in which the relevant claims arose and fell due, the Company has brought these claims before the Courts, in order to secure its interests, and has filed actions against OAED and the Greek State, as per Article 105 of the Introductory Law of the Civil Code and Article 71 of the Code of Administrative Procedure. By the above actions, the Company claims compensation for non-payment of the above subsidies. It is further noted that the subsidies corresponding to period 01/07/2010 - 30/6/2012 were assigned by the Company to a Greek Bank, by way of guarantee for financing. The Bank has now lodged a claim for damages in view of the completion of the limitation period. For further information on the development of this matter, see explanatory note 36.1 of the attached financial statements. Having reviewed the facts and the opinion of the external legal counsel entrusted with the matter, Management considers that there is a good chance that these actions will be admitted in their entirety and that these amounts are recoverable in their entirety.

Assignment of compensation claim against the Greek State to an affiliate

Other non-current assets of the Company as at 31.12.2018 included a "claim for indemnification against third parties" equal to EUR 10,007,000, which at present value (discounted) amounted to EUR 7,620,000.

The amount involves early payment of compensation (before any judicial declaration thereof) and relates to ongoing litigation about the alleged loss sustained by the Greek State (due to actions of a former Company employee and third parties involved) amounting to EUR 7,480,000 plus interest. That payment, which was made in 2014, constitutes neither acknowledgement of any liability on the Company's part (other than the liability arising from the agency relationship with the employee concerned) nor assumption of any obligation, either individually or jointly and severally with other parties, to pay any amount that may be awarded by the Court against third parties.

The hearing of this criminal case began on 29.11.2016, and on 16.1.2019 the three-member Criminal Court of Appeal issued ruling 213/16.1.2019 by which it found the defendants not guilty. Furthermore, we are awaiting the engrossment of the above ruling and the lapse of a 30-day period therefrom, during which an appeal in cassation may be lodged by the Prosecutor of the Supreme Court. The abovementioned ruling shall then be rendered final. This procedure had not been completed on the date of approval of the attached financial statements.

After the abolition, in 2019, of par. 2 of Article 6 of Law 4312/2014, the Company's claim against the Greek State may be pursued in Court either a) by submitting a request for out-of-court recognition of a claim to the State Legal Council, and in case of rejection of the relevant request b) by filing an action against the Greek State for unjust enrichment.

On 20 December 2019, the Company, in order to utilise the claim financially, made the assignment without subrogation of the claim to the affiliated company OLYMPIA GROUP HOLDINGS SA, a subsidiary of Olympia

Group, for a price of EUR 8,100 thousand, which it collected in full within the financial year. This price was based on a relevant evaluation study of the fair and reasonable commercial value of the assigned claim carried out by an independent auditing firm. Due to its specific nature, the possibility of assigning this claim to a third party was also considered by an independent legal advisor. Based on the above legal assessment, an assignment agreement was drawn up, whereby all the risks and benefits of the claim were transferred for a consideration. The total net result from the transaction amounted to EUR 479,000 and is broken down in note 33.

No impairment provisions were recognised in the amounts reported under this item during the financial year.

17 Inventories

The Group's and Company's inventories are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Merchandise	1,850,359	2,238,826	1,627,829	2,181,416
Finished & semi-finished products	19,640,818	16,170,372	18,626,472	15,393,839
Work in process	88,810	450,994	88,810	450,994
Raw direct & indirect materials	14,428,910	17,961,781	12,685,545	17,212,684
Other material	1,969,689	1,987,897	1,932,322	1,974,755
Customs warehousing stocks	776,187	1,292,777	776,187	1,292,777
Less provisions for impairment	-3,523,161	-3,106,072	-2,865,392	-2,959,453
Total	35,231,612	36,996,575	32,871,774	35,547,011

The Group takes all necessary steps (security, guarding) to minimise risk and potential inventory losses due to natural disasters, theft, etc. Although the Group's sector of activity involves low risk of technological depreciation of inventories, Management regularly reviews the net realisable value of inventories and makes appropriate provisions, as necessary. On 31.12.2019, the need arose for an additional provision of EUR 528,000. The following table shows the Group's and Company's provisions for inventory depreciation in financial years 2019 and 2018:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Provision for inventories at the beginning of FY	-3,106,072	-3,212,031	-2,959,453	-3,037,868
Provision for merged company as of 01.01.2018	0	0	0	-24,216
Provision for FY	-527,579	0	-12,230	0
Utilised provision during the period	109,603	105,947	106,291	102,631
Foreign exchange difference	886	12	0	0
Provision for inventories at the end of FY	-3,523,162	-3,106,072	-2,865,392	-2,959,453

18 Customers and other trade receivables

The Group's and Company's trade receivables are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Domestic customers	3,161,108	3,063,001	3,384,015	3,172,857
Foreign customers	19,630,042	11,079,010	23,650,311	12,371,014
Doubtful customers	2,009,989	2,009,989	2,009,989	2,009,989
Customers in factoring arrangements	6,177,562	1,193,570	6,177,562	1,193,570
Public sector customers	1,254,104	857,473	1,254,104	857,473
Cheques receivable	225,222	163,798	225,222	163,798
Total	32,458,026	18,366,842	36,701,202	19,768,701
Less: Provisions for doubtful debts	-11,561,619	-11,992,360	-11,450,815	-11,900,815
Net trade receivables	20,896,407	6,374,482	25,250,387	7,867,886

All trade receivables are short-term and no discounting is required as at the reporting date.

As of 1st January 2018 the Company applies the simplified approach for impairment of expected credit risks to the balances of trade receivables on the date of initial application (IFRS 9).

Regarding trade receivables, the Company has calculated the estimated credit losses on the basis of the lifetime expected credit losses. For balances outstanding for more than 90 days, the Company has reviewed the risk of default, the days of delay, and the historical losses from credit values adjusted so as to reflect current and future information per customer in order to determine the expected credit loss for each trade receivables balance separately. Default risk, as defined by historical data, integrates the time factor, focusing mainly on recent transactions. It is noted that on 31.12.2018, due to the inherent uncertainties cause by the fire and the suspension of the company's activity, the Management set stricter criteria regarding default risk.

Furthermore, anticipated credit risk measurement relies, apart from historical customer data, on a properly designed macro-economic model that takes into account a group of significant factors (e.g. GDP growth rate, inflation rate, consumer / production / construction indexes etc.), as well as general statistical market indexes, in order to determine future prospects and developments. At the same time, various surveys and forecasts of public organisations and bodies are also taken into account, to get a better insight of short-term economic developments (in the next 12 months). As at the date the financial statements were drafted, this model integrated the prospect of a neutral/slightly positive development in the future economic situation.

Following the above evaluation, provisions for the Group's and the Company's doubtful trade receivables during the financial years ended on 31.12.2019 and 31.12.2018 are as follows:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
As at the start of the period	-11,992,360	-12,992,657	-11,900,815	-12,900,815
Provision for FY	-21,470	0	0	0
Reversal of unused provisions	450,000	1,000,215	450,000	1,000,000
Other changes (transfers, foreign exchange differences, etc.)	2,210	82	0	0
As at the end of the period	-11,561,619	-11,992,360	-11,450,815	-11,900,815

Despite its limited exposure in the Greek market and its significant customer dispersion, as a result of the fact that the Group conducts business in a high credit-risk environment, the Group applies specific policies and tools to handle this type of risk (see also note 42). Moreover, the Group has made all necessary impairment provisions to handle effectively any potential losses to arise from this risk.

The Group's and Company's trade receivables as at 31/12/2019 and 31/12/2018 are presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Are not in delay and are not impaired	19,416,196	5,847,634	23,261,258	6,306,346
Are delayed but not impaired:				
< 90 days	1,469,998	424,755	1,790,348	1,330,004
< 91 – 180 days	171	100,278	34,056	187,990
< 181 – 360 days	10,042	1,815	164,725	43,546
> 360 days	0	0		0
Total	20,896,407	6,374,482	25,250,387	7,867,886

19 Other current assets

The Group's and Company's other receivables are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Blocked deposits	277,549	501,449	277,549	501,449
Purchases under delivery	5,138,176	2,586,000	4,540,027	2,586,000
VAT & withholding tax receivables	4,927,036	3,861,646	4,605,279	3,562,476
Supplier down payments	2,939,571	9,450,696	2,807,507	9,293,078
Non-current receivables from currently earned income	159,000	90,621	159,000	90,621
Deferred expenses	562,226	390,888	548,593	382,663
Claims against insurance compensation	0	48,000,000	0	48,000,000
Other requirements	329,070	418,668	292,207	402,772
Total	14,332,627	65,299,969	13,230,163	64,819,061

In December 2018, upon completion of the expert reports and while completion of the legal part of the insurance compensation procedure was still pending, the Company agreed with the insurance consortium (i.e. the consortium of insurance companies responsible for coverage of the fire that occurred at the Company's plant in Neo Olvio, Xanthi, in May 2018), to receive EUR 66 million, as final total insurance compensation to be paid. The Company had already received an advance payment of EUR 18 million and, therefore, the balance of EUR 48 million is included in the above item as of 31.12.2018. This amount was collected within the first half of 2019.

All trade receivables are short-term and no discounting is required as at the reporting date. On each reporting date of the financial statements, the Group verifies impairment of the above receivables and makes, where appropriate, the necessary provisions.

Other receivables reported under this item include receivables from derivative financial instruments (see for additional information note 41 of the attached financial statements).

20 Cash and Cash Equivalents

The Group's and Company's cash and cash equivalents are as follows:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Cash in hand	7,661	5,669	5,418	4,825
Short-term bank deposits	7,869,611	13,607,772	6,021,054	12,382,532
Total	7,877,272	13,613,441	6,026,472	12,387,357

"Cash" represents cash and bank deposits in EUR, USD and RON, available upon demand. Bank deposits are subject to floating interest rates, based on the monthly bank deposits rates. The weighted average rate as at the reporting date was 0% (31 December 2018: 0%).

Income from interest from sight and time deposits is accounted for under the accrued revenue principle and reported under item "Financial Income" in the Statement of Profit and Loss.

21 Equity

i) Share capital

The Company's share capital is thoroughly presented below:

	Share nominal value	Number of Shares	Share capital	Above par	Total
1.1.2019	2.93	15,151,860	44,394,950	38,985,693	83,380,643
31.12.2019	2.93	15,151,860	44,394,950	38,985,693	83,380,643

No change occurred in the Company's share capital during the current financial year. The wholly paid up capital amounts to €44.4 Mio. and consists of 15,151,860 shares with a nominal value of €2.93 each. The authorised share capital is equal to the value of the paid up shares that were allocated to the shareholders and it is fully paid up. The Company's shares have a nominal value of €2.93 each (31 December 2018: € 2.93).

ii) Above par

The Company's shares above par have derived from the issue of shares payable in cash, at a price higher than their par value.

iii) Legal Reserve

The legal reserve was formed as per the provisions of Codified Law 2190/1920.

iii) Other reserves

Other reserves, equal in total to approx. €67.0 Mio., consist in:

- a. Reserves of EUR 67.5 million, formed from previous years' profits, through use of tax regulations. These reserves shall be freely allocable as soon as the applicable tax rate (10%) is duly paid. The tax-free "Reserves under Special Laws and Regulations" which were formed under the applicable Greek tax laws, are exempt from income tax, provided that they will not be allocated to the shareholders. The balance of the aforementioned reserves may be allocated subject to authorisation by the ordinary meeting of shareholders and payment of the applicable amount of allocation tax.
- β. Actuarial loss reserve, equal to €(0.50) Mio.

iv) Cash Flow Hedge Reserve

The Group applies hedging tools (OTCs), which are monitored through cash flow hedging. Moreover, as in 2019 all requirements for this process are met based on the revised standard (IFRS 9). The fluctuations in the value of OTCs as at the date the Company's exposed positions were evaluated (31.12.2019) have had a direct impact on Equity, leading to a reserve of EUR -72,000 at Group and Company level.

v) Retained Earnings

The Group's accumulated losses stood at € 93 Mio. as at 31.12.2019 and at € 103 Mio. as at 31.12.2018. The Company's accumulated losses stood at € 92 Mio. and € 102 Mio. respectively as at 31.12.2019 and 31.12.2018.

22 Current and Deferred Tax

In accordance with the requirements of IAS 12, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the reporting period of the financial statements. Based on the above, the measurement of deferred tax assets and liabilities, as at 31.12.2019, should reflect the subsequent tax consequences that will arise from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities on the reporting date.

Pursuant to the provisions of Article 23 of Law 4579/2018, the gradual reduction by 1% per annum of the tax rate on profits from business activity of legal entities, starting from the tax year 2019, was decided. Deferred tax for the year 2018 was calculated based on this.

Law 4646/2019 was adopted on 12.12.2019, according to which profits from the business activities of legal persons are taxed at 24% from 2019 onwards.

The effect on the profit and loss account for the financial year from the change of the tax rate, based on the above, amounted to € 55.7 thousand for the Group and € 50.6 thousand for the Company respectively (see note 40).

Deferred tax assets and liabilities are offset where there is an enforceable legal right to offset current tax assets against current tax liabilities and deferred taxes relate to the same tax authority. A deferred tax asset is recognised in relation to tax losses carried forward, insofar as it is possible to realise the related tax benefit through future tax profits.

The Group's and Company's deferred tax amounts which have been offset are as follows:

	GROUP			
	31/12/2019		31/12/2018	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Tangible Assets	0	4,778,865	0	4,335,537
Intangible assets	192,261	0	260,569	0
Inventories	1,181,776	0	913,705	0
Trade receivables	1,834	0	102,627	0
Other receivables	0	81	0	44,699
Actuarial loss reserve	171,890	0	166,082	0
Employee benefits	173,292	0	149,011	0
Other Short-term Liabilities	441,598	0	2,646,219	0
Other provisions	406,766	0	0	1,330,993
Losses recognised for taxation purposes	401,652	0	348,879	0
Total	2,971,068	4,778,947	4,587,092	5,711,229
Set-off	-2,567,218	-2,567,218	-4,319,750	-4,319,750
Deferred tax asset / liability	403,850	2,211,729	267,343	1,391,480

	COMPANY			
	31.12.19		31/12/2018	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Tangible Assets		4,401,389		3,960,796
Intangible assets	192,994		259,710	
Inventories	927,120		861,339	
Trade receivables	1,834		102,627	
Other receivables		81		44,699
Actuarial loss reserve	170,861		165,284	
Employee benefits	171,804		147,817	
Other liabilities	214,409		2,383,988	
Other provisions	406,766	0		1,330,993
Losses recognised for taxation purposes	0	0	0	0
Total	2,085,786	4,401,470	3,920,766	5,336,488
Set-off	-2,085,786	-2,085,786	-3,920,766	-3,920,766
Deferred tax asset / liability	0	2,315,684	0	1,415,723

The change in the Group's and Company's deferred tax asset/liability is presented below:

	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Balance at start of period	-1,124,137	-3,356,133	-1,415,721	-3,623,115
Results for the financial year from ongoing operations	-710,976	2,263,326	-928,304	2,073,508
Results for the financial year from discontinued operations	0	0	0	0
Equity transactions	28,573	-30,511	28,342	-30,364

Effect of merger	0	0	0	164,250
Other transactions	-1,338	-820	0	0
Balance at end of period	-1,807,878	-1,124,137	-2,315,683	-1,415,721

The deferred tax assets arising from unused tax losses to be offset in future years are only recognised if it is possible to offset them against future taxable profits.

The Group recognised a deferred tax asset on unused tax losses (EUR 61,000), because, based on the approved business plan, Management considers that tax losses can be offset against future taxable profits. The company has no unused tax losses to be offset in 2019.

The Group considers that, in the markets in which it operates, there exist conditions for further development of its competitive edge and, therefore, of its market share, sales, and organic profitability. In particular, the Management's basic assumptions supporting the increase of organic profitability (and by extension, the existence of envisaged future taxable profits), as captured in the aforementioned business plan, are that the largest part of turnover originates from abroad and in particular from areas showing growth, the Company will develop new and technologically advanced products, it will follow a reasonable investment plan and it will further streamline costs, due to the achievement of economies of scale and to the contribution of the recycling plant in the Komotini area.

23 Employee benefit liabilities due to retirement

The company has not formally or informally put in place any special employee benefit plan, by which it has committed to provide retirement benefits to all employees. The contractual liability under the current legislation as arising from Law 2112/20 and Law 3026/54, as amended by Law 4093/2012, for providing a one-off amount at the time of retirement in line with 40% of the scale of Law 2112/20, does apply and has been put in place. Such plans are not financed, they represent defined benefit plans under IAS 19, and the relevant liability has been calculated on the basis on an actuarial study, prepared by an independent actuary. The Group's net liability in the Statement of Financial Position is as follows:

Changes in the liability in the Statement of Financial Position:

Amounts in €	GROUP	
	31/12/2019	31/12/2018
Net liability at the start of the financial year	1,260,379	1,140,889
Benefits paid by employer	-167,743	-84,648
Expense to be entered into the Statement of Profit and Loss	293,746	198,982
Actuarial (profit)/ loss entered into Statement of comprehensive income	51,877	5,156
Net liability at the end of the financial year	1,438,260	1,260,379
	31/12/2019	31/12/2018
Present value of liability at the end of the financial year	1,438,260	1,260,379
Actual value of plan assets at the end of the financial year	0	0
Net liability to be entered into the Statement of Financial Position at the end of the financial year	1,438,260	1,260,379

The details and the main assumptions of the actuarial estimate for the financial years ended on 31.12.2019 and 31.12.2018 are as follows:

Amounts in €	GROUP	
	31/12/2019	31/12/2018
Cost of current service	129,742	112,465
Interest expense	21,426	20,536
Cost of past service	5,999	0
Cost (result) of settlements	136,579	65,980
Net expense for the financial year	293,746	198,982
Amount to be entered into other total income for the financial year	51,877	-5,156
Aggregate amount in other total income	-716,208	-664,331

The Company's net liability in the Statement of Financial Position is as follows:

Amounts in €	COMPANY	
	31.12.19	31/12/2018
Net liability at the start of the financial year	1,252,408	1,089,324
Liability of merged company as of 01.01.2018	0	44,442
Benefits paid by employer	-167,743	-84,648
Expense to be entered into the Statement of Profit and Loss	292,321	198,067
Actuarial (profit)/ loss entered into Statement of comprehensive income	50,783	5,223
Net liability at the end of the financial year	1,427,769	1,252,408

Amounts in €	COMPANY	
	31.12.19	31/12/2018
Present value of liability at the end of the financial year	1,427,769	1,252,408
Actual value of plan assets at the end of the financial year	0	0
Net liability to be entered into the Statement of Financial Position at the end of the financial year	1,427,769	1,252,408

Amounts in €	COMPANY	
	31.12.19	31/12/2018
Cost of current service	128,453	111,679
Interest expense	21,290	20,408
Cost of past service	5,999	0
Cost (result) of settlements	136,579	65,980
Net expense for the financial year	292,321	198,067
Amount to be entered into other total income for the financial year	50,783	-5,223
Aggregate amount in other total income	-711,921	-661,138

The main actuarial assumptions used for the aforementioned accounting purposes were as follows:

	GROUP / COMPANY	
	31.12.19	31/12/2018
Discount rate	1.15%	1.70%
Future wage increases	2.00%	2.00%
Inflation	1.50%	2.00%

Staff turnover:	1/1 - 31/12/2019	1/1 - 31/12/2018
Years of seniority	Percentage of departures	Percentage of departures
From 0 to 1 year	7%	7%
From 1 year to 5 years	5%	5%
From 5 years to 10 years	3%	3%
From 10 years and above	0%	0%

The above assumptions were developed by Management together with an independent actuarial who prepared the actuarial study.

The main actuarial assumptions for determining the liabilities are the discount rate and the expected change in wages. The table below shows the effects on the actuarial liability of any changes in these assumptions.

Amounts in €	GROUP	
	Actuarial liability	Percentage change
Discount rate increase by 0.5%	1,315,413	-9%
Discount rate decrease by 0.5%	1,575,248	10%
Expected wage increase up by 0.5%	1,553,893	8%
Expected wage increase down by 0.5%	1,332,108	-7%

24 Loan Liabilities

The Group's borrowing includes both long-term loans and working capital loans, based on the Group's needs. The Group's and Company's loan liabilities (both long- and short-term) are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Long-term borrowing				
Corporate bonds	63,172,805	66,102,960	63,172,805	66,102,960
Bank loans	8,531,107	26,093	7,500,000	0
Leasing obligations	2,805,223	4,541,756	2,805,223	3,527,602
Less: Long-term loans payable in the next 12 months	-5,475,435	-4,151,140	-5,222,202	-3,933,173
Total long-term loans	69,033,700	66,519,669	68,255,826	65,697,389
Short-term loans				
Bank loans	16,443,157	34,431,967	16,443,157	34,431,967
Liabilities to factoring companies	3,457,713	536,187	3,457,713	536,187
Short-term portion of long-term loan liabilities	5,475,435	4,151,140	5,222,202	3,933,173
Total short-term loans	25,376,305	39,119,294	25,123,072	38,901,326
Total loans	94,410,006	105,638,963	93,378,898	104,598,715

The Group does not have any loans valued at fair value. The book value of liabilities is estimated to approximate their fair value and, therefore, it is estimated that the discount rate that would have been used to determine the fair value would be similar to the interest paid by the Group.

The total financial costs of long-term and short-term loan liabilities as well as financial leases for the annual period 01.01-31.12.2019 (and the corresponding comparative annual period) are included in item "Financial costs" of the consolidated and corporate Profit and Loss Statement.

The weighted average borrowing rate for this financial year was 3.9% against 3.8% for the previous financial year.

With regard to the above long-term and short-term loans, we provide below the table of future repayments for the Group as of 31.12.2019 and 31.12.2018.

Amounts in €
GROUP

Loan liabilities as at 31.12.2019	Collateralised bond loans	Bank loans & Leasing	Loans with assignment of claims	Loans without collateral	Total loan liabilities
Up to 1 year	4,071,600	17,846,992	3,457,713		25,376,305
Between 1 and 2 years	3,500,000	1,992,883		15,847	5,508,730
Between 2 and 3 years	55,601,205	1,917,616			57,518,821
Between 3 and 4 years		1,766,797			1,766,797
Between 4 and 5 years		1,548,082			1,548,082
More than 5 years		2,691,270			2,691,270
Total	63,172,805	27,763,641	3,457,713	15,847	94,410,006

Amounts in €
GROUP

Loan liabilities as at 31.12.2018	Collateralised bond loans	Bank loans & Leasing	Loans with assignment of claims	Loans without collateral	Total loan liabilities
Up to 1 year	3,099,685	35,483,422	536,187		39,119,294
Between 1 and 2 years	4,065,554	767,126		26,093	4,858,773
Between 2 and 3 years	3,500,000	749,502			4,249,502
Between 3 and 4 years	55,437,721	689,269			56,126,990
Between 4 and 5 years		538,232			538,232
More than 5 years		746,172			746,172
Total	66,102,960	38,973,722	536,187	26,093	105,638,963

The Group's long-term loans as at 31 December 2019 and 31 December 2018 are thoroughly presented per loan type and maturity date in the following table:

Amounts in €
GROUP

	Company	Expiry	Balance on 31.12.2019		Balance on 31.12.2018	
			Long-term	Payable next year	Long-term	Payable next year
1)Bond loan – EFG Eurobank	SYSTEMS	30/12/2022	12,693,954	3,000,000	14,693,954	2,000,000
2)Bond loan – EFG Eurobank	SYSTEMS	27/06/2020	1,071,600	1,071,600	2,171,285	1,099,685
OBL	SYSTEMS	20/06/2022	49,407,251	0	49,237,721	0
E.I.B.	SYSTEMS	26/08/2026	7,500,000	576,923		
ALPHA Finance Lease	SYSTEMS	23/01/2020	10,307	10,307	275,004	275,004
Lease agreements	SYSTEMS		2,794,916	563,372	3,252,598	558,485
Lease agreements	SEBA		792,344	212,304	932,352	172,886
Lease agreements	ROMANIA		222,916	40,930	81,802	45,082
Line of credit agreements	ALSE DE		15,847		26,093	
Total			74,509,135	5,475,435	70,670,809	4,151,140

The Group's entities also maintain credit limits with various banking institutions, to meet general financing needs. The majority of credit lines relates to short-term loans and factoring settlement arrangements against recourse or otherwise, entered by the parent entity during the last years, which have entered into effect and are renewed depending on its needs.

Leasing agreements relate to building installations, mechanical equipment and vehicles.

25 Agreement on change in financial liabilities

The agreement on the change in financial liabilities, for the Group and the Company, for the financial year ended on 31.12.2018 is shown below:

Amounts in €	GROUP		
	Long-term loan liabilities	Short-term loan liabilities	Total
Balance 31.12.2017	64,355,528	24,750,291	89,105,818
Repayments	-159,582	-20,195,425	-20,355,007
Withdrawals /disbursements	0	34,631,780	34,631,780
Non-cash changes 01.01 - 31.12.2018:			
Foreign exchange differences	-6,863	0	-6,863
Recognition of loan liabilities under IFRS 16	2,117,295	0	2,117,295
Reclassified items	146,939	-146,939	0
Other changes	66,353	79,587	145,939
Balance 31.12.2018	66,519,669	39,119,294	105,638,963
Repayments	-10,246	-22,041,360	-22,051,606
Withdrawals /disbursements	7,512,604	2,921,527	10,434,130
Non-cash changes 01.01 - 31.12.2019:			
Foreign exchange differences	-466	0	-466
Recognition of loan liabilities under IFRS 16	383,640	0	383,640
Reclassified items	-5,421,503	5,421,503	0
Other changes	50,004	-44,659	5,345
Balance 31.12.2019	69,033,700	25,376,305	94,410,006

Amounts in €	COMPANY		
	Long-term loan liabilities	Short-term loan liabilities	Total
Balance 31.12.2017	62,909,700	15,276,529	78,186,229
Repayments	0	-20,156,255	-20,156,255
Withdrawals /disbursements	0	34,631,780	34,631,780
Non-cash changes 01.01 - 31.12.2018:			
Foreign exchange differences	0	0	0
Additions of loan liabilities from merger	1,324,732	9,430,931	10,755,663
Recognition of loan liabilities under IFRS 16	1,035,359	0	1,035,359
Reclassified items	361,245	-361,245	0

Other changes	66,353	79,587	145,939
Balance 31.12.2018	65,697,389	38,901,326	104,598,715
Repayments	0	-21,820,477	-21,820,477
Withdrawals /disbursements	7,500,000	2,921,527	10,421,527
Non-cash changes 01.01 - 31.12.2019:			
Foreign exchange differences	0	0	0
Recognition of loan liabilities under IFRS 16	128,263	0	128,263
Reclassified items	-5,165,355	5,165,355	0
Other changes	95,529	-44,659	50,871
Balance 31.12.2019	68,255,826	25,123,072	93,378,898

26 Other Long-Term Liabilities

The Group has recognised as deferred income in long-term liabilities the long-term portion of state subsidies, which will be systematically and rationally recognised in revenues over the useful life of tangible assets.

The Group and Company balance of that item as at 31/12/2019 and 31/12/2018 was as follows:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Long-term portion of state subsidies	6,365,007	6,760,001	6,365,007	6,760,001
Total	6,365,007	6,760,001	6,365,007	6,760,001
<i>Short-term portion of state subsidies</i>	<i>395,237</i>	<i>397,761</i>	<i>395,237</i>	<i>397,761</i>

In December 2018, an amount of EUR 224,000 was collected as part of a subsidy of EUR 784,000 against an investment of a total amount of EUR 2,800,000 relating to recycling of lead at the Komotini production facilities, subject to the provisions of Law 3908/2011. This investment has been completed by the Company and the final official completion decision is expected.

Depreciation is recognised in the period's profit and loss under the straight-line method during the useful life of the relevant subsidised assets. For financial year 01.01.2019 – 31.12.2019, subsidy depreciation amounted to EUR 398,000 for the Group and the Company.

27 Suppliers and Other Trade Creditors

The Group's and Company's supplier balances and other related liabilities are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Domestic suppliers	10,889,436	10,233,192	11,123,714	10,181,832
Foreign suppliers	12,721,562	13,263,759	12,088,230	12,968,850
Cheques payable	1,160,161	2,309,157	1,160,161	2,309,157
Total	24,771,160	25,806,108	24,372,105	25,459,839

28 Other short-term liabilities

There follows an analysis of other short-term liabilities:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Subsidies	395,237	397,761	395,237	397,761
Deferred income	628,686	7,991,156	628,686	7,991,156
Accrued expenses of financial year	4,019,608	4,901,440	3,739,874	4,773,124
Customer advances	5,441,927	5,075,645	4,078,466	4,412,304
Social Security Funds	1,230,756	987,923	1,196,695	975,234
Other taxes	746,039	852,757	660,035	789,497
Other liabilities	710,761	497,017	665,243	444,269
Total	13,173,014	20,703,698	11,364,237	19,783,344

Deferred income in 2018 includes the amount of EUR 7,845,000 which related to the part of the compensation to be paid by the insurance companies for the fire at the company's plant in Xanthi, corresponding to the compensation for loss of profit in 2019. This amount was recognized as income in the current financial year.

29 Provisions

The table below shows the break-down of provisions for the Group and the Company:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Balance at start of period	2,585,500	2,025,711	2,585,500	2,025,711
Additional provisions	600,000	1,000,000	600,000	1,000,000
Unused provisions	0	-350,000	0	-350,000
Used provisions for the financial year	-730,113	-90,211	-730,113	-90,211
Balance at end of period	2,455,387	2,585,500	2,455,387	2,585,500

Provisions mostly relate to pending litigation.

30 Sales

The Group's and Company's sales are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Domestic	9,106,431	8,123,240	9,106,431	8,126,240
Third-country	48,040,028	25,822,320	47,992,124	25,822,320
EU	123,031,382	74,525,802	120,715,571	73,585,174
Total	180,177,841	108,471,362	177,814,126	107,533,735

The allocation of income from sales to the Group's operating sectors is shown in note 37.

31 Operating Expenses per category

The Group's and Company's operating expenses per category, cost of goods sold, administration expenses, selling expenses, R&D costs and reorganisation expenses are thoroughly presented in the table below.

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Change in inventories and cost of sales	111,878,374	72,193,946	111,512,320	73,085,920
Employee gross remuneration & employer's contributions	23,225,188	15,882,472	21,794,168	14,853,199
Goods transport expenses	7,092,928	3,903,909	6,375,262	3,800,266
Depreciation	5,798,117	4,476,446	5,191,941	3,935,477
Taxes – Duties	287,750	389,655	278,325	386,387
Premiums	796,576	611,001	756,550	591,584
Other expenses	19,333,827	14,536,905	18,509,871	13,719,575
Total	168,412,760	111,994,334	164,418,436	110,372,408

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Included in:				
Cost of goods sold	143,695,460	92,948,908	141,827,837	92,622,772
Administrative costs	7,456,919	8,516,722	6,880,246	8,025,231
Selling expenses	15,309,149	9,090,372	14,353,103	8,790,734
Research and development expenses	1,951,233	1,438,331	1,357,250	933,671
Total	168,412,760	111,994,333	164,418,436	110,372,408

For the 2019 annual period, other expenses include the fees of the regular auditor for an amount of EUR 1,7 thousand relating to permitted non-audit services (not including the services of mandatory and tax audit).

32 Other Operating Income / Expenses

The Group's and Company's other operating income is as follows:

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Other operating income				
Income from foreign exchange differences	322,727	465,762	322,720	463,369
Prior years' income	299,107	333,720	296,031	333,720
Income from unused provisions	767,735	1,352,000	767,735	1,350,000
Compensation for extraordinary losses	8,455,494	58,250,347	8,455,494	58,250,347
Income from derivative financial instruments for hedging of lead	614,393	775,357	614,393	775,357
Other income	82,538	347,686	53,239	327,863
Total	10,541,994	61,524,871	10,509,610	61,500,655

In December 2018, upon completion of the expert reports and while completion of the legal part of the insurance compensation procedure was still pending, the Company agreed with its insurers to receive EUR 66

million as final total insurance compensation to be paid which would fully and completely extinguish any claim by the Company against the Insurer with regard to the aforementioned fire. Of the above amount, EUR 58,200,000 are included in other operating income for the previous financial year and in particular in item "Compensation for extraordinary losses". The balance of EUR 7,800,000 relates to compensation for loss of profit in 2019 and was, therefore, recognised as income in the current financial year.

Furthermore, in 2019, an amount of EUR 571 thousand was collected as compensation for the damage sustained by the plant in Komotini during the small fire that broke out in 2018. This amount was recognized in the results of the current period in the aforementioned item "Other operating income".

Income from unused provisions includes an amount of EUR 450 thousand relating to reversal of the provision for impairment of trade receivables. The Management's estimate about expected credit losses was made as part of implementing the requirements of the new IFRS 9.

The Group's and Company's other operating expenses are as follows:

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Other operating expenses				
Expenses from foreign exchange differences	516,811	771,600	505,084	763,535
Prior years' expenses	176,822	98,822	173,734	96,790
Provisions for compensation & litigation	600,000	1,000,000	600,000	1,000,000
Net book loss from the fire	1,146,546	33,009,188	1,146,546	33,009,188
Inactivity costs	3,224,234	7,773,338	3,224,234	7,773,338
Other expenses	234,603	153,169	211,834	152,502
Total	5,899,016	42,806,118	5,861,431	42,795,353

In that period, and until the complete restoration of the plant from the damage sustained during the fire of 2018, the Company incurred inactivity costs of EUR 3,224 thousand. The specific amount appears in the table above, under the relevant item.

Furthermore, an amount of EUR 1,147 thousand that concerns the cost of services and spare parts for repairs, during 2019, of mechanical equipment affected by the fire is included under item "Net book loss from the fire". The above foreign exchange differences also include profits/(losses) arising from USD forward contracts.

33 Financial Income / Expenses – Other Financial Results

The Group's and Company's financial results are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Financial expenses:				
Interest on loans	-4,235,021	-3,562,003	-4,195,812	-3,518,130
Factoring interest & commission	-624,608	-695,742	-621,469	-695,742
Other bank expenses	-341,956	-707,649	-336,470	-702,710
Total	-5,201,585	-4,965,394	-5,153,750	-4,916,582

Financial income:

Interest from bank deposits	562	6,930	554	6,925
Interest from intra-group loans	0	0	0	0
Total	562	6,930	554	6,925

Other financial results

Net result of the assignment of a claim against the Greek State	479,162	0	479,162	0
Income from discounting long-term receivables in current values	12,240	26,328	12,240	26,328
Bond loan issuing expenses	0	-210,095	0	-210,095
Profit from sale of stake in subsidiaries without loss of control	0	0	0	400,000
Impairment of investments in subsidiaries	0	0	-919,540	0
Losses from disposal of a shareholding in an associate consolidated using the equity method	0	0	0	0
Total	491,402	-183,767	-428,138	216,233

Total financial results for the period	-4,709,621	-5,142,230	-5,581,334	-4,693,424
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As set out in detail in note 16, on 20 December 2019 the Company proceeded to assign the claim in the amount of EUR 10,007 thousand against the Greek State, without subrogation, to the affiliated company OLYMPIA GROUP HOLDINGS SA, for a price of EUR 8,100 thousand, which it collected in full within the financial year. That claim had been measured on 31.12.2018 at amortised cost and amounted to EUR 7,620 thousand, while the amortised cost on the date of assignment amounted to EUR 8,498 thousand.

The total net result in the amount of EUR 479 thousand is broken down as follows: a) in reversal of the income from the discount cost up to the date of the transaction amounting to EUR 877 thousand resulting from the change of the discount period and b) loss from assignment of the claim in the amount of EUR 398 thousand. The Company's management, evaluating the financial purpose of the transaction, classified the total net result of the transaction under "Other financial results" of the financial year.

34 Earnings per Share

The Group's and Company's basic earnings per share (expressed in Euro per share) for period 01/01-31/12/2019 and for the relevant comparative period of 2018 are as follows:

Amounts in €	GROUP		COMPANY	
	01.01 – 31.12.2019	01.01 – 31.12.2018	01.01 – 31.12.2019	01.01 – 31.12.2018
Net profit / (loss) corresponding to the parent company's owners from ongoing operations	10,100,940	9,834,854	10,045,595	10,648,443
Net profit / (loss) corresponding to the parent company's owners from discontinued operations	0	565,587	0	1,654,082
Net profit / (loss) corresponding to the parent company's owners for basic earnings per share purposes	10,100,940	10,400,441	10,045,595	12,302,525
Number of shares				
Weighted average number of ordinary shares used to calculate the basic earnings/(losses) per share	15,151,860	15,151,860	15,151,860	15,151,860
Basic earnings / (losses) per share (in euro per share) from ongoing operations	0.6666	0.6491	0.6630	0.7028

Basic earnings / (losses) per share (in euro per share) from discontinued operations	0.0000	0.0373	0.0000	0.1092
Basic earnings / (losses) per share (in euro per share)	0.6666	0.6864	0.6630	0.8119

Basic earnings per share derive by dividing the profit or loss corresponding to the holders of ordinary shares of the parent company with the weighted average number of issued ordinary shares during the accounting period.

There was no drop in earnings per share.

35 Transactions with Related Parties

This section lays down the major transactions between the Company and related parties, as same are defined in the International Accounting Standard 24. Transactions between Group entities and asset/liability balances arising from trade transactions are presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Sales of goods & services				
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	0	0	14,786,148	2,478,266
ADVANCED LITHIUM SYSTEMS EUROPE SA	0	0	115,385	118,385
SUNLIGHT INDUSTRIAL SRL	0	0	3,269,560	2,311,319
TECHNOFORM SA	50,879	54,752	50,879	54,752
SUNLIGHT ITALY SRL	10,453,675	5,086,678	10,441,435	4,922,396
OLYMPIA GROUP SA (see notes 16 & 33)	8,100,000	0	8,100,000	0
OTHER RELATED PARTIES	1,110	89,158	1,110	89,158
Total	18,605,664	5,230,588	36,764,517	9,974,276
Purchase of goods and services				
ALSE DEUTSCHLAND GMBH	0	0	51,626	11,507
SUNLIGHT INDUSTRIAL SRL	0	0	1,910	2,542
TECHNOFORM SA	3,154,486	2,777,420	3,127,353	2,743,775
SUNLIGHT ITALY SRL	260	18,102	260	18,102
AFIS SA	0	66,629	0	66,629
OTHER RELATED PARTIES	812,564	226,752	812,357	226,545
Total	3,967,310	3,088,903	3,993,506	3,069,100
Customers and other trade receivables				
SUNLIGHT EUROPEAN BATTERY ASSEMBLY	0	0	7,210,647	2,092,266
ADVANCED LITHIUM SYSTEMS EUROPE SA	0	0	222,907	109,925
SUNLIGHT INDUSTRIAL SRL	0	0	495,318	237,417
SUNLIGHT ITALY SRL	4,340,858	321,852	4,340,724	300,778
TECHNOFORM SA	28,820	17,969	28,820	17,969
OTHER RELATED PARTIES	833	951	833	951
Total	4,370,511	340,772	12,299,249	2,759,306
Suppliers and other trade creditors				
ALSE DEUTSCHLAND GMBH	0	0	15,688	10,362
SUNLIGHT INDUSTRIAL SRL	0	0	0	0

TECHNOFORM SA	795,410	1,421,072	783,364	1,409,025
AFIS SA	0	33,455	0	33,455
OTHER RELATED PARTIES	208,968	136,840	208,968	136,840
Total	1,004,379	1,591,367	1,008,020	1,589,682

Grants to management executives, at Group and Company level, are thoroughly presented below:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Employee gross remuneration & employer's contributions	1,263,121	664,500	1,263,121	664,500
Other fees and transactions of Directors	239,213	130,220	198,305	130,220
Total	1,502,333	794,720	1,461,426	794,720

Each member of the Company's Board of Directors has signed an employment contract, laying down his/her monthly remuneration, which is included in the Company's expenses.

The company has granted a loan to a Group CEO which on 31.12.2019 amounted to € 65,000. No loans have been granted by the Group to any Directors and there are no outstanding claims or liabilities between the Group and any Directors or other management executives and their families other than the above amount.

Guarantees between affiliates

The Company has offered guarantees to EFG Eurobank Ergasias SA in favour of its affiliate TECHNOFORM SA, in the context of a current account credit facility of EUR 570,000.

36 Contingent Liabilities

36.1 Litigations

The Company and its subsidiaries are involved in various litigations and arbitration procedures (either as defendants or as plaintiffs) in their ordinary course of business. The Group makes provisions for pending litigations in its Financial Statements, in those situations where an outflow of resources may be required to satisfy a claim, provided that the required amounts can be reasonably estimated. As at 31.12.2019 the Group's provisions in this respect amount to EUR 2,455,000 (31.12.2018: EUR 2,586,000), as broken-down in note 29 of the financial statements. In the opinion of the Group's management and external legal consultants, the Group's pending litigations are not expected to have a material impact on the Group's or Company's consolidated financial position or operating results - taking into account the provisions already made in the financial statements in this regard.

OAED Claim for €3,959,000

As it is mentioned in explanatory note 16 to the financial statements, as at 31/12/2019 "other non-current assets" included "subsidiaries receivable from OAED", equal to €3,959,000.

These subsidies have been repaid to the extent they represent claims of the Company against OAED for the period until the first half of year 2010 (last payments were effected in 2013). Given that the limitation period

applicable to these claims is five years (Article 86 of Law 2362/1995) and starts from the end of the year in which the relevant claims arose and fell due, the Company has brought these claims before the Courts, in order to secure its interests, and has filed actions against OAED and the Greek Government, as per Article 105 of the Explanatory Memorandum of the Civil Code and Section 71 of the Code of Administrative Procedure, claiming damages on grounds of non-payment of the subsidies. It is further noted that the subsidies corresponding to period 01/07/2010 - 30/6/2012 were assigned by the Company to a Greek Bank, by way of guarantee for financing. The Bank has now lodged a claim for damages in view of the completion of the limitation period.

By virtue of court orders No. A147/2018 and A325/2018 the cases were referred to the Administrative Court of First Instance of Komotini. In both cases the claim was converted from formative into declaratory, and therefore has no impact on the merits of this case.

Neither the Group's management nor the independent legal consultant that handles these cases is aware of any cases where the subsidies' consistency with EU Law was questioned through requests for preliminary rulings addressed to the EU bodies. According to their assessments, the above claims will most probably be sustained in their entirety.

36.2 Contingent Tax Liabilities

The Group's tax liabilities are not finalised, given that there are unaudited fiscal periods, as illustrated in the table below:

Company Name	Registered Address	Unaudited Fiscal Periods
SYSTEMS SUNLIGHT SA	Greece	2019
ADVANCED LITHIUM SYSTEMS EUROPE DEFENCE APPLICATIONS SA	Greece	2017, 2019
ELSE DEUTSCHLAND GMBH	Germany	2011-2019
SUNLIGHT INDUSTRIAL SRL	Romania	2006 - 2019
SUNLIGHT EUROPEAN BATTERY ASSEMBLY SRL	Italy	2018 - 2019
ECORBA SRL	Italy	2019
SUNLIGHT ITALY SRL	Italy	2009 - 2019
TECHNOFORM SA	Greece	2013 - 2019

In application of the relevant tax provisions: (a) Article 84(1) of Law 2238/1994 (non-audited income tax cases), (b) Article 57(1) of Law 2859/2000 (non-audited VAT cases), and (c) Article 9(5) of Law 2523/1997 (imposition of fines in income tax matters), the State's right to impose tax for financial years up to 2013 is time-barred until 31.12.2019, subject to special or extraordinary provisions that may provide for limitations periods and subject to the conditions thereof.

Furthermore, according to settled case-law of the Council of State (*Symvoulío tis Epikrateias*) and the administrative courts, absent any provision on the limitation period in the Code of Laws on Stamp Duty, the State's relevant claim to impose stamp duty is subject to the 20-year limitation period under Article 249 of the Civil Code.

In respect of the aforementioned periods the Company may be imposed additional taxes and surcharges at the time these periods are audited and finalised. The Group performs an annual assessment of the contingent liabilities which are expected to arise in case of audit of previous periods, making proper provisions where this is considered imperative. The Management considers that any tax liabilities to arise shall have no substantial impact on the Group's or Company's equity, results or cash flows.

Tax Compliance Report

For financial years 2011 through 2018, the Group's entities carrying out operations in Greece and meeting the criteria for a tax audit by Certified Public Accountants have been furnished a Tax Compliance Report as per Article 82(5) of Law 2238/1994 and Article 65A(1) of Law 4174/2013, yet without material differences. It should be noted that the subsidiary ADVANCED LITHIUM SYSTEMS EUROPE did not obtain a tax compliance report for financial years 2011-2013 and 2017, because, in such years, it did not satisfy the relevant criteria for being subject to tax audit. According to Circular Ref. POL. 1006/2016, any entities who were subjected to such a special tax audit are not exempted of the obligation to undergo regular audits by the competent tax authorities. The Group's Management believes that a potential future re-audit by the tax authorities could not reveal any additional tax differences which could have a material impact on the Financial Statements.

In respect of year 2019, a special audit is under way for a Tax Compliance Report to be issued and the relevant certificates are expected to be issued after the Financial Statements for financial year 2019. Any additional tax liabilities to arise by the time the tax audit is completed are not expected to have a material impact on the Financial Statements. It is noted that, according to the latest legislation, the audit procedure and the issuance of a Tax Compliance Report are optional and only apply to Fiscal Periods 2016 onwards.

36.3 Guarantees

As at 31/12/2019 and 31/12/2018 the Group and the Company have granted the following guarantees:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Performance guarantee letters	5,377,353	6,075,475	5,377,353	6,075,475
Proposal guarantee letters	194,500	189,500	194,500	189,500
Advance payment guarantee letters & guarantee letters to secure liabilities	1,781,180	1,647,040	1,781,180	1,647,040
Letters of credit in EUR	0	3,588,735	0	3,588,735
Letters of credit in USD	0	15,221	0	15,221
Total	7,353,033	11,515,971	7,353,033	11,515,971

Guarantees granted to affiliated entities are thoroughly set out in note 35.

36.4 Encumbrances and Pledges

On 27 June 2012, a bond loan was issued for EUR 7.5 million to finance the construction of a production facility in Komotini, designating EFG Eurobank – Ergasias as coordinator. By way of security for the bondholders' claims, the company registered a prenotation of mortgage for €9,800,000 over its industrial facility in Komotini.

37 Segment Reporting

The Group applies the provisions of IFRS 8 "Operating Segments", according to which, an entity's operating segments are determined based on the "administrative approach" and entities are required to disclose information on the basis of internal reporting. The Company's Board of Directors is its main decision-making body and has identified two (2) operating segments within the Group.

More specifically, the Board of Directors makes the Group's strategic decisions on the basis of individual results and allocates resources to two basic operating segments:

- **Industrial and Special Applications Segment:** This segment includes open- and closed-type industrial batteries, lead-based batteries, specialised lead-based submarine batteries, Silver/Zinc oxide torpedo batteries and lithium-ion battery components for defence applications.
- **Light Applications Segment:** This segment includes mainly lower-voltage industrial batteries.

The Management monitors the operational performance of these segments in terms of sales and operating results, applying the same accounting principles that were used to prepare the financial statements. Financial results, results from affiliated undertakings and income tax are monitored across the Group. Accordingly, the resources allocated to these two segments are monitored by the Management in terms of inventories, trade and other receivables, supplier and other trade creditors. Each segment's revenues and profits, assets and liabilities for period 01/01 – 31/12/2019 are thoroughly presented below:

Amounts in €	Industrial and Special Applications Segment	Light Applications Segment	Other, non-allocated	Total from ongoing operations	Discontinued operations	Total
01.01-31.12.2019						
Income from foreign customers	170,428,635	9,749,206	0	180,177,841	0	180,177,841
Depreciation of tangible/intangible assets	5,787,093	11,023	0	5,798,117	0	5,798,117
Operating results	14,538,799	1,869,260	0	16,408,059	0	16,408,059
Financial income			562	562	0	562
Financial costs			-5,201,585	-5,201,585	0	-5,201,585
Other financial results			491,402	491,402	0	491,402
Profits from associates consolidated using the equity method			38,044	38,044	0	38,044
EBT				11,736,481	0	11,736,481
Income tax			-2,262,049	-2,262,049	0	-2,262,049
Profits after tax				9,474,432	0	9,474,432
Assets as at 31.12.2019	53,742,322	2,385,697	148,328,928	204,456,947	0	204,456,947
Liabilities as at 31.12.2019	23,904,122	867,038	121,653,945	146,425,105	0	146,425,105

Each operating segment's respective revenues and profits, assets and liabilities for period 01/01 – 31/12/2018 are thoroughly presented below:

Amounts in €	Industrial and Special Applications Segment	Light Applications Segment	Other, non-allocated	Total from ongoing operations	Discontinued operations	Total
01.01-31.12.2018						
Income from foreign customers	99,949,977	8,521,385		108,471,362	5,064,600	113,535,962

Depreciation of tangible/intangible assets	4,456,912	9,841		4,466,753	10,611	4,477,365
Operating results	13,328,089	1,867,693		15,195,782	1,297,600	16,493,382
Financial income			6,930	6,930	0	6,930
Financial costs			-4,965,394	-4,965,394	-2,494	-4,967,888
Other financial results			-183,767	-183,767	0	-183,767
Profits from associates consolidated using the equity method			61,527	61,527	-53,907	7,620
EBT				10,115,079	1,241,198	11,356,277
Income tax			-362,705	-362,705	-675,611	-1,038,316
Profits after tax				9,752,374	565,588	10,317,962
Assets as at 31.12.2018	40,962,500	2,408,557	172,761,850	216,132,907	0	216,132,907
Liabilities as at 31.12.2018	24,033,488	1,772,621	141,636,336	167,442,444	0	167,442,444

Geographic information disclosure:

The Group's revenues and non-current assets per geographic area are thoroughly presented below:

Income from foreign customers	Greece	EU	Other countries	Total
01/01 - 31/12/2019	9,106,431	123,031,382	48,040,028	180,177,841
01/01 - 31/12/2018	8,123,240	74,525,802	25,822,320	108,471,362

Non-current assets	Greece	EU	Other countries	Total
31/12/2019	119,034,997	2,432,073	0	121,467,070
31/12/2018	79,618,271	2,130,345	0	81,748,616

* Non-current assets include neither the "Financial Assets" nor "Deferred Tax Assets" as per the requirements of IFRS 8.

38 Dividends

Given that the Company has losses carried forward, the conditions for distributing dividends are not met.

39 Headcount

The Group's and the Company's number of employees per category as of 31.12.2019 and 31.12.2018 is broken down as follows:

	GROUP		COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Salaried employees	355	267	322	246
Wage earners	692	572	689	569
Total employees	1,047	839	1,011	815

40 Income Tax

According to Greek tax legislation applicable until 2018, the tax rate was 28% for financial year 2019 and 29% for 2018. In 2019, a new tax law was passed (Law 4646/2019) whereby the tax rate changed to 24%, with direct effect, from 2019.

The arrangement relating to the amount of income taxes, which is determined by applying the Greek tax rate on earnings before taxes, is summarised as follows:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Current income tax from ongoing operations	-2,262,049	-362,705	-2,416,940	-524,762
Income deferred tax	-710,975	2,263,326	-928,303	2,073,508
Current tax expense	-1,551,074	-2,626,031	-1,488,637	-2,598,270
Total income tax from ongoing operations	-2,262,049	-362,705	-2,416,940	-524,762
Current tax expense from discontinued operations	0	-30,933	0	-30,933
Current income tax expense from the sale of discontinued operations	0	-644,678	0	-644,678
Total income tax	-2,262,049	-1,038,316	-2,416,940	-1,200,373

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
EBT from continuing operations	11,736,481	10,115,079	12,462,535	11,173,206
EBT from discontinued operations	0	52,757	0	106,665
Profit /(loss) from sale of discontinued operations	0	1,188,441	0	2,223,028
Earnings before taxes	11,736,481	11,356,277	12,462,535	13,502,898
Tax rate	24%	29%	24%	29%
Anticipated tax expense	-2,816,756	-3,293,320	-2,991,008	-3,915,840
Deferred tax adjustments				
Impact of tax rate differences from foreign subsidiaries	7,253	1,375	0	0
Effect of change in tax rate	-55,710	0	-50,625	0
Impact of future decrease of tax rates	-3,272	375,606	0	390,549
Accrued tax losses for which deferred tax assets were not recognised	-238,425	0	0	0
Adjustment of estimation for prior years' losses for which deferred tax assets were recognised	812,781	2,165,161	812,781	2,161,138
Tax due for non-deductible expenses	-139,505	-687,250	-359,672	-236,332
Income from unused provisions not fiscally recognised	108,000	391,500	108,000	391,500
Difference in tax provision for the previous year	63,585	0	63,585	0
Other temporary differences in accounting/taxation base	0	8,613	0	8,613
Total income tax	-2,262,049	-1,038,316	-2,416,940	-1,200,373

41 Fair value of financial instruments

Analysis of financial instrument levels

Financial assets and financial liabilities measured at fair value in the Group's and the Company's Statement of Financial Position are classified according to the following hierarchy into 3 levels for determining and disclosing the fair value of financial instruments per valuation technique:

- **Level 1:** Investments valued at fair value on the basis of quoted (non adjusted) prices in active markets for similar assets or liabilities.
- **Level 2:** Investments valued at fair value on the basis of valuation models in which all elements that significantly affect fair value are (directly or indirectly) based on observable market data.
- **Level 3:** Investments valued at fair value on the basis of valuation models in which elements that significantly affect fair value are not based on observable market data. This level includes investments for which calculation of the fair value is based on non-observable market data, albeit also using observable market data.

The tables below show the Group's and Company's financial assets and liabilities valued at fair value on a recurring basis as of 31.12.2019 and 31.12.2018.

GROUP & COMPANY	31.12.2019				31.12.2018			
Financial Assets	Fair value valuation at the end of the reference period							
Amounts in €	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit or loss								
- Lead price hedging derivatives	0	0	0	0	0	39,568	0	39,568
- FX hedging derivatives	0	338	0	338	0	16,652	0	16,652
Total financial assets	0	338	0	338	0	56,220	0	56,220
Financial liabilities								
- Lead price hedging derivatives	0	94,857	0	94,857	0	0	0	0
- FX hedging derivatives	0	0	0	0	0	0	0	0
Total financial liabilities	0	94,857	0	94,857	0	0	0	0
Net fair value	0	-94,519	0	-94,519	0	56,220	0	56,220

There were no transfers between Levels 1 and 2 in financial years 2019 and 2018.

As of 31.12.2019, the Group does not have financial instruments valued at fair value falling under Level 3.

42 Policies and Risk Management

In the context of its activities the Group is required to deal with various types of financial risk, including foreign exchange and interest rate, credit and liquidity risks. The Group's general risk management plan focuses on market fluctuations and is intended to minimise the potentially adverse effects of such fluctuations on the Group's financial performance.

Risk management is conducted by the Company's Financial Management Division, on the basis of policies approved by the Board of Directors. The relevant process is outlined below:

- Evaluation of risks associated with the Group's activities and operations;
- Methodology planning and selection of appropriate financial products to reduce risks;
- Execution/implementation of the risk management procedure, through procedures approved by Management.

The Financial Management Division does not engage in speculative activities or transactions that are irrelevant to the Group's commercial, investment or borrowing activities.

The financial products used for these purposes mainly consist in bank deposits, foreign exchange transactions, foreign exchange and lead forward contracts, overdraft accounts, accounts receivable and payable, loans, investments in debt securities and liabilities arising from leasing agreements.

Foreign Exchange Risk

As the Group operates globally, it is inevitably exposed to foreign exchange risk, arising primarily from the USD and, to a far lesser extent, from the RON, while the biggest volume of transactions is conducted in the Group's operating currency, which is the Euro (€). Risk arises primarily from future trade transactions, receivables and liabilities in foreign currency and net investments in foreign undertakings (subsidiary in Romania).

The Company strives to hedge future foreign currency cash outflows with foreign exchange forward contracts in order to limit exchange risk.

Had the foreign currencies been appreciated/depreciated by 5% against the Euro, all other variables remaining unchanged, and had the Group not taken steps to counterbalance the foreign exchange risk, the effects on its operating results, equity and net profits in the current and the previous financial years would have been as follows:

€/ \$ exchange rate (amounts in € '000)	01/01 - 31/12/2019		01/01 - 31/12/2018	
	-5.00%	5.00%	-5.00%	5.00%
Net results before tax	-1,187	1,187	-780	780
Net results after tax	-902	902	-554	554
Equity	-902	902	-554	554

Commodities Price Risk

The prices of the commodities which the Group procures are determined in international markets by global supply and demand, so the Group is naturally exposed to their fluctuations. Lead, the main raw material, is one of the base metals and its trading takes place on regulated markets, principally the London Metal Exchange. The Group is directly exposed to the fluctuations of lead prices, given that this is the most essential element of the production costs of accumulators/lead-acid batteries. With regard to the fluctuations of lead prices, the Group resorts, as much as possible, to natural hedging by matching the purchase price list with the lead base price used in the battery sale price list. For those situations where the natural hedging of lead is not possible, the Group uses hedging tools (OTCs), which seemingly meet its needs so far and are compatible with the way the Group operates.

Environmental Risks

Environmental protection and compliance are two objectives that are fully compatible with the Group's economic and business development in all respects. The Group monitors closely all regulatory developments on environmental protection-related matters and takes all prudential measures necessary to prevent potential risks relating to regulatory compliance and minimise its environmental footprint.

Interest Rate Risk

The Group's assets exposed to this type of risk are mainly its cash and cash equivalents. However, in view of the very low interest rates which are currently prevailing and of the Group's need to maintain its liquidity, this risk is considered rather limited. Moreover, by issuing a 5-year fixed-rate (4.25%) €50 million bond loan, the Group has opted for maintaining a portfolio of fixed- and floating rate- loans. In any case, the Group's policy includes efforts to minimise interest rate risks.

As at December 31st, 2019 the Group is exposed to the market's interest rate fluctuations as regards its bank borrowings, cash and cash equivalents that are subject to a floating rate.

The table below provides a sensitivity analysis of results and equity in case of a reasonable interest rate fluctuation of +/- 1%.

GROUP				
Amounts in €	01/01 - 31/12/2019		01/01 - 31/12/2018	
	1%	-1%	1%	-1%
Impact on results	-534,375	534,375	-413,594	413,594
Impact on equity	-406,035	406,035	-293,652	293,652

COMPANY				
Amounts in €	01/01 - 31/12/2019		01/01 - 31/12/2018	
	1%	-1%	1%	-1%
Impact on results	-532,069	532,069	-413,594	413,594
Impact on equity	-404,372	404,372	-293,652	293,652

Credit Risk

The Group's exposure to credit risk is limited to the financial assets which are reported under items "Other Long-Term Receivables", "Trade Receivables", "Other Receivables" and "Cash & Cash Equivalents" in the Statement of Financial Position.

The Credit Control Department monitors closely the creditworthiness and other financial characteristics of the Group's customers and adjusts the Group's credit policy accordingly. Due to the substantial dispersion of its customer base, the Group is not exposed to significant credit risk. Moreover, the Group makes systematic use of credit insurance and factoring solutions and, where necessary, advances, and letters of credit.

The Group also applies authorised credit control procedures in relation to the credit facilitations, the credit limits of its customers and the collection of receivables. Receivables are systematically evaluated in terms of collectability and bad debts are accounted for, where necessary.

Management considers that there is no substantial credit risk which is not already hedged by some insurance coverage guaranteeing the credit or by any provisions made for doubtful debts.

Assets exposed to credit risk on the reporting date of the Statement of Financial Position are detailed as follows:

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Cash and Cash Equivalents	7,877,272	13,613,441	6,026,472	12,387,357
Trade and other receivables	31,383,710	71,495,907	35,349,621	72,651,146
Total	39,260,982	85,109,347	41,376,093	85,038,503

Amounts included in "Trade and other receivables" in the above table do not correspond to the amounts in the Statement of Financial Position, because they only include financial receivables.

Liquidity Risk

Managing liquidity risk effectively requires adequate cash and financial sources. The Group's Financial Management Division manages the Group's liquidity needs on the basis of a detailed financial plan of anticipated inflows/outflows, which is implemented on a daily basis, with a view to ensuring the Group's ongoing operations and effective financing of its business activities.

Effective liquidity management is achieved by optimising the working capital and securing a balanced combination of cash and authorised credit limits.

Maturity of the Group's financial liabilities as at 31.12.2019 and 31.12.2018 can be detailed as follows:

Amounts in €	GROUP			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2019				
Bank loans	25,376,305	66,342,430	2,691,270	94,410,006
Suppliers and other trade creditors	37,944,173			37,944,173
Total	63,320,479	66,342,430	2,691,270	132,354,179
Amounts FY 2018				
Bank loans	39,119,294	65,773,497	746,172	105,638,962
Suppliers and other trade creditors	46,509,807			46,509,807
Total	85,629,100	65,773,497	746,172	152,148,769

Maturity of the Company's financial liabilities as at 31.12.2019 and 31.12.2018 can be detailed as follows:

Amounts in €	COMPANY			
	Up to 12 months	1 - 5 years	5 years	Total
Amounts FY 2019				
Bank loans	25,123,072	65,595,179	2,660,647	93,378,898
Suppliers and other trade creditors	35,736,342			35,736,342
Total	60,859,414	65,595,179	2,660,647	129,115,240
Amounts FY 2018				
Bank loans	38,901,326	64,951,217	746,172	104,598,715
Suppliers and other trade creditors	45,243,183			45,243,183
Total	84,144,509	64,951,217	746,172	149,841,898

Amounts included in "Suppliers and other trade creditors" in the above tables do not correspond to the amounts in the Statement of Financial Position, because they only include financial liabilities.

As at 31.12.2019, the Group and the Company had positive working capital, current assets exceeding short-term liabilities by EUR 10,989,000 and EUR 12,511,000, respectively. In the previous financial year, both the Group and the Company had positive working capital by EUR 30,781,000 and EUR 30,617,000, respectively. Furthermore, there exist unused credit lines to the Company, which may be used as required. The above assessment takes into account the effect of the spread of the coronavirus disease (COVID-19) (see note 43).

Capital Risk Management

The Group's and Company's capital management policy is primarily intended to ensure their high credit rating, the unhindered conduction of their business activities and the effective implementation of their development plans, with a view to effectively supporting and promoting their business activities and maximising the value of their shares.

For capital management purposes, the Group monitors closely the "Net Borrowings to Total Equity" ratio. The Group defines "net borrowings" as the total of interest-bearing loan liabilities less the total amount of cash at hand. The Group manages indicators in a manner allowing it to ensure creditworthiness that is compatible with its growth strategy.

Amounts in €	GROUP		COMPANY	
	31.12.19	31/12/2018	31/12/2019	31/12/2018
Financial indicators				
Long-term loan liabilities	69,033,700	66,519,669	68,255,826	65,697,389
Short-term loan liabilities	19,900,870	34,968,153	19,900,870	34,968,153
Long-term liabilities payable in the following year	5,475,435	4,151,140	5,222,202	3,933,173
Cash and Cash Equivalents	-7,877,272	-13,613,441	-6,026,472	-12,387,357
Net borrowings	86,532,734	92,025,522	87,352,426	92,211,359
Equity	58,031,842	48,690,462	58,015,769	48,087,470
Net Borrowings to Total Equity	1.49	1.89	1.51	1.92

43 Events after the Reporting Date

On 30 January 2020, the World Health Organization (WHO) declared the spread of COVID-19 a "public health emergency of international concern". In March 2020, the WHO declared COVID-19 a pandemic. The impact of the COVID-19 pandemic is a non-adjusting event for the financial statements of the year ended 31 December 2019.

According to the latest developments, the COVID-19 pandemic is expected to have significant negative effects on both the global and local economies in 2020. Although the duration and severity of the effects cannot be reliably predicted at this stage, it is expected that they will be determined by:

- whether the virus will follow a seasonal pattern, i.e. how intense the seasonal distribution of the transmission of the virus is during low-temperature months, compared to high-temperature months;
- the time required to develop effective methods for tackling the disease (vaccine, treatment);
- whether a country is exposed to disruptions in terms of supply or demand;
- the effectiveness of fiscal and other measures adopted by the Eurozone countries for the stimulation of the economy, as well as the decisions of bank supervisory authorities for the facilitation of banking institutions in providing liquidity and support to businesses and households.

The Group's management is monitoring recent developments regarding the rapid transmission of the coronavirus disease (COVID-19), reviewing business continuity plans and assessing potential risk factors that could affect the Group's financial position, activities and results.

Business Continuity Plans

Taking into account the protection of employee health, the Management has implemented a series of measures to ensure the smooth operation of the Company and its Subsidiaries (including, among others, teleworking, ban on travelling and visiting, disinfection of the workplace), in order to mitigate any effects on employees on the one hand and on the other to ensure, to the extent possible, the smooth running of its individual activities. In addition to the initial measures it implemented, the Management continues to evaluate and assess alternative scenarios in order to respond in a timely manner to the rapidly changing situation.

Impact on activities and financial results

The spread of COVID-19, in Europe and the rest of the world, is certainly expected to have a significant impact on economic activity and the supply chain. Although we cannot quantify or fully assess the impact at this stage, possible risk factors that are expected to affect the Company's and the Group's activities and results are the following:

i) demand for company products: Although Sunlight is mainly active in the secondary market for motive power solutions internationally and therefore demand is relatively inelastic, it could hardly remain completely unaffected by the spread of the virus. Aside from Greece, Sunlight's Management is carefully assessing the situation in other European countries as they represent a significant percentage of the Company's exports. We maintain long-term relationships with our customers in these markets and for the time being, we continue to supply them without significantly slowing down orders. However, the decrease in sales is impossible to estimate reliably, given the uncertainty about the size and duration of the problem. Nevertheless, it is estimated that for the remainder of the first half, turnover will be negatively affected.

ii) supply chain: A significant part of raw materials comes from abroad. The Company maintains stocks in order to deal with unforeseen supply chain disruptions, and in several cases it has alternative supply sources.

However, the presence of COVID-19 for a long period of time is likely to cause problems in the uninterrupted supply of Sunlight's production units.

iii) transports: There may be disruptions in the ability of transport companies cooperating with Sunlight, which may affect the delivery of products or the receipt of raw materials. It is noted, however, that to date no relevant problem has arisen.

iv) arrival at the workplace and carrying out of work: As mentioned above, in implementation of its business continuity plans, the Management has introduced a series of measures (including, among others, teleworking, ban on travelling and visiting, disinfection of the workplace), in order to mitigate any effects on employees on the one hand and on the other to ensure, to the extent possible, the smooth running of its individual activities. However, it is stressed that it is impossible to rule out that the persistence of COVID-19 or the imposition of stricter travel restrictions will not affect the smooth running of Sunlight's manufacturing, commercial and administrative activities.

Furthermore, the Group's Management monitors the decisions of the Eurozone countries on a series of fiscal and other measures for the stimulation of the economy, as well as the decisions of the European Central Bank on a package of monetary policy measures to ensure favorable financing conditions for the economy. aimed at mitigating the effects of the crisis.

Financial standing

On the reporting date of the annual Consolidated Financial Statements and presently, the Group has a good financial standing, positive working capital with no significant liabilities reaching maturity until mid-2022, and unused credit lines that can be used if required. Furthermore, the Group's Management, closely monitoring domestic and international developments, analyses the sensitivity of future cash flows, and takes all necessary measures to ensure cash flow adequacy and the unimpeded continuation of its activities. In this regard, it is noted that the Management of the Group has faced significant challenges in recent years, the most recent being the handling of the facility's destruction by the fire, and possesses the experience and ability to effectively manage variables that are within its control in a rapidly changing environment. All of the above are important factors for mitigating the risk caused by the uncertainty surrounding the situation.

It is noted, however, that any possible impact on our results will largely depend on ongoing developments. Consequently, the economic impact of the COVID-19 pandemic on our financial position cannot be assessed reliably and soundly at this time.

There exist no other events subsequent to the financial statements, relating either to the Group or the Company, which are required to be reported under the IFRS.

44 Financial Statements Approval

The corporate and consolidated Financial Statements for the period ended 31 December 2018 were authorised by the Board of Directors of Systems Sunlight SA on 07/04/2020.

Athens, 07 April 2020

**THE CHAIRMAN OF THE
BOARD &
CEO:**

ROUBEN I. BOURLAS
Identity Card No. AE
552845

THE VICE-CHAIRMAN

DIMITRIOS G. GOUMAS
Identity Card No. AK
618155

THE CFO AND DIRECTOR:

MICHAEL K. MASTORAKIS
Identity Card No. X 625227

**THE CHIEF ACCOUNTING
OFFICER:**

MICHAEL A. SAMOUIL
Identity Card No. X
177253

45 Report on the allocation of funds raised through issue of an Ordinary Bond Loan through payment in cash for the period from 20.06.2017 to 31.12.2019

As per the provisions of paragraph 4.1.2 of the Athens Stock Exchange ("ATHEX") Rulebook, decision no. 25/17.07.2008 of the ATHEX Board of Directors and decision no. 8/754/14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission ("HCMC"), it is hereby disclosed that, a total net amount of fifty million Euros (€50,000,000) was raised through issue of an Ordinary Bond Loan of fifty million Euros (€50,000,000), through issue of fifty thousand ordinary bonds with an allocation price of €1,000 each, in implementation of decision dated 02/06/2017 of the Board of Directors of "SYSTEMS SUNLIGHT SA - INDUSTRIAL AND COMMERCIAL COMPANY OF DEFENCE, ENERGY, ELECTRONIC AND TELECOMMUNICATIONS SYSTEMS" (hereinafter: "Company"), whereby the Board authorised the contents of the Prospectus addressed to the HCMC, and HCMC decision no. 786/8.6.2017 authorising the Prospectus. The expenses of the issue, equal in total to €1,055,769, were covered entirely from the Company's cash resources.

The issue of the Ordinary Bond Loan and the final amount raised, the final allocation of beneficiaries and the mandate to ELKAT to deposit the relevant amount to the Company's bank account were authorised by virtue of decision dated 20/06//2017 of the Company's Board of Directors.

Furthermore, the fifty thousand ordinary bearer bonds that were issued as above were listed for trading on the ATHEX regulated market of fixed-income securities on 21/06/2017.

The following table indicates the specific amounts by use/investment category, the implementation schedule of the intended investments and the allocation of funds raised by 31/12/2019:

Time Schedule and Allocation of Funds Raised								
Purpose of Allocation (amounts in thousand €)	2017	2018	2019	2020	TOTAL	Amounts of Funds Raised paid by 31/12/2018	Amounts of Funds Raised paid in 2019	Balance to be allocated
Investment Sector								
Partial repayment of an existing bank loan	27,000	0	0	0	27,000	27,000	0	0
Establishment of two (2) subsidiaries	500	500	0	500	1,500	1,000	0	500
Purchase of new E/M equipment	1,000	6,500	1,000	0	8,500	7,500	1,000	0
Meeting working capital requirements	0	0	0	0	8,000	8,000	0	0
Share capital increase of SUNLIGHT RECYCLING SA	5,000	0	0	0	5,000	5,000	0	0
Total	33,500	7,000	1,000	500	50,000	48,500	1,000	500

By resolution dated 24 May 2018 the Ordinary General Meeting of Shareholders unanimously authorised a change to the allocation time schedule. In particular the Directors authorised the allocation of €6 Mio. - instead of €3 Mio., as it was originally mentioned in the Prospectus - for purchase of new E/M equipment in 2018. Moreover, the Iterative Bondholders' Meeting that was held on 29 June 2018 authorised a change in the allocation of the funds raised (clause 7.1.(i) of the OBL), namely authorised the allocation of €1.5 Mio. for purchase of new E/M equipment instead of a share capital increase to establish subsidiaries abroad. The particular changes have been integrated in the table above.

Athens, 07 April 2020

The persons making the Representations

**THE CHAIRMAN OF THE
BOARD & CEO:**

ROUBEN I. BOURLAS
Identity Card No. AE
552845

**THE VICE-CHAIRMAN OF THE
BOARD:**

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