elpedison

FINANCIAL STATEMENTS

for the year ended 31 December 2019

in accordance with

International Financial Reporting Standards (IFRS) as adopted by the European Union

(All amounts in Euro thousands unless otherwise stated)

Company Information

Board of Directors	Andrea Testi (Chairman of the Board) Ioannis Zissimos - (Vice President) Nikolaos Zachariadis (Chief Executive Officer) Marco Adriano Landoni (Member of the Board) Roberto Cozzi -(Member of the Board) Spiridon Kiartzis (Member of the Board) Christian Thomas (Member of the Board) Theodora Papadimitriou (Member of the Board)
Registered Office:	18-20 Amarousiou-Chalandriou Str. GR 15125, Maroussi, Greece
Registration number:	54352/01AT/B/03/416 Ministry of Economy and Development
General Commercial Registry:	009246101000
Auditors:	PricewaterhouseCoopers S.A. 268 Kifisias Ave 152 32 Halandri Athens, Greece

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "Elpedison Power Generation Single Member S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of **"Elpedison Power Generation Single Member S.A."** (the "Company") which comprise the statement of financial position as of 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018**.**

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.
Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the financial statements,

- The Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Additionally, we have audited the segmented by activity Balance Sheets of the Company as at 31 December 2019, as well as the segmented by activity Income Statements before tax for the period from 1 January 2019 up to 31 December 2019 presented in Note 27 to the financial statements. The preparation of the aforementioned segmented by activity Balance Sheets and Income Statements before tax (hereinafter the "Separated Financial Information") is the responsibility of the management of Elpedison Power Generation Single Member S.A. and have been prepared in accordance with the provisions of Law 4001/2011 and the No. 124/2017 decision of the Regulatory Authority for Energy, regarding the approval of the rules for the allocation of the Assets and Liabilities, Expenses and Income to each segment. The segmentation methodology applied is described in detail in Note 27 to the financial statements.

The audit of the Separated Financial Information primarily focuses on the determination of whether the Company has properly applied the segmentation rules and whether it has complied with its obligation for the avoidance of discriminations and cross-subsidization between the separate activities.

Based on our audit, we have determined that the segmented per activity Balance Sheets as at 31 December 2019 and segmented per activity Income Statements before tax for the period from 1 January 2019 to 31 December 2019 presented in Note 27 to the financial statements of the Company have been prepared in accordance with the provisions of Law 4001/2011 and the No. 124/2017 approving decision of the Regulatory Authority for Energy.

Athens, 21 May 2020
The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No 113

Fotios Smirnis
SOEL Reg. No 52861

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	As at 31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	241.285	246.629
Intangible assets	6	2.953	2.799
Trade and other receivables	9	8.679	5.925
		252.917	**255.353**
Current assets			
Inventories	8	14.286	13.594
Trade and other receivables	9	130.851	101.728
Cash and cash equivalents	10	13.176	17.013
		158.313	**132.334**
Total assets		**411.230**	**387.687**
EQUITY			
Share capital	11	99.634	99.634
Share premium	11	44.996	44.996
Reserves	12	1.330	1.330
Retained Earnings		(88.098)	(74.222)
Total equity		**57.862**	**71.738**
LIABILITIES			
Non- current liabilities			
Borrowings, net of current portion	14	183.473	198.950
Deferred income tax liabilities	7	17.050	18.515
Other non-current liabilities	13	13.813	8.291
Employee benefit obligations	15	402	497
		214.738	**226.253**
Current liabilities			
Trade and other payables	13	123.152	82.208
Derivative financial instruments	16	60	71
Current portion of long term borrowings	14	15.417	7.416
		138.629	**89.696**
Total liabilities		**353.368**	**315.949**
Total equity and liabilities		**411.230**	**387.687**

The notes on pages 13 to 63 are an integral part of these financial statements.

These financial statements of Elpedison S.A. for the year ended 31 December 2019 were approved by the Board of Directors on 14 May 2020.

Chairman of the Board	Chief Executive Officer	The Accountant
Andrea Testi	Zachariadis Nikolaos	Marinos Kistanis Ernst & Young Business Advisory Solutions S.A

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

	Note	Year ended 31 December 2019	31 December 2018
Revenue	17	626.476	442.855
Cost of sales	19	(616.202)	(441.292)
Gross profit		**10.274**	**1.563**
Distribution costs	19	(7.255)	(4.955)
Administrative expenses	19	(14.871)	(11.886)
Other income	18	4.621	9.825
Other gains/(losses), net	20	(42)	182
Operating profit		**(7.274)**	**(5.271)**
Finance costs	21	(8.675)	(12.065)
Finance income	21	401	389
Finance cost-net		**(8.274)**	**(11.676)**
Loss before income tax		**(15.548)**	**(16.947)**
Income tax	22	1.515	3.480
Loss for the year		**(14.033)**	**(13.467)**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit pension plans	15	207	105
Deferred tax on actuarial gains/ (losses)	7	(50)	(30)
		157	**75**
Other comprehensive income/(loss) for the year, net of tax		**157**	**75**
Total comprehensive loss for the year		**(13.876)**	**(13.392)**

The notes on pages 13 to 63 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2018	**99.634**	**44.996**	**1.330**	**(60.830)**	**85.130**
Comprehensive income					
Loss for the year	-	-	-	(13.467)	(13.467)
Other comprehensive income	-	-	-	75	75
Total comprehensive income/(loss)	-	-	-	**(13.392)**	**(13.392)**
Balance at 31 December 2018	**99.634**	**44.996**	**1.330**	**(74.222)**	**71.738**
Balance at 1 January 2019	**99.634**	**44.996**	**1.330**	**(74.222)**	**71.738**
Comprehensive income					
Loss for the year	-	-	-	(14.033)	(14.033)
Other comprehensive income	-	-	-	157	157
Total comprehensive income/(loss)	-	-	-	**(13.876)**	**(13.876)**
Balance at 31 December 2019	**99.634**	**44.996**	**1.330**	**(88.098)**	**57.862**

The notes on pages 13 to 63 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash Flows

		Year ended 31 December 2019	31 December 2018
Cash flows from operating activities			
(Loss) for the year		**(15.548)**	**(16.947)**
Adjustments for:			
Depreciation and amortisation	**5,6**	28.321	27.968
Fair value adjustment to derivative financial instruments	**16**	60	71
Provision for impairment of trade receivables	**9**	2.998	3.374
Amortisation of deffered borrowing cost	**14**	604	848
Increase in provisions for retirement benefits	**15**	104	106
Interest income	**21**	(401)	(389)
Interest expense and similar charges	**21**	7.985	11.217
		24.123	**26.247**
Change in operating assets and liabilities			
Increase in other long term assets	**9**	(2.754)	3.540
Increase in inventories	**8**	(692)	(182)
Decrease / (Increase) in receivables	**9**	(32.121)	(8.433)
Increase / (Decrease) in payables	**13**	44.330	(6.941)
Cash generated from operating activities		**8.763**	**(12.015)**
Interest paid	**21**	(8.071)	(11.242)
Net cash inflow generated from operating activities		**24.815**	**2.990**
Cash flows from investing activities:			
Additions to property, plant and equipment	**5, 6**	(19.955)	(2.761)
Interest received		32	104
Net cash outflow used in investing activities		**(19.923)**	**(2.657)**
Cash flows from financing activities:			
Proceeds from borrowings	**14**		213.945
Repayment of borrowings	**14**	(8.000)	(231.041)
Deffered borrowing costs paid	**14**	(80)	(1.651)
Repayment of leases		(649)	-
Net cash used in financing activities		**(8.729)**	**(18.747)**
Net increase/(decrease) in cash and cash equivalents		**(3.837)**	**(18.413)**
Cash and cash equivalents at the beginning of the financial year	**10**	17.013	35.426
Cash and cash equivalents at the end of the year		**13.176**	**17.013**

The notes on pages 13 to 63 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Elpedison Power Generation Single Member Société Anonyme with distinctive title Elpedison S.A., (the "Company") was established on 27 May 2003 by Hellenic Petroleum S.A. **Elpedison B.V.** owns 100% of the share capital of the Company. The registered address of the Company is 18-20 Amarousiou Chalandriou Str., 15125 Amarousion.

The Company's activities are the generation, purchase, trading and supply of electricity, purchase, resale and supply of natural gas and sale of energy services and other services connected to the retail sale of electricity and natural gas.

In accordance with the decisions of the Ministry of Development – Department of Energy, the Company obtained operating permits on 22 December 2005 for Thessaloniki Plant and on 7 December 2010 for Thisvi Plant.

As at 31 December 2019 the Company had 158 employees and 4 seconded employees, (FY 2018: 138 employees and 5 seconded employees).

The financial statements of Elpedison S.A. for the year ended 31 December 2019 were approved for issue by the Board of Directors on 14 May 2020.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Elpedison S.A. for the year ended 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and present the financial position, results of operations and cash flows of the Company on a going concern basis.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving an extensive judgment or complexity or where assumptions and estimates have a significant impact on financial statements are disclosed in Note 4, "Critical accounting estimates and judgments".

These estimates are based on management's best knowledge of current events and actions and actual results ultimately may differ from those estimates.

2.1.1 Going Concern

In assessing going concern, management has taken into consideration macro-economic and Company's specific factors and their impact on the Company's operations for a period of 12 months from the balance sheet date. Management's analysis has included the following considerations:

Subsequent to the balance sheet date and up to the date of issue of these financial statements, the Covid-19 outbreak has developed rapidly in 2020. As explained in Note 26 "Events after the reporting period and other significant events", measures taken by various governments to contain the virus have negatively affected economic activity.

To date, the impact on the Company's financial performance has been limited. However, due to the expected economic recession, globally and in Greece, the Company is expecting that its financial performance by year's end and the evolution of its cash flow during the year may be negatively impacted by this crisis. For this reason, management has developed different cash flow scenarios in order to assess the impact on the Company's available cash balances and any need for further funding. These scenarios have considered the likely reduction in electricity demand in Greece, the impact of oil and natural gas prices in the market, as well as possible deterioration of credit risk (I.e. delays in collection of receivables).

In these scenarios, consideration has also been given to the planned outflows for the maintenance of the plants, which has now been postponed until Autumn 2020, as well as additional credit lines up to an amount of Euro 65 million which had already been planned to support the activities and development of the Company and for which management has already initiated the relevant process and for which the banks have provided an initial approval. These credit lines, as existing borrowings of the Company, will enjoy guarantees by the Company's shareholders.

Based on the above analysis management has concluded that sufficient funds are available to the Company to meet ongoing obligations and address the impact of the current adverse economic conditions resulting from the Covid-19 outbreak. Consequently, management concluded that the going concern basis of preparation of the accounts is appropriate.

The total amount of the Company's borrowings is guaranteed by the shareholders.

2.1.2 New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 01.01.2019. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRS 16 'Leases'

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect from applying the standard to the Company is described in note 2.25.

IFRS 9 (Amendments) 'Prepayment Features with Negative Compensation'

The amendments allow companies 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 instead of at fair value through profit or loss. These amendments do not have any impact on the Company.

IAS 28 (Amendments) 'Long term interests in associates and joint ventures'

The amendments 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. These amendements do not have any impact on the Company.

IFRIC 23 'Uncertainty over income tax treatments'

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company applied the guidance in this interpretation in the current year. This interpretation does not have any impact on the Company.

IAS 19 (Amendments) 'Plan amendment, curtailment or settlement'

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. This did not have any effect on the Company's financial statements as there have been no changes to the Company's defined benefit pension plans.

Annual Improvements to IFRS (2015 – 2017 Cycle)

The amendments set out below include changes to four IFRSs.

IFRS 3 'Business combinations'

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 'Joint arrangements'

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 'Income taxes'

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 'Borrowing costs'

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments did not have any effect on the Company's financial statements.

Standards and Interpretations effective for subsequent periods

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income in the financial statement line that is relevant to the specific transaction.

2.3 Property, plant and equipment

All property, plant and equipment is shown at historical cost less accumulated depreciation and subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of property, plant & equipment. Land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of comprehensive income as incurred except for the general refurbishment costs of the energy plant which are capitalised and charged against income on a straight line basis for a period until the next scheduled refurbishment.

Depreciation on assets is calculated using the straight-line method over their estimated useful life, as shown on the table below for the main classes of assets:

- Buildings	20 years
- Machinery, and equipment (Energy plant and substation)	20 years
- Furniture and fixtures	5 years
- Transportation equipment	6 years
– Computer hardware & software	3 - 5 years

The assets' residual value and the useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (See note 2.6)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income within 'Other gains/(losses), net' as appropriate .

2.4 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised over the period of time that is required to complete and prepare the asset for its intended use. An asset fulfilling the requirements is an asset necessarily requiring a significant period of preparation for the use it is intended for, or for its sale.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed.

2.5 Intangible assets

Computer software

These include primarily the costs of implementing the (ERP) computer software program.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 years).

Shallow connection

Shallow connections are Natural Gas Transmission System expansion projects needed for the connection of a single consumer, from the battery limits of the consumer's installations up to the existing gas transmission infrastructure. The Shallow connections are constructed by DESFA (Hellenic Gas Transmission System Operator S.A) and part of the relevant cost charged to the consumer is up to the maximum amount of €3 million plus inflation (defined with a ministerial decision), in return for the exclusive right to use this connection.

Accordingly, the total cost charged by DESFA to the Company has been allocated to the cost of the right to use the asset and is treated as an intangible asset with the same useful economic life as the Plant (20 years).

2.6 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation or deprecation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. (Current value of cash flows anticipated to be generated based on the management's estimates of future financial and operating conditions).

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 Environmental Securities (Emission Rights)

Elpedison S.A. requires a supply of environmental securities (emission rights) to meet its own requirements in the exercise of its industrial activities (so-called "own use"). The emission rights can be purchased or sold in the open market. Emission rights in the possession of the Company at the balance sheet date that are in excess of the amount required to be matched against the actual emissions of the Company during the year, are treated as intangible assets and are recognized at the cost incurred to acquire them. The allowances recognized are not amortised, provided residual value is at least equal to carrying value. The residual value of the rights is the value at which they are traded in the open market. On the other hand, if the Company's actual emissions during the year exceed the value of the emission rights in the Company's possession, the Company raises a provision for the estimated cost of the purchase of the emission rights necessary to cover the difference. Any emission rights that are purchased to cover prior year liabilities are netted off against the provision set up for this purpose at the end of that year, with any difference recognized in the Statement of Comprehensive Income. Emission rights are recognized in the Statement of Comprehensive Income as they are delivered to the government in settlement of the liability for emissions on a units-of –production basis.

2.8 Financial assets

CLASSIFICATION

The Company classifies its financial assets in the following category: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the statement of financial position.

RECOGNITION AND MEASUREMENT

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen.

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 requires the Company to adopt the expected credit losses (ECL) model for the financial assets of the Company that are within the scope of this standard, ie Trade and other receivables and Cash and cash equivalents. For details on the assessment of the impairment of Trade receivables refer to note 3.3.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

2.9 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company is exposed to a USD FX risk, through its gas cost that is expressed in USD and its suppliers convert in Euro by using the foreign exchange rate at a specific date. The Company mitigates this risk by using a fair value hedge on a daily basis, which consists of a simple foreign exchange forward contract. Consequently, the Company designates derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

The fair value of derivative instruments used for hedging purposes is disclosed in note 20. The total fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of comprehensive income as they arise.

2.10 Inventories

Inventories are comprised of spare parts for maintenance and proper operation of the power plants and of fuel oil reserve as an alternative fuel, classified as ʹʹConsumable materialsʹʹ.

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.11 Trade receivables

Trade receivables, which generally have 15-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment is recognised in the Statement of Comprehensive Income. (Note 9)

2.12 Insurance and other claims

Insurance and other claims are included in other receivables, are recorded on an accrual basis and represent the claimable expenses, net of deductibles, which are expected to be recovered from insurance companies. The Company recognizes receivables from insurances only when the realization of the related economic benefit is virtually certain. Any remaining costs to finalize the claims are included in other liabilities.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as “share premium” in shareholder’s equity.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Statement of Comprehensive Income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or in equity, respectively.

Current income tax charge is calculated according to tax rates and tax laws that were applicable on the taxable income of each year.

Deferred income tax is recognised , using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses can be utilised, deferred tax asset is not recognized. The temporary differences relate to differences arising between the IFRS accumulated depreciation and the tax accumulated depreciation. These time differences are expected to result in taxable amounts after the expiry of the unrecognized tax losses and therefore no offset has been recognized.

2.17 Employee Retirement Benefits

The Company has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The staff is mainly covered by the main National Insurance Agency in relation to the private sector ("EFKA"), which provides retirement and medical benefits. Each employee is required to contribute part of their monthly salary to the fund, part of the overall contribution is paid by the Company.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The Company is required by law to pay employees a lump sum benefit upon retirement. This classifies as a defined benefit which is not funded.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit scheme that is recognized in the Statement of the Comprehensive Income in "Payroll and related Expenses" reflects the increase in the defined benefit obligation resulting from an employee's service in the current period, benefit charges, cut-backs and settlements. The recognised prior service cost is directly recognised in profit/loss).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net interest cost is assessed at the net amount between the obligation for the defined scheme and the fair value of the assets of the scheme on the prepayment interest rate.

Past-service costs are recognized immediately in the statement of comprehensive income

The Company's defined benefit plan is an "insurance pension plan'', according to which, in case of employees' retiring, 100% of the insured individual amount will be paid at the time of retirement.

Termination benefits are payable when employment is terminated before the normal retirement date. The termination benefits are calculated according to the provisions of the law.

2.18 Trade and other payables

Trade and other payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.19 Leases

Where the Company is the lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company hase certain lease contracts that include extension and termination options and apply judgement in evaluating whether it is reasonably certain to exercise or not to exercise the option to renew or terminate the lease. All relevant factors that create an economic incentive to exercise either the renewal or termination are considered. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstances that are within their control and affect their ability to exercise or not to exercise the option to renew or to terminate a lease (e.g. construction of significant leasehold improvements or significant customization to the leased asset, ability to replace the leased assets without significant cost or business disruption). Additional details are provided in Note 2.25.

From 2019 leased assets are separately presented in the notes to the financial statements (see note 5).

2.20 Provisions for Risks and Charges

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

2.21 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Company complies with existing legislation and all obligations resulting from its environmental and operational licenses.

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2.22 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized as follows:

(a) Sales of electricity

Revenue from Generation

Revenue from the sale of electricity is recognized over time based on the monthly production provided to the Greek national grid, as confirmed by HEnEx S.A. (Hellenic Energy Exchange S.A.) and ADMIE (Independent Power Transmission Operator).

Revenue from Generation also includes income from ancillary services which is received from ADMIE. Such revenue is also recognized when the criteria entitling the Company to indemnification have been met.

Cross Border revenue

Cross border revenue is recognized over time as electricity being transmitted through the cross border connections and is based on the monthly measurements that HEnEx and the other Operators, communicate to the Company. These monthly measurements include the total imported and exported quantities that have been sold to the domestic and external markets. For these sold quantities, the Company issues and receives the respective invoices every month.

Retail Revenue

Revenue from the sale of electricity to the retail market is recognized over the period that electricity is provided to customers on an annual basis and is measured on a monthly basis, based on measurements that ADMIE communicates for Medium Voltage Customers and on estimations based on the historical consumption that the Hellenic Electricity Distribution Network Operator S.A (DEDDIE) communicates for Low Voltage (LV) Customers. Based on these measurements provided by ADMIE and the forecasts provided by DEDDIE which contain the consumption per metering point and combined with the contractual terms, each client receives a monthly bill per metering point. For LV customers, the bills are "on-account" until DEDDIE communicates the actual consumption of the period, and subsequently, a settlement invoice is issued.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Shareholders' assembly.

2.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current year.

2.25 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Company's financial statements.

The Company has adopted IFRS 16 "Leases" retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions of the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 5.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.55%.

(All amounts in Euro thousands unless otherwise stated)

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2019
Operating lease commitments disclosed as at 31 December 2018	2.875
Discounted using the lessee's incremental borrowing rate of at the date	2.304
Lease liability recognised as at 1 January 2019	**2.304**
Of which are:	
Current lease liabilities	459
Non-current lease liabilities	1.845
	2.304

Lease liabilities are disclosed in note 13.

3 Financial Risk Management

This note describes the policies and principles adopted by Elpedison S.A. to manage and control the commodity price risk that arises from the volatility of the prices of energy commodities and environmental securities (CO2 emissions) and other risks related to financial instruments (market risk, credit risk and liquidity risk).

As required by IFRS 7, the paragraphs that follow provide information about the nature of the risk related to financial instruments, based on accounting and management sensitivity considerations.

In this economic and regulatory environment, management continuously assesses the situation to ensure that all necessary actions and measures are taken in order to minimize any impact in the operations of the Company.

3.1 Market Risk

1. Commodity Price Risk and Exchange Rates Risk Related to Commodity Transactions

The Company's revenue and cost of production is affected by fluctuations in the prices of the energy commodities that it handles (electric power, natural gas, environmental securities). These fluctuations affect the Company both directly and indirectly through indexing mechanisms contained in pricing formulas. Moreover, because some of the abovementioned commodity prices are quoted in U.S. dollars, the Company is also exposed to the resulting exchange rate risk.

The Company is exposed to a USD risk through the cost of purchases of natural gas that is linked to USD. In order to mitigate this risk, the Company has decided to hedge the USD gas related exposure with the use of foreign currency forward contracts through which it buys, on a daily basis, the actual amount in USD that corresponds to the cost of its actual daily gas consumption, but with a value date corresponding to the date that gas suppliers will invoice the respective gas consumption.

2. Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to cash flow interest rate risk, as borrowings are at floating rates.

The interest rate that the Company is exposed to is the 3-month Euribor. If interest rates on borrowings had been, during 2019, 0,15% higher/lower with all other variables held constant, pre-tax profit/loss for the year would have been approximately 311 K Euro lower/higher, as a result of higher/lower interest expense.

3.2 Liquidity risk

The liquidity risk represents the risk that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The total indebtedness of the Company is guaranteed by the Shareholders (Note 14). The loans that the Company had received for the construction of its two power plants were extended until 30 September 2021.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

(All amounts in Euro thousands unless otherwise stated)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2019				
Borrowings (Note 14)	15.417	183.866	-	-
Trade and other payables (Note 13)	123.152	-	-	-
Derivatives financial insrtuments (Note 16)	60	-	-	-
At 31 December 2018				
Borrowings (Note 14)	8.000	-	199.866	-
Trade and other payables (Note 13)	82.208	-	-	-
Derivatives financial insrtuments (Note 16)	71	-	-	-

The Company was in compliance with its loan covenants as of 31 December 2019.

The amounts included as loans in the table above do not correspond to amounts included in the Statement of Financial Position as they are contractual (undiscounted) cash flows, which include capital and interest.

3.3 Credit Risk

(i) Monitoring of Credit Risk

The Company is exposed to potential losses in the event that a commercial or financial counterparty fails to meet its obligations. Since the credit risk that the Company is substantially exposed to wholesale sales which relates to the national grid and market operators (HEnEx /ADMIE), the underlying risk is considered to be low. However, temporary disturbances may arise from time to time as a result of the distressed financial conditions of other operators as reflected by their delayed payments mostly to ADMIE, which in turn may result in delays in payments by ADMIE to the other market participants. After the Target Model application, the imbalancing market will be cleared by ENEX and accordingly no delayed payments will be permitted.

In 2019, the retail portfolio included High, Medium and Low Voltage customers. During the year the Company expanded the portfolio in the Medium Voltage and in Low Voltage segment both for Business and Residential customers. The following paragraphs describe how the Company manages the associated credit risk.

(ii) Securities held for managing Credit Risk

The customer risk profile is pre-emptively evaluated in cooperation with a primary credit management services Company and, when deemed necessary, adequate additional securities are requested. The majority of the customers that are supplied with electricity and gas by the Company are evaluated between intermediate and high credit rating. As far as Low Voltage Business and Residential customers are concerned, cash deposit is compulsory, unless a standing order (through a credit card or bank account) is used for the payment of the electricity bill and depending on the clientele. The Company continuously monitors credit risk and payment performances and, in cooperation with an external Call Center, manages the “Reminder for Payment” activity.

(All amounts in Euro thousands unless otherwise stated)

(iii) Assessment of Impairment

The doubtful debt provision is based on Elpedison's credit policy which is in compliance with IFRS 9. The allowance for doubtful debts for LV Accounts is assessed by performing a stratification of accounts receivable. This involves splitting the receivables into groups, which share similar credit risk characteristics. The credit risk groups are being assessed on the basis of historical loss experience for each group. The historical loss experience is assessed on an annual basis taking into account, the most recently available data. For credit risks related to specific MV customers, provisions are made on an individual balance basis for possible impairment. Management has also assessed that the COVID-19 outbreak is likely to have an effect on the expected credit loss during 2020. However, no effect on the recoverability of debtors' balances was noted within the first quarter of 2020.

A provision for impairment of trade receivables of related parties (ADMIE and HEnEx) is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in statement of comprehensive income (note 9).

3.4 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with other peers, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Statement of Financial Position) less "Cash & Cash equivalents". Total capital employed is calculated as "Equity" as shown in the Statement of Financial Position plus net debt.

Within 2019 the Company repaid a total amount of € 8.000 of its bond loans (2018: € 17.094).

The gearing ratios as at 31 December 2019 were as follows:

	As at	
	31 December 2019	**31 December 2018**
Total Borrowings (Note 14)	198.890	206.366
Less: Cash & Cash Equivalents (Note 10)	(13.176)	(17.013)
Net debt	**185.714**	**189.354**
Total Equity	57.862	71.738
Total Capital Employed	**243.576**	**261.092**
Gearing ratio	76%	73%

(All amounts in Euro thousands unless otherwise stated)

3.5 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's liabilities that are measured at fair value:

At 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
(Liabilities) / Assets				
Financial liabilities / assets at fair value through profit or loss				
- Forward foreign exchange contracts	-	(60)	-	(60)
Total (Liabilities) / Assets	**-**	**(60)**	**-**	**(60)**
At 31 December 2018				
(Liabilities) / Assets				
Financial liabilities / assets at fair value through profit or loss				
- Forward foreign exchange contracts	-	(71)	-	(71)
Total (Liabilities) / Assets	**-**	**(71)**	**-**	**(71)**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of forward foreign exchange contracts is determined using foreign exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

4 Critical accounting estimates and judgements

The preparation of the financial statements and the related notes requires the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events could thus differ from these estimates.

The estimates and assumptions used are revised on an ongoing basis, and the impact of any such revision is immediately recognized in statement of comprehensive income. The use of estimates is particularly significant for the following items:

- Measurement of sales revenues for which no final clearance statement has been received by ADMIE and HEnEx, is estimated using historical and predictive data for electricity consumption for each meter.

- The provisions for risks and charges, arising mainly from legal disputes are estimated based on legal counsel's view of potential outcome.

- The process that management follows to estimate the allowance for doubtful accounts and other provisions for write downs is described in note 3 above.

- Determination of the provision for income taxes that the Company is subjected to, requires significant judgment. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audits based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- The Company tests whether property, plant and equipment have suffered any impairment on an annual basis. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated in order to determine the extent of the impairment loss. For the 2019 and 2018 reporting periods, the recoverable amount of the property, plant and equipment of the Company was determined based on value-in-use calculations. These calculations are performed as follows:

  Future cash flows are projected based on the Company's financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate, which is consistent with forecasts included in industry reports. These cash flows are converted into free cash flows taking into account tax and any working capital change, any scrap value of power plants, plus depreciation and minus capital expenditure. The free cash flows are discounted back into present value using a Weighted Average Cost of Capital. The Value in Use is the compared against the Net Book Value of Property Plant and Equipment and any shortfall is taken as the value of impairment.

  The key assumptions used by management in projecting cash flows as part of the impairment test of property, plant and equipment are the following:

  - Pre-tax discount rates: Reflect specific risks relating to the relevant segment and the country risk for Greece. The pre-tax discount rates used in 2019 and 2018 were 6.7% and 7.5% respectively.

- Production volume / System Marginal Price (SMP): Production revenue and price over the five-year forecast period is derived from a model used by all electricity production companies in Greece, the LTS (Long Term Scheduling Software)

- Volume of Natural Gas / CO2 purchased and Variable costs: Management forecasts costs based on the current operational model, in relation with the production volume forecasted by LTS (see above)

- Retail revenue: Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.

- Annual capital expenditure: Expected cash costs. This is based on the historical experience of management and the planned capital expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.

- Long-term growth rate: This is the growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry reports (long -term growth rate used for 2019 and 2018: 1%).

- Amortization of intangible assets with a finite useful life. The process of determining depreciation and amortization expense entails reviewing periodically the remaining useful lives of assets. Intangible assets which are the result of payments to obtain the right to use third party assets such as the shallow connection are amortised over the life of the asset or the period of the license obtained, which ever is shorter.

  The use of judgments is particularly significant for the following items:

- There are pending disputed cases relating to the Company. The Management assesses the outcome of these cases in order to recognise asset or liability. Where a negative outcome is possible, the Company forms the required provisions. Provisions, where required, are calculated on the basis of the current value of the estimates made by the management of the cost to be incurred for settling the expected liabilities as of the reporting period date.

(All amounts in Euro thousands unless otherwise stated)

5 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-tructio	Total
Cost							
As at 1 January 2018	**1.592**	**24.497**	**525.989**	**208**	**2.893**	**-**	**555.179**
Additions	-	113	2.067	-	191	-	2.371
As at 31 December 2018	**1.592**	**24.610**	**528.056**	**208**	**3.084**	**-**	**557.550**
Accumulated Depreciation							
As at 1 January 2018	**-**	**12.478**	**268.204**	**207**	**2.503**	**-**	**283.392**
Charge for the year	-	1.256	26.124	1	148	-	27.529
As at 31 December 2018	**-**	**13.734**	**294.328**	**208**	**2.651**	**-**	**310.921**
Net Book Value at 31 December 2018	**1.592**	**10.876**	**233.728**	**-**	**433**	**-**	**246.629**
Cost							
As at 1 January 2019	**1.592**	**24.610**	**528.056**	**208**	**3.084**	**-**	**557.550**
Adjustment for change in accounting policy, see note 2.25	1.273	635	-	397	-	-	2.305
Restated balance as at 1 January 2019	**2.865**	**25.245**	**528.056**	**605**	**3.084**	**-**	**559.855**
Additions	-	82	18.382	-	218	597	19.279
Right of use assets on application of IFRS 16	-	765	-	105	-	-	870
As at 31 December 2019	**2.865**	**26.092**	**546.438**	**710**	**3.302**	**597**	**580.004**
Accumulated Depreciation							
As at 1 January 2019	**-**	**13.734**	**294.328**	**208**	**2.651**	**-**	**310.921**
Charge for the year	87	1.698	25.694	156	163	-	27.798
As at 31 December 2019	**87**	**15.432**	**320.022**	**364**	**2.814**	**-**	**338.719**
Net Book Value at 31 December 2019	**2.778**	**10.660**	**226.416**	**346**	**488**	**597**	**241.285**

(All amounts in Euro thousands unless otherwise stated)

Leases – Right-of-use assets

The right-of-use assets included in Property, plant and equipment have resulted from the application of IFRS 16 as from 1 January 2019 and are disclosed separately in the following table:

	Land	Buildings	Motor Vehicles	Total
Cost				
As at 1 January 2019	**1.273**	**635**	**397**	**2.304**
Additions	-	765	105	**870**
As at 31 December 2019	**1.273**	**1.399**	**502**	**3.175**
Accumulated Depreciation				
As at 1 January 2019	**-**	**-**	**-**	**-**
Charge for the year	87	405	157	649
As at 31 December 2019	**87**	**405**	**157**	**649**
Net Book Value at 31 December 2019	**1.186**	**995**	**346**	**2.526**

Impairment Test of Plant and Machinery

The Company tested its Property, Plant and Equipment for impairment as at 31 December 2019 and concluded that no impairment loss was required to be reocognised as the value in use was higher than the carrying value of the respective assets (31 December 2018: Nil). The assumptions and estimates underlying the impairment test performed by the Company are discussed in Note 4.

(All amounts in Euro thousands unless otherwise stated)

6 Intangible assets

Intangible assets are analysed as follows:

	Software	Right of use of Shallow Connection	Total
Cost			
As at 1 January 2018	**1.776**	**3.517**	**5.293**
Additions	390	-	390
As at 31 December 2018	**2.165**	**3.517**	**5.682**
Accumulated Amortisation			
As at 1 January 2018	**1.196**	**1.250**	**2.446**
Charge for the year	262	175	437
As at 31 December 2018	**1.458**	**1.425**	**2.883**
Net Book Value at 31 December 2018	**707**	**2.092**	**2.799**
Cost			
As at 1 January 2019	**2.165**	**3.517**	**5.682**
Additions	677	-	677
As at 31 December 2019	**2.842**	**3.517**	**6.359**
Accumulated Amortisation			
As at 1 January 2019	**1.458**	**1.425**	**2.883**
Charge for the year	347	176	523
As at 31 December 2019	**1.805**	**1.601**	**3.406**
Net Book Value at 31 December 2019	**1.037**	**1.916**	**2.953**

A description of the shallow connection can be found in Note 2.5.

7 Deferred Taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are presented in the following table:

	As at	
	31 December 2019	**31 December 2018**
Deferred tax asset	14.508	14.614
Deferred tax liability	(31.558)	(33.129)
Total deffered tax liability	**(17.050)**	**(18.515)**

(All amounts in Euro thousands unless otherwise stated)

The gross movement in the deferred income tax asset/ (liability) is as follows:

	Year ended 31 December 2019	31 December 2018
Beginning of the year	(18.515)	(21.965)
Income statement charge	1.515	3.480
Released/(charged) to equity	(50)	(30)
End of year	**(17.050)**	**(18.515)**

Changes in deferred tax assets and liabilities during the year, without taking into account offsetting of balances with the same tax authority, are the following:

Deferred Tax Assets	**Intangible and tangible fixed assets**	**Inventory**	**Pension Obligation**	**Provisions**	**Other**	**Total**
At 1 January 2018	**88**	**3.377**	**142**	**8.506**	**4.961**	**17.074**
(Charged)/credited						
- to profit or loss	(30)	(465)	135	(1.544)	(526)	**(2.430)**
- to other comprehensive income	-	-	(30)	-	-	(30)
Total comprehensive income/(loss)	**(30)**	**(465)**	**105**	**(1.544)**	**(526)**	**(2.460)**
At 31 December 2018	**58**	**2.912**	**247**	**6.962**	**4.435**	**14.614**
Balance at 1 January 2019	**58**	**2.912**	**247**	**6.962**	**4.435**	**14.614**
(Charged)/credited						
- to profit or loss	(21)	(118)	257	200	(374)	**(56)**
- to other comprehensive income	-	-	(50)	-	-	**(50)**
Total comprehensive income/(loss)	(21)	(118)	207	200	(374)	**(106)**
Balance at 31 December 2019	**37**	**2.794**	**454**	**7.162**	**4.061**	**14.508**

“Provisions” includes deferred tax assets deriving from the allowance for bad debts as well as provisions for expenses. “Other” includes deferred tax assets deriving from interest (thin capitalization).

(All amounts in Euro thousands unless otherwise stated)

Deferred Tax Liabilities	Intangible and tangible fixed assets	Other	Total
At 1 January 2018	**38.514**	**524**	**39.038**
Charged/(credited)			
- to profit or loss	(5.723)	(186)	**(5.909)**
Total comprehensive income/(loss)	**(5.723)**	**(186)**	**(5.909)**
At 31 December 2018	**32.791**	**338**	**33.129**
Balance at 1 January 2019	**32.791**	**338**	**33.129**
(Charged)/credited			
- to profit or loss	(1.579)	8	**(1.571)**
Total comprehensive income/(loss)	**(1.579)**	**8**	**(1.571)**
Balance at 31 December 2019	**31.212**	**346**	**31.558**

Other temporary differences include temporary differences on various provisions (notes 9,13 and 16) and accrued expenses such as secondment fees. Based on the recently voted amendment of article 58 of the current Tax Law, the corporate income tax rate of legal entities in Greece for fiscal year 2019 and onwards will be 24% .

8 Inventories

Inventories relate to supplies and equipment used to maintain and operate the Company's facilities as follows:

	As at	
	31 December 2019	**31 December 2018**
Merchandise	106	51
Spare Parts	7.608	6.420
Consumable materials	6.572	7.123
Total	**14.286**	**13.594**

Inventories recognised as an expense due to consumption during the year ended 31 December 2019 amount to € 1. 279 (2018: € 1.160), the amount has been included in Cost of Sales.

(All amounts in Euro thousands unless otherwise stated)

9 Trade and other receivables

	As at 31 December 2019	31 December 2018
Trade receivables	86.949	79.844
Trade receivables -Related parties	54.771	36.236
Total	**141.720**	**116.080**
Less: Provision for impairment of trade receivables	(32.404)	(29.406)
Trade receivables net	**109.316**	**86.674**
Prepayments	3.874	3.201
Guarantee deposits with suppliers	8.679	5.925
Other receivables- current	17.661	11.853
Other receivables net	**30.214**	**20.979**
Less non current portion	(8.679)	(5.925)
Total	**130.851**	**101.728**

The carrying amounts of the receivables approximate their fair value.

Other receivables as at 31 December 2019 includes advance payments to vendors (€ 2.290) , withholding taxes (€ 769) , Vat receivable (€ 14.127) and other debtors (€ 475).

ADMIE, HEnEx and DAPEEP balances are included in receivables from related parties, and are normally due within 30 days. Accordingly balances over 30 days old, are considered to be past due and are assessed for impairment.

Movements on the provision for impairment of the trade receivables are as follows:

	Year ended 31 December 2019	31 December 2018
At 1 January	29.406	26.032
Provision for impairment of trade receivables for the year	2.998	3.374
At 31 December	**32.404**	**29.406**

The Company applies the IFRS 9 simplified approach to measure expected credit losses (“ECL”) using a lifetime expected loss allowance for all trade receivables.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

To measure the expected credit loss in relation to trade receivables, the Company has established a provision matrix relying on aging analysis, which is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(All amounts in Euro thousands unless otherwise stated)

10 Cash and cash equivalents

	As at 31 December 2019	31 December 2018
Cash at Bank and in Hand	13.176	4.513
Short-term Bank deposits	-	12.500
Total cash and cash equivalents	**13.176**	**17.013**

Short term bank deposits represent time deposits for period no more than three months.

11 Share capital and Share Premium

	Number of Shares (authorised and issued)	Share Capital	Share Premium	Total
As at 1 January 2018	9.963.360	99.634	44.996	144.630
As at 31 December 2018	9.963.360	99.634	44.996	144.630
As at 1 January 2019	9.963.360	99.634	44.996	144.630
As at 31 December 2019	9.963.360	99.634	44.996	144.630

All ordinary shares were authorised, issued and fully paid. As at 31/12/2019 the authorised share capital after the merger with Elpedison Energy S.A on 2015 is € 99.634 divided to 9.963.360 shares. The nominal value of each ordinary share is €10.00.

As at 31/12/2019 the share premium amount is € 44.996, (representing share premium of € 45.452 minus expenses on capital increase € 456) is the total net amount of the difference for the issuance of the shares above par value (share premium).

12 Reserves

Statutory reserves

The Company forms statutory reserves under Greek law, according to which corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of the outstanding share capital. This reserve cannot be distributed during the existence of the corporation, but can be used to offset accumulated losses. For the financial year 2019 the Company did not form any amount of statutory reserves due to losses of the period. The statutory reserves amount to € 1.330.

(All amounts in Euro thousands unless otherwise stated)

13 Trade and other payables

Trade and other payables include amounts with respect to:

	As at	
	31 December 2019	**31 December 2018**
Trade payables	23.605	9.634
Trade payables - Related Parties	38.791	25.521
Accrued Expenses & Deferred Income	44.534	35.604
Social security and other taxes	13.393	9.903
Guarantee deposits from customers	11.865	8.291
Non-current lease liabilities	1.948	-
Current lease liabilities	578	-
Other payables	2.251	1.547
	136.965	90.499
Less non current portion:	(13.813)	(8.291)
Total	**123.152**	**82.208**

Non-current portion of Trade and other payables includes retail customers' guarantee deposit paid in cash. Trade payables are unsecured and are usually paid within 30 to 60 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Lease liabilities

Lease liabilities are analysed as follows:

	Land	**Buildings**	**Motor Vehicles**	**Total**
Opening	1.273	635	397	**2.306**
Additions	-	765	105	**870**
Depreciation	87	405	157	**649**
Total Lease Liability				**2.526**

Accrued expenses refer to gas cost, long-term maintenance cost accruals, accrued interest for the bond loans and other accrued operating expenses.

Fair value of non-current liabilities is equal to book value.

(All amounts in Euro thousands unless otherwise stated)

14 Borrowings

The table below shows the balance outstanding of the loan facilities of the Company at December 31, 2019:

	As at	
Long term Borrowings	**31 December 2019**	**31 December 2018**
Long term Bond Loans	183.866	199.866
Defered borrowing costs	(393)	(916)
Total Long term Borrowings	**183.473**	**198.950**
Current portion of Long term Bond Loans	16.000	8.000
Defered borrowing costs	(583)	(584)
Total Short term Borrowings	**15.417**	**7.415**
Total Borrowings	**198.890**	**206.365**

On 26 September 2018, the Company agreed with its Bondholders to refinance its total debt amounting to €213.945 for 3 years, until 30 September 2021. The bond loans provide for a total quarterly capital repayment of €3.000 on average, mandatory capital repayments from any proceeds from ADMIE's historical deficit (up to €3.079 that was fully repaid on 28/12/2018), as well as any amount relating to the provisions of the cash sweep mechanism that is explained below. More specifically, on 26 September 2018 the Company proceeded to the issuance of three Bond Loans & the signing of an Intercreditor Agreement as follows:

- Bond Loan 1 for the maximum amount of €81.064 from Banca IMI S.p.A., HSBC FRANCE (Athens Branch) and Edison International Holding N.V. as Mandated Lead Arrangers, Intesa Sanpaolo S.p.A., HSBC FRANCE (Athens Branch) and Edison International Holding N.V. as Bondholders and BNP Paribas Securities Services as Bondholders' Agent and Paying Agent. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €1.137 on average, with the remaining balance payable on 30 September 2021 and is guaranteed, for the third party lenders, by Elpedison's Shareholders. On 31 December 2019, the outstanding balance of Bond Loan 1 amounted to €75.729.
- Bond Loan 2 for the maximum amount of €81.064 from Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Piraeus Bank S.A., HSBC FRANCE (Athens Branch) and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €1.137 on average, with the remaining balance payable on 30 September 2021 and is guaranteed by Elpedison's Shareholders. On 31 December 2019, the outstanding balance of Bond Loan 2 amounted to €75.729.
- Bond Loan 3 for the maximum amount of €51.818 from Eurobank Ergasias SA as Bondholders' Agent, Paying Agent, Mandated Lead Arranger and Bondholder and Piraeus Bank S.A. and ALPHA Bank S.A., as Mandated Lead Arrangers and Bondholders. The Bond Loan bears a margin of 3,30% over 3-months Euribor and is denominated in euro. The loan facility is to be repaid in 11 quarterly instalments each amounting to €727 on average, with the remaining balance payable on 30 September 2021 and is guaranteed by Elpedison's

(All amounts in Euro thousands unless otherwise stated)

Shareholders. On 31 December 2019, the outstanding balance of Bond Loan 3 amounted to €48.407.

- Intercreditor Agreement between Eurobank Ergasias SA, as Intercreditor Agent and all other involved parties

All Bond Loans provide for a mandatory repayment (cash sweep) that shall be equal to 50% of the Excess Cash Flow, with the exemption of the last quarter of 2018 for which the relevant calculation period will be the three months of that quarter. The Excess Cash Flow is defined as the aggregate of the Net Cash Flow minus the Debt Service Obligations.

Within 2019 the Company repaid a total amount of €8.000 of its bond loans (2018: €17.094).

The weighted average borrowing cost for 2019 was 3,30% (effective rate 3,34%). The weighted average borrowing cost for 2018 was 4,71% (effective rate 4,80%).

Unamortized deferred borrowing costs relate to the bank fees for the arrangement of the loans which are amortised using the effective interest rate method.

Movement of deferred borrowing costs:

	Year ended	
	31 December 2019	**31 December 2018**
At beginning of year	1.500	584
Additions	80	1.651
Amortization of deferred borrowing cost	(604)	(848)
At end of year	**976**	**1.387**
Current portion	583	584
Non-current portion	393	916
Total	**976**	**1.500**

15 Employee benefit obligations

	Year ended	
	31 December 2019	**31 December 2018**
At 1 January	497	487
Provision for compensation upon dismissal or retirement	104	106
Interest expense	8	9
Actuarial (gains)/losses	(207)	(105)
Total	**402**	**497**

(All amounts in Euro thousands unless otherwise stated)

Retirement benefit obligations	Year ended 31 December 2019	31 December 2018
Present value of obligation	402	497
Unregognised actuarial (gains) / losses	-	-
Unrecognised past service cost	-	-
Net defined liability recognised in the Statement of Financial Position	**402**	**497**

Movement in the defined benefit obligation is as follows:	Year ended 31 December 2019	31 December 2018
Net defined benefit liability at the beginning of the year	497	487
Benefits paid within the current year	-	-
Current service cost	104	106
Interest expense/(income)	8	9
Actuarial (gains)/losses	(207)	(105)
Transfers to actuarial (gains)/losses	-	-
Net defined benefit liability at the end of the year	**402**	**497**

	Year ended 31 December 2019	31 December 2018
Opening defined benefit obligation	497	487
Benefits paid within the current year	-	-
Current service cost	104	106
Interest cost	8	9
Actuarial (gains)/losses	(207)	(105)
Transfers to actuarial (gains)/losses	-	-
Obligation registered in the Statement of Financial Position	**402**	**497**

The amounts recognised in the Statement of Comprehensive Income are as follows:	Year ended 31 December 2019	31 December 2018
Current service cost	104	106
Interest cost	8	9
Total	**112**	**114**

The principal actuarial assumptions were as follows:

Actuarial assumptions	Year ended 31 December 2019	31 December 2018
Discount rate	1,13%	1,53%
Salary growth rate	1,50%	1,50%
Inflation	1,90%	1,90%
Plan Duration	25,6	25,2

(All amounts in Euro thousands unless otherwise stated)

16 Derivative financial instruments

The fair value of the derivative financial instruments designated as fair value hedges as at 31 December were:

	Year ended	
	31 December 2019	**31 December 2018**
	Liabilities	**Liabilities**
Forward foreign exchange contracts	60	71
Total	**60**	**71**

Forward foreign exchange contracts

During the year ended 31 December 2019 the Company entered into a Forward foreign exchange contract with ALPHA Bank S.A. The notional principal amount of the outstanding forward foreign exchange contract at 31 December 2019 was € 9.504 .

The maturity date of the aforementioned forward foreign exchange contract is 10/01/2020 and is included within current liabilities.

17 Sales revenue

Sales revenue is analysed as follows:

	Year ended	
	31 December 2019	**31 December 2018**
Sales from Day Ahead Market	221.544	174.082
Temporary Flexibility Remuneration Mechanism(TFRM)	5.155	6.261
Natural Gas supply	65.502	2.449
Dual fuel reimbursement	1.484	1.408
Electricity Supply	316.135	244.696
Cross-border trading	16.656	13.959
Total	**626.476**	**442.855**

Sales from "Day Ahead Market" relate to the daily market in which power generators bid and offer electricity for every hour of the next day for all nodal locations.

"Cross border activities" category relates to cross-border purchases and sales of electricity.

The Company does not recognize any assets or liabilities related to contracts with customers. Costs incurred to obtain a contract are immaterial.

(All amounts in Euro thousands unless otherwise stated)

18 Other Income

	Year ended 31 December 2019	31 December 2018
Other revenues	210	79
Other non-operating income	4.411	9.746
Total	**4.621**	**9.825**

Other non-operating income refers to reversals of previous years' unutilized provisions, to Thessaloniki Plant insurance claim final settlement, FX differences, and the return from DAPEEP of the 2018 surplus of RES special Account .

19 Expenses by category

	1/1 - 31/12/2019		
	Cost of sales	**Administrative expenses**	**Distibution expenses**
Payroll and related expenses	3.190	5.413	-
Lawyers fees	320	180	185
Commissions	8.189	0	
Contractors' fees	2.815	1.583	1.466
Advisory fees	797	448	415
Other fees	2.251	1.282	1.183
Repairs & maintenance costs	8.278	-	-
Depreciation & amortization	27.158	1.163	-
Miscellaneous costs	855	1.804	4.006
Impairement of trade receivables	-	2.998	-
Natural gas cost	220.088	-	-
Emission Rights	27.271	-	-
Chemicals	507	-	-
Purchase of Electricity	297.380	-	-
Cross-border trading	17.103	-	-
Total	**616.202**	**14.871**	**7.255**

(All amounts in Euro thousands unless otherwise stated)

	1/1-31/12/2018		
	Cost of sales	Administative expenses	Distibution expenses
Payroll and related expenses	2.981	4.349	-
Lawyers fees	415	120	60
Commissions	2.218	0	-
Contractors' fees	4.618	1.339	669
Advisory fees	1.806	524	262
Other fees	2.049	721	387
Repairs & maintenance costs	13.736	-	-
Depreciation & amortization	27.618	350	-
Miscellaneous costs	883	1.109	3.577
Impairement of trade receivables	-	3.374	-
Natural gas cost	135.070	-	-
Emission Rights	13.572	-	-
Chemicals	459	-	-
Purchase of Electricity	222.889	-	-
Cross-border trading	12.978	-	-
Total	**441.292**	**11.886**	**4.955**

Third party fees relate to the cost of the Company's long term service agreements for the power plants and the cost of agents' fees in connection to retail activity.

Miscellaneous costs mainly consist of Headquarters' and plants' administration expenses.

The costs recognised for benefits to employees are as follows:

	Year ended	
	31 December 2019	31 December 2018
Wages and salaries	6.164	5.263
Social security costs	1.584	1.314
Employees allowances and expenses	750	648
Provision for compensation upon dismissal	105	106
Total	**8.603**	**7.331**

The Company as at 31 December 2019, 158 employees and 4 seconded employees, (FY 2018: 138 employees and 5 seconded employees).

(All amounts in Euro thousands unless otherwise stated)

20 Other gains/ (losses), net

	Year ended 31 December 2019	31 December 2018
Foreign exchange forward contracts:		
-Fair value losses	(60)	(71)
Foreign exchange forward contracts:		
-Realised loss	(266)	(364)
-Realised gains	284	617
Total	**(42)**	**183**

21 Finance costs – net

	Year ended 31 December 2019	31 December 2018
Interest income	31	104
Interest and other financial income on trade receivables	370	285
Total finance income	**401**	**389**
Impairment of interest on trade receivables	-	-
Interest expense and similar charges	(7.985)	(11.217)
Interest and finance charges for lease liabilit	(86)	-
Amortisation of deffered borrowining cost	(604)	(848)
Total finance cost	**(8.675)**	**(12.065)**

22 Income tax expense

	Year ended 31 December 2019	31 December 2018
Deferred tax (Note 7)	1.515	3.480
Total	**1.515**	**3.480**

(All amounts in Euro thousands unless otherwise stated)

	Year ended	
	31 December 2019	**31 December 2018**
Loss before Tax	**(15.548)**	**(16.497)**
Tax on expenses not deductible for tax purpo:	63	-
Deferred tax on assets	1.400	5.694
Deferred tax on borrowing costs	(20)	(526)
Deferred tax on accrued expenses	192	(1.253)
Other movements	(120)	(435)
Tax (Charge) / Credit	**1.515**	**3.480**

The income tax rate was 24% for the year ended 31 December 2019.

23 Commitments and Contingencies

23.1 Unresolved legal claims

The Company is engaged in a number of legal cases as at 31 December 2019. A summary of these legal cases and managements assessments of their outcome is provided below:

a) Imposed interest to ADMIE, LAGIE for overdue payments

The Company has charged interest on the overdue balances of LAGIE and ADMIE during the years 2012-2014, amounting to € 19,1 million. The Company has filed two lawsuits against LAGIE and ADMIE before the Piraeus Multi-Member Court of First Instance and the Athens Multi-member Court of First Instance respectively. The hearing of ADMIE lawsuit has taken place on 19.11.2015 and the Court issued Num. 703/2016 Judgment rejecting the lawsuit partly in substance and partly as non-admissible. The Company has filed an Appeal against Judgment 703/2016, the hearing of which took place on 01.06.2017 and the Court of Appeal of Athens based on 952/2018 Judgment rejected the Company's Appeal. Our Company has filled on 26.06.2018 Cassation, the hearing of which took place on 07.10.2019. The issuance of the decision is still pending.

The Company has filed before the Multi-Member Court of Athens second lawsuit against ADMIE, with object similar to the abovementioned, the hearing of which took place on 09.03.2017. The Court issued No 4270/2017 preliminary Decision, based on which it postponed its Judgment until the issue of the pending decision of the Court of Appeal described above.

The Company has filed on 25.04.2017 before the Multi-Member Court of Athens a lawsuit against LAGIE, the hearing of which took place on 25.10.2017. The issuance of a judgment is still pending. Under this lawsuit, the Company requests that LAGIE pay 1) the amount of 23.627.827,82 Euros along with the legal interest thereof calculated as of 20.01.2014 2) the amount of 6.599.844,81 Euros, or alternatively the amount of 4.699.357,24 Euros, or alternatively the amount of 3.898.723,88 Euros as default interest for the period 1.1.2012-1.12.2013 for the non-timely payment of the invoices mentioned in such claim 3) the amount of 15.656.846,35 Euros as compensation for damages incurred during the period 1.1.2012-31.12.2013 and 500.000 Euros as moral damages, both along with the legal interest to be calculated from the date of service of the claim and until full repayment thereof.

The Court pursuant to Judgment 1557/2019 rejected the Lawsuit. The grounds of the Judgment are not yet available by the Court.

b) Impact of error in calculation of income from Ancillary Services

On 19 January 2012, the HTSO notified the Company that the calculation of income for ancillary services (the Secondary Reserve) in the period from the 5th Reference Date (October 2010) to November 2011, had a numerical error resulting in a higher amount of income having been allocated to the Company than what would have arisen had the correct calculation per RAE decision 249/2006 been made. According to the Company's calculations, due to this error, the Company might be called to return to the HTSO (and already ADMIE) the amount of the difference of approximately €6 million for ancillary services rendered during the aforementioned period. In 2012 RAE issued decision Num. 324/2012, calling ADMIE SA to conduct a corrective settlement of Ancillary Services for the period between October 2010 and October 2011. The Company appealed to the Athens Administrative Court of Appeals in relation to this matter and the Court with its Judgment Num. 1578/2014 accepted the appeal entirely annulling the relevant decision of RAE. Against that decision RAE filed a notice of appeal to the Council of State, the hearing of which took place on 02.04.2019. The Court pursuant to Judgment 1054/2019 rejected the appeal of RAE.

c) RAE decision for regulated charges

On 7 March 2019 with the decision 292/2019 RAE imposed a fine to the Company amounting to €250.000 related to the mechanism of payment of regulated charges. Against the said decision, the Company filed on 24.01.2020 a judiciary recourse before the Athens Administrative Court of Appeals.

In the meanwhile, and as mentioned in the Regulatory Framework chapter, art. 41 of Law 4643/2019 was approved and entered into force; accordingly, even in the case of rejection of the above recourse, the complete assessment of the extent and modalities of application of RAE decision will be possible only after the full application of the Law as well as of the expected Ministerial Decision.

23.2 Taxation -Unaudited tax years

From 2011 onwards, under certain provisions, all Greek companies are subject to an annual tax compliance audit by their statutory auditors. Accordingly, the Company was subject of a tax compliance audit by its statutory auditor for the financial years 2011-2018 for which it obtained unqualified tax audit certificates. According to recent legislation, the tax audit and the issuance of tax certificates is also valid from 2016 onwards but on an optional basis. The Company is currently under a tax compliance audit by its statutory auditor for the financial year 2019, Management does not expect any material findings from this audit.

23.3 Letters of Guarantee

The Company has issued letters of guarantee or provided cash collaterals to the electricity market operators, the Customs Office and gas and LNG suppliers totalling €28,33 million.

(All amounts in Euro thousands unless otherwise stated)

23.4 Operating lease commitments – Company as a lessee

The Company leases its headquarters' offices and the land on which the Thessaloniki Plant is located. From 1 January 2019, the Company has recognised a lease liability on its balance sheet for these leases as further explained in note 2.25 and note 5. The Company's commitments under these operating leases as at 31 December 2018 are analysed as follows:

	31 December 2018
No later than 1 year	442
Later than 1 year and no later than 5 years	1.070
later than 5 years	1.362
Total	**2.875**

23.5 Contractual commitments

The Company has long-term agreements for the maintenance of the gas turbines of both plants Thessaloniki and Thisvi. The annual minimum commitments under these agreements amount to € 0,8 million approx.

24 Dividends

The Board of Directors will not propose any dividends or reserves' distribution for the 2019 financial year at the next Annual General Meeting of the Shareholders in 2020.

25 Related-party transactions

25.1 Parent and ultimate controlling party

The Company is controlled by Elpedison B.V. (incorporated in the Netherlands), which owns 100% of the Company's shares and is the parent Company. The ultimate controlling parties of the Company are Edison SpA and Hellenic Petroleum S.A.

25.2 Related party entities

The Company has transactions and balances outstanding with the following entities that are related parties:

- Edison SpA
- Hellenic Petroleum S.A
- DIAXON AVEE
- Hellenic Energy and Development S.A
- Hellenic Energy Exchange S.A. (HEnEx S.A.)
- RES and GOs Operator S.A. (DAPEEP S.A.)
- Independent Power Transmission Operator (ADMIE S.A)
- Hellenic Electricity Distribution Network Operator S.A (DEDDIE S.A)
- Edison Trading SpA
- Edison Hellas S.A
- Public Gas Corporation of Greece S.A. (DEPA)
- Hellenic Gas Transmission System Operator S.A (DESFA)
- Edison International Holding N.V
- Hellenic Fuels S.A

- EKO KALIPSO LTD
- EDF ENERGIES NOUVELLES
- EDF EN Services
- EDF Trading
- Hellenic Petroleum Renewable Energy Sources SA
- Energy Pylou-Methonis SA
- Aeoliki Energy Peloponnese SA
- AETOS WIND PARK S.A

Edison S.P.A is one of the ultimate controlling parties of the Company and provides the Company with experienced personnel which provided technical support and technical services through service agreements. Edison S.P.A has also provided the Company with experienced personnel for key company operational services during 2019.

Hellenic Petroleum SA is one of the ultimate controlling parties of the Company and is guarantor of Bond Loan 2 and lends the land where the power plant in Thessaloniki is located, has also provided the Company with experienced personnel for key Company operational services during 2019

Hellenic Energy Exchange S.A. (HEnEx S.A.), RES and GOs Operator S.A. (DAPEEP S.A.) and Independent Power Transmission Operator (ADMIE S.A) are related parties to the Company, as are partly controlled by the Greek State which is also a major shareholder in Hellenic Petroleum S.A. (one of the ultimate controlling parties of the Company).

Hellenic Electricity Distribution Network Operator S.A (DEDDIE) is a related party to the Company, since the Public Power Company S.A (PPC) is partly controlled by the Greek State which is also a major shareholder in Hellenic Petroleum S.A. (one of the ultimate controlling parties of the Company).

Edison Trading SpA, is a subsidiary of Edison SpA .

Edison HELLAS S.A, is a subsidiary of Edison SpA.

Public Gas Corporation of Greece S.A. (DEPA) is a related party to Hellenic Petroleum SA since Hellenic Petroleum S.A. owns 35% of the share capital of DEPA. The supply contract between the companies is at standard trading terms.

Hellenic Gas Transmission System Operator S.A (DESFA) is a related party to the Company since Hellenic Petroleum S.A. owns 35% of the share capital of DEPA which is the ultimate shareholder of DESFA.

Edison International Holding NV is a related party to Edison SpA, the Company has provided bond loan 1 to Elpedison SA as disclosed in Note 14.

HELLENIC FUELS AND LUBRICANTS SA is related party of the Company, as HELLENIC FUELS SA is a subsidiary of Hellenic Petroleum SA.

DIAXON AVEE is related party of the Company, as DIAXON AVEE is a subsidiary of Hellenic Petroleum SA.

EKO KALIPSO LTD is related party of the Company, as EKO ABEE is a subsidiary of Hellenic Petroleum SA.

(All amounts in Euro thousands unless otherwise stated)

EDF EN Services is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

EDF ENERGIES NOUVELLES is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

EDF Trading is related party of the Company, EDF SA is the ultimate controlling party of Edison Spa.

HELLENIC RENEWABLE ENERGY SOURCES SA is related party of the Company, as it is a subsidiary of Hellenic Petroleum SA.

ENERGY PYLOU-METHONIS SA is related party of the Company, as it is a subsidiary of Hellenic Renewable Energy Sources SA.

AEOLIKI ENERGY PELOPONNESE SA and AETOS WIND PARK S.A are related party of the Company, as it is a subsidiary of EDF EN Hellas SA.

Transactions with related parties were carried out at arm's length.

The value of transactions and balances with the aforementioned related parties appears in the following tables.

25.3 Sales of electricity and other services to related parties

	Year ended	
	31 December 2019	**31 December 2018**
ADMIE SA	38.496	25.970
DAPEEP SA	559	63.899
ENEX	205.794	99.078
DEPA S.A	4.631	-
EPA ATTIKIS SA	3.587	596
EKO KALIPSO	2.293	2.003
Hellenic Fuels and Lubricants SA	470	382
ELPE SA	29.253	16.281
ELPE RES SA	3	3
EDISON HELLAS SA	1	2
EDF EN SERVICES	12	11
ENERGY PYLOU-METHONIS SA	6	6
AEOLIKI ENERGY PELOPONNESE SA	5	5
DIAXON AVEE	2.221	2.431
EDF ENERGIES NOUVELLES	13	14
WIND ENERGY PARK AETOS SA	2	1
DESFA SA	1.109	1.408
DEDDIE SA	47.807	18.645
	336.260	230.732

(All amounts in Euro thousands unless otherwise stated)

25.4 Purchases of materials and services from related parties

	Year ended	
	31 December 2019	**31 December 2018**
Edison S.P.A	1.237	515
Hellenic Petroleum SA	664	7.214
ELPE RES SA	4	489
ADMIE S.A	26.874	46.590
DAPEEP S.A	21.829	50.903
ENEX	114.960	55.599
Hellenic Energy & Development SA	75	150
DEPA S.A	45.887	48.399
DEDA SA	69	-
DESFA S.A	19.601	11.516
EDISON HELLAS SA	598	149
Hellenic Fuels and Lubricants SA	445	-
EDA ATTIKIS	558	-
ENERGY PYLOU-METHONIS SA	3	-
AEOLIKI ENERGY PELOPONNESE SA	2	-
DEDDIE SA	135.360	76.760
	368.167	298.284

(All amounts in Euro thousands unless otherwise stated)

25.5 Year-end balances arising from sales/purchases of services

	Year ended	
	31 December 2019	**31 December 2018**
Receivables from related parties		
DEDDIE SA	-	1.612
DESFA SA	-	261
ADMIE S.A	30.298	18.936
DAPEEP S.A	6.583	6.666
ENEX	8.874	7.253
EKO KALIPSO LTD	331	114
DEDDIE S.A	8.631	72
ELPE S.A	5	1.322
DIAXON AVEE	43	-
Hellenic Fuels and Lubricants SA	5	-
	54.771	36.236

	Year ended	
	31 December 2019	**31 December 2018**
Payables to related parties		
Edison S.P.A	842	132
Hellenic Petroleum SA	229	115
Hellenic Fuels and Lubricants SA	151	-
Hellenic Energy & Development SA	-	47
DEPA S.A	1	-
DEDDIE SA	19.726	7.150
ADMIE S.A	3.344	11.179
DAPEEP S.A	5.061	3.035
ENEX	6.104	3.467
AEOLIKI ENERGY PELOPONNESE SA	1	-
EDA ATTIKIS	1	-
DESFA S.A	3.332	396
	38.791	25.521

(All amounts in Euro thousands unless otherwise stated)

25.6 Key Management compensation

Key management includes the Chairman of the Board, the Chief Executive Officer and the first line directors. The compensation paid to key management for employee services is shown below:

	Year ended	
	31 December 2019	**31 December 2018**
Salaries and other short-term employee benefits	1.548	1.518
	1.548	1.518

26 Events after the reporting period and other significant events

Subsequent to the Company's year end, the COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. Management has taken a number of measures to monitor, prevent and mitigate the effects of the COVID-19 virus, such as safety and health measures for the employees (like social distancing and working from home) and securing the appropriate maintenance and technical support of the power pants, which are essential to the Company's operation, in full respect of the containment measures as from time to time in force.

To the date of issue of these financial statements, the impact on our business and results has been limited. Management will continue to follow the various national institutes policies and advice and in parallel will do their utmost to continue the Company's operations in the best and safest way possible without jeopardizing the health of its people.

Management has also taken measures to mitigate any potential negative impact on the Company's financial performance as described in Note 2.1.1.

27 Separate financial information of the integrated undertaking of generation and supply of electricity

Balance Sheet 31/12/2019				
Amounts in Euro thousands	**Generation of electricity**	**Supply of electricity**	**Other**	**Total**
ASSETS				
Non-current assets	**246.848**	**6.069**		**252.917**
Property, plant and equipment	239.625	1.660		241.285
Intangible assets	2.526	427		2.953
Other long term assets	4.697	3.982		8.679
Current assets	**73.356**	**84.957**		**158.313**
Inventories	14.180	106		14.286
Trade and other receivables	52.438	78.413		130.851
Derivative financial instruments	-	-		-
Cash and cash equivalents	6.738	6.438		13.176
Total assets	**320.203**	**91.027**		**411.230**
EQUITY				
Share capital	98.198	1.436		99.634
Reserves	1.330			1.330
Share premium	44.584	412		44.996
Retained Earnings	(102.192)	14.094		(88.098)
Total equity	**41.921**	**15.941**		**57.862**
Capital allocation to business units	**6.567**	**(6.567)**		
LIABILITIES				
Non- current liabilities	**200.910**	**11.880**		**212.790**
Borrowings	183.473			183.473
Deferred income tax liabilities	17.050	-		17.050
Other non-current liabilities		11.865		11.865
Retirement benefit obligations	387	15		402
Current liabilities	**70.805**	**69.773**		**140.578**
Trade and other payables	36.057	44.833		80.890
Derivative financial instruments	61			61
Provisions	19.271	24.940		44.211
Borrowings Short Term	15.417	-		15.417
Total liabilities	**271.715**	**81.653**		**353.368**
Total equity and liabilities	**320.203**	**91.027**		**411.230**

Income Statement 31/12/2019				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
Revenues				
Revenues from Generation	226.698			**226.698**
Revenues from Supply of Electricity		231.161		**231.161**
Public Services Obligations		34.570		**34.570**
Public Services Obligations (Non inter.islands)		50.404		**50.404**
Electricity Exports		16.655		**16.655**
Other revenues	6.613	-	60.375	**66.988**
Total revenues	**233.311**	**332.790**	**60.375**	**626.476**
EXPENSES				
Natural gas cost	164.939		55.149	**220.088**
Cost of energy sold		205.741		**205.741**
Electricity Imports		16.031		**16.031**
Public Services Obligations		28.968		**28.968**
Distribution Network		26.737		**26.737**
Transmission System		7.830		**7.830**
ETMEAR		28.104		**28.104**
Emission Rights-CO2	27.271			**27.271**
Inventories consumptions	1.234			**1.234**
Payroll and related expences	4.835	3.768		**8.603**
Third party fees	7.510	19.851		**27.360**
Repairs & maintenance costs	7.383			**7.383**
Other income-expenses	(931)	(1.987)	6	**(2.912)**
Depreciation & amortization	27.672	643		**28.315**
Impairment on trade receivables	0	2.998		**2.998**
Finance costs	7.991	684		**8.675**
Finance income	(37)	(364)		**(401)**
Total expenses	**247.867**	**339.002**	**55.155**	**642.024**
Profit/(Loss) before income tax	**(14.555)**	**(6.213)**	**5.220**	**(15.548)**

Balance Sheet 31/12/2018				
Amounts in Euro thousands	Generation of electricity	Supply of electricity	Other	Total
ASSETS				
Non-current assets	**254.003**	**1.349**		**255.353**
Property, plant and equipment	246.265	363		246.629
Intangible assets	2.350	449		2.799
Other long term assets	5.388	537		5.925
Current assets	**71.719**	**60.616**		**132.335**
Inventories	13.543	51		13.594
Trade and other receivables	47.438	54.290		101.728
Derivative financial instruments	-	-		-
Cash and cash equivalents	10.738	6.275		17.013
Total assets	**325.722**	**61.965**		**387.687**
EQUITY				
Share capital	98.198	1.436		99.634
Reserves	1.330			1.330
Share premium	44.584	412		44.996
Retained Earnings	(89.310)	15.086		(74.224)
Total equity	**54.803**	**16.934**		**71.737**
Capital allocation to business units	**6.097**	**(6.097)**		
LIABILITIES				
Non- current liabilities	**217.946**	**8.307**		**226.253**
Borrowings	198.950			198.950
Deferred income tax liabilities	18.515	-		18.515
Other non-current liabilities		8.291		8.291
Retirement benefit obligations	481	16		497
Current liabilities	**46.876**	**42.821**		**89.697**
Trade and other payables	20.119	25.969		46.088
Derivative financial instruments	71			71
Provisions	19.271	16.852		36.122
Borrowings Short Term	7.416	-		7.416
Total liabilities	**264.822**	**51.128**		**315.950**
Total equity and liabilities	**325.722**	**61.965**		**387.687**

Income Statement 31/12/2018				
Amounts in Euro thousands	**Generation of electricity**	**Supply of electricity**	**Other**	**Total**
Revenues				
Revenues from Generation	181.751			**181.751**
Revenues from Supply of Electricity		206.678		**206.678**
Public Services Obligations		19.526		**19.526**
Public Services Obligations (Non inter.islands)		18.492		**18.492**
Electricity Exports		13.959		**13.959**
Other revenues	1.404	-	1.045	**2.449**
Total revenues	**183.155**	**258.655**	**1.045**	**442.854**
EXPENSES				
Natural gas cost	134.056		1.014	**135.070**
Cost of energy sold		146.768		**146.768**
Electricity Imports		12.979		**12.979**
Public Services Obligations		22.421		**22.421**
Distribution Network		21.085		**21.085**
Transmission System		7.014		**7.014**
ETMEAR		25.596		**25.596**
Emission Rights-CO2	13.572			**13.572**
Inventories consumptions	1.160			**1.160**
Payroll and related expences	4.196	3.029		**7.225**
Third party fees	7.731	12.318		**20.049**
Repairs & maintenance costs	12.037	0		**12.037**
Other income-expenses	(5.382)	(2.808)		**(8.190)**
Depreciation & amortization	27.704	263		**27.968**
Impairment on trade receivables	0	3.374		**3.374**
Finance costs	11.776	289		**12.065**
Finance income	(104)	(285)		**(389)**
Total expenses	**206.745**	**252.043**	**1.014**	**459.802**
Profit/(Loss) before income tax	**(23.591)**	**6.612**	**31**	**(16.947)**

1. General Principles

The Company ELPEDISON S.A drafts, submits for audit and publishes its annual financial statements in accordance with IFRSs, the relevant provisions of C.L. 4548/2018, as well as Laws 3229/2004 and 3301/2004.

The Company, as an Integrated Company, has considered the provisions of Law 4001/2011 (Official Government Gazette First Issue 179) and Directive 2009/72/EC, no. 31 on the separation of the accounts of integrated electricity undertakings as well as the decision n. 124/2017 of the Regulatory Authority of Energy.

Based on the above, prepares separate accounts, Balance Sheet and Profit and Loss Statement regarding the activities Generation and Supply in the Electricity Market in accordance with the provisions of Article 141 of Law 4001/2011 and decision no. 43/2014 by the Regulatory Authority for Energy:

The other activities of the Company, apart from electricity (E), are kept in consolidated non-separated accounts (Other or Other activities).

At the end of the financial year, the Company drafts and publishes according to the IFRS, its separate profit and loss statements and balance sheet per activity. Balance Sheet and profit and loss statements (before tax). The totals of the unbundled financial statements are equal and agree with the Balance Sheet and the profit and loss statement of Elpedison SA that have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, with the exception of income tax, as unbundled Financial Statements of Income are presented in before tax.

The abovementioned statements are contained in the notes of the annual financial statements of the Company, which are approved and signed according to the law and contain a certificate by the auditors, where reference is made to the rules which are approved by RAE, as referred to in Article 141 paragraph 4 of Law 4001/2011.

The Company shall notify RAE within 15 working days, after the approval of the annual financial statements by the General Meeting of the Company, the annual financial statements which shall contain the certificate and report of the auditors on the application of the Allocation Principles and Rules in the Assets and Liabilities accounts and in Revenues and Expenses.

2. Allocation Method & Rules

Methods and Accounting Rules

The methods and accounting rules followed by the Company are dictated by the general accounting principles and the articles of the International Accounting Standards (IFRS).

The Accounting Department of the Company is fully computerized with a valid and properly configured accounting program (SAP), which ensure that separate accounts have been prepared and that separate profit and loss statements and balance sheet are prepared for each activity.

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

(a) Business Areas / Activities

- Generation of electricity.
- Supply of electricity.
- Cross border trading

(b) Business Areas apart from the activities

- Other.

Allocation Rules of Expenditure and Revenue (Profit or loss)

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

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

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

At the end of each month, the balances of ''Other'' accounts are allocated as an assessment to each one of the activities (business areas a), whereas the allocation key is the participation percentage of each one in the total revenues of the Company during each closing financial year or the MWH or the meters or the employees participation.

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

Allocation Rules of Assets and Liabilities

The entries updating the Assets and Liabilities Accounts, such as fixed assets, reserves, customers, other receivables, suppliers, liabilities and loans are allocated based on the activity to which they relate.

At the end of each financial year, total Equity is allocated based on the difference of Assets and Liabilities of each activity, which is designated as "capital allocation to business units".

Based on the above "capital allocation", as well as the general accounting principles, the following Assets and Liabilities are also allocated by activity: Cash and any financial products, tax liabilities and receivables, provisions.

3. Contents of Activities of Annual Income and Expenditure

The annual separate Profit and Loss Account for each activity includes the Company's transactions with third parties.

In particular, each activity includes the following:

a) Generation of electricity

This activity includes Income, Expenditure and Assets and Liabilities, which are derived solely from the operation of power plants.

Expenses relating to the above income, the main ones are the following: Supply of natural gas, CO_2 allowances markets, payroll, third party fees and expenses, maintenance and operational costs, consumption of spare parts, other production expenses and depreciation, as well as finance costs.

b) Supply of electricity (Retail)

This activity includes Income, Expenditure and Assets and Liabilities, which are derived from the wholesale and retail electricity trade and cross-border trade in electricity. Purchases relating to the supply of Electricity from HEnEx and companies in Greece and abroad, purchase of import and export rights and other services from ADMIE and network use (DEDDIE). Expenses mainly relate to payroll, third party payments, finance costs, amortization and miscellaneous costs. are mainly originating from billings to HEnEx and to domestic and foreign companies.

Purchases concern the supply of Electricity from HEnEx and domestic and foreign companies, the rights of import and export, and the other services from ADMIE, the network usage (DEDDIE).

Expenses mainly relate to personnel remunerations and costs, third party fees, depreciation finance costs and miscellaneous expenses.

c) Other activities

The other activities include income from natural gas sales and other activities. The Expenses include the cost of gas for the resale, fees, expenses, depreciation, financial and extraordinary profits or losses, which relate to the other activities of the Company, apart from the Generation and Supply of Electricity, as they are mentioned above.