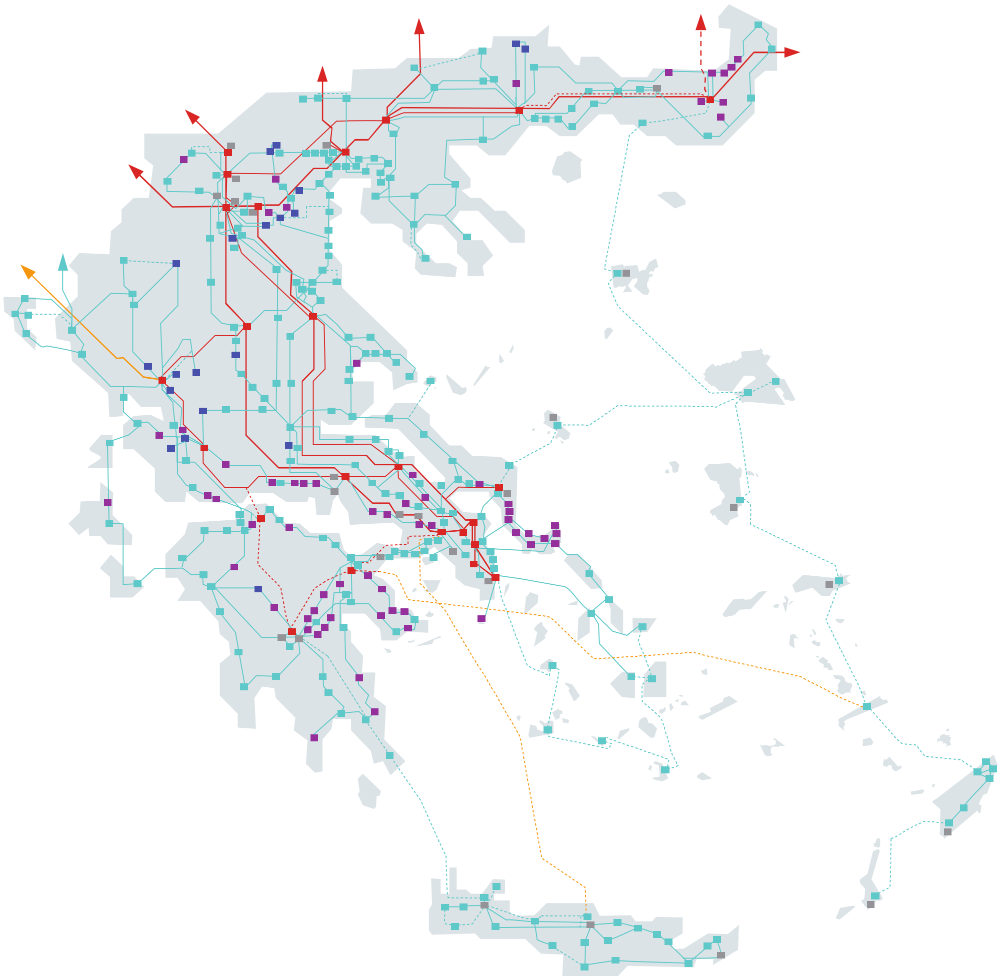
ANNUAL FINANCIAL REPORT

for the period

January 1st to December 31st 2020



INDEPENDENT POWER TRANSMISSION OPERATOR

*This is a translation from the original version in Greek language. In case of a discrepancy, the Greek original will prevail.

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ANNUAL MANAGEMENT REPORT OF BOARD OF DIRECTORS

INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) S.A.
Management report of the Board of Directors
for the year 2020 (01/01/2020 – 31/12/2020)
to the Annual General Meeting of Shareholders

Dear Shareholders,

This Annual Management Report, which follows, (hereinafter referred for brevity as “the Report”) was prepared in accordance with the applicable Law and the Articles of Incorporation of the company “**Independent Power Transmission Operator**” (hereinafter referred as “IPTO” or “the Company”) and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by Law, in order to provide substantial and detailed information about the activity during the tenth fiscal year ended at December 31, 2020.

The companies of the Group included in the consolidated financial statements are the Company and its subsidiaries “ARIADNE INTERCONNECTION S.P.L.C” and “GRID TELECOM S.M.S.A. ” (hereinafter the "Group"). The Annual Financial Statements of the subsidiaries are posted online at the following websites:

ARIADNE INTERCONNECTION S.P.L.C.: http://www.ariadne-interconnection.gr

GRID TELECOM S.M.S.A.: https://www.grid-telecom.com

The Consolidated and Separate Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

1. Changes to the existing institutional Framework within 2020

A detailed disclosure of the changes in the existing institutional framework is described in Note 2 of the Financial Statements.

2. Analysis of the development & the Group's activities

2.1. Business model description, goals and core values

The Company is a continuation of PPC TELECOMMUNICATIONS SOCIETE ANONYME, established in 2000 in Greece following a change in its trade name, according to the decision published in GG 10787/11.10.2011, and its operation is governed by the Greek Law.

The purpose of the Company is to engage in the activities and perform the duties of Owner and Operator of the Hellenic Electricity Transmission System (HETS - ESMIE in Greek), as stipulated in Law 4001/2011. IPTO in its capacity as Operator of the Hellenic Electricity Transmission System performs all duties stipulated in Article 94 of Law 4001/2011. These duties are:

- Ensuring the long term ability of the System to meet reasonable demand for electricity transmission in a financially and environmentally sustainable manner.
- Granting access to the System to all electricity generation and supply permit holders as well as to those parties which have been legally exempted from permit holding obligations and to High Voltage consumers.
- Allowing the connection of the Hellenic Electricity Distribution Network to the System in compliance with the Hellenic Electricity Transmission System Operation Code
- Managing electricity flows on the System, taking into account exchanges with other interconnected systems.

- Ensuring the safe, reliable and efficient operation of the System as well as the availability of necessary ancillary services including those provided by demand response, insofar as such availability is independent from any other transmission system.
- Preparing the dispatch schedule for generation plant connected to the System, determination of interconnections usage and performance of real-time dispatching of available generation plant.
- Providing other system and network operators, with which the System is interconnected, with all information pertinent to safe and efficient operation as well as to the coordinated development and interoperability of the System with aforementioned systems and networks.
- Providing System Users with all necessary information to ensure their effective access to the System.
- Provision of all services under transparent, objective and non-discriminatory criteria so as to avoid any discrimination among Users or User categories, especially with regard to entities affiliated with IPTO.
- Collection of System access charges and conduct of all relevant transactions under the inter-transmission system operator compensation mechanism, in compliance with Article 13 of Regulation (EC) No. 714/2009.
- Granting and managing third party access to the System and giving reasoned explanations when such access is denied.
- Participation in unions, organizations or other entities with the purpose of developing common action rules which are conducive to the creation of a unified internal electricity market, within the auspices of European Community law, and especially to the allocation and provision of electricity transmission rights via the corresponding interconnections as well as to the management of such rights on behalf of the aforementioned operators and especially in the European Network of Electricity Transmission System Operators (ENTSO-E)
- Preparing on an annual basis, upon prior consultation with all current and potential System Users, of the Hellenic Electricity Transmission System Ten-Year Network Development Plan.
- Maintaining of necessary ledger accounts pertaining to the collection of interconnection congestion charges or any other charges relevant to the operation of the Hellenic Electricity Transmission System.
- Posting on IPTO's website, of all RAE approved amounts charged to System Users.
- Calculating the ex-post System Marginal Price (SMP).
- Clearing of generation-demand imbalances and conduct of all relevant transactions for the settlement of said imbalances in cooperation with the Market Operator and the Hellenic Electricity Distribution Network Operator.
- Entering, subject to a relevant tender process, into electricity trading agreements, including agreements for demand management insofar as this is required for the provision of ancillary services with the purpose of generation-demand imbalance settlement during real-time system operation and in compliance with the Hellenic Electricity Transmission System Operation Code
- Cooperation with the Market Operator according to the stipulations of the Market Operation and Hellenic Electricity Transmission System Codes.
- Provision of technical consulting services on issues pertaining to IPTO's duties, to Transmission System Operators or Owners on a fee and participation in research programs as well as in programs funded by the European Union, insofar as such activities do not hinder the appropriate execution of IPTO's duties.

The company's registered address is located at 89, Dyrrachiou and Kifissou Streets, Athens 104-43, Greece, and its duration has been set up to December 31, 2100. On December 31st, 2020, the Group employed 1.251 employees, and the Company 1.221 employees, 8 of whom were seconded to Public Sector services and 7 were paid by the Company. Their total payroll cost was Euro 209 thousand and is included in the Income Statement.

Regarding the subsidiaries, the company "ARIADNE INTERCONNECTION S.P.L.C" was established in September 2018 by IPTO in compliance with RAE's decisions 816/2018 and 838/2018, with sole purpose of constructing and financing the Crete-Attica interconnection project as described by the Ten-Year Development Plan (DPA) of the National Electricity Transmission System for the period 2018-2027 and in the Energy Regulatory Authority (RAE) decisions.

The company "GRID TELECOM S.M.S.A." was established in January 2019 by IPTO with the purpose of the operation, management and development of optical fiber networks, in order to provide integrated electronic communications services.

3. Principles of management and internal management systems

3.1. HETS Development and decision-making

IPTO, following consultation with all interested parties, submits to RAE (Regulatory Authority for Energy), by March 31st of each year, a Ten-Year Network Development Plan (TYNDP) of the Hellenic Electricity Transmission System (HETS), which covers the period starting from January 1st of the following year and is based upon existing and projected Supply and Demand. The Plan contains effective measures aiming at ensuring the System's adequacy and the security of the supply.

Specifically, HETS Ten-Year Network Development Plan:

a) identifies the main transmission infrastructure to be built or upgraded over the next ten (10) years including the necessary infrastructure for the penetration of RES,
b) contains all investments already included in previous Development Programs and identifies new investments whose implementation is expected to begin within the next three years,
c) provides technical and economic feasibility analysis for major transport projects of the above (b) section, and in particular those related to international and island interconnections with the Transmission System, including implementation schedule, estimated cash flows for investing purposes.

In case that RAE, within its competence, identifies that IPTO does not ensure the implementation of the investments that are planned to be executed within three years, according to the TYNDP, unless this delay is mainly due to reasons beyond control, shall take at least one of the following measures:

a) Requires that IPTO execute these investments,
b) Organizes an open tender for these investments and
c) Obliges IPTO to proceed to capital increase in order to finance the necessary investments, allowing independent investors to participate in the corporate capital.

In case that RAE uses its authority under the above (b) section, it may require IPTO to accept one or more of:

a) Financing of the investment by any third party,
b) Financing and construction of the investment by any third party,
c) To undertake the contract for the construction of the investment's fixed assets, or
d) To undertake the operation and management of the investment's fixed assets.

3.2. Board of Directors

The Board of Directors manages each Company of the Group as a collective body, taking its decisions in accordance with the current legislation and RAE's decisions.

The members of the Board of Directors shall acquire all relevant information regarding the operation of the Company. Moreover, they must exercise their duties at the interests of the company and its shareholders. The Board of Directors (BoD) primarily formulates the strategy and development policy and supervises and controls the management of the Company's assets. The composition and duties of the members of the Board of Directors are determined by the Law and the Company's Articles of Association.

3.3. Internal Audit

Internal audit is performed by independent Internal Audit Department.

During the audit, the internal audit department takes into account the necessary journals, documents, files, bank accounts and portfolios of the Company and requests the Management's absolute and continuous cooperation, in order to obtain all the requested information and data so as to obtain reasonable assurance for the preparation of the report free of material misstatements with respect to the information and conclusions included therein.

4. Description of past performance and tangible and intangible assets.

4.1. Economic Review of year 2020

The Group's and Company's total revenue increased significantly compared to last year's revenue by 14,78% for the Group and 14,58% for the Company.

Operating Expenses increased for the Group by 43,13% to Euro 165 million in 2020 compared to Euro 115 million in prior year while for the Company increased by 41,56% to Euro 163 million in 2020 compared to Euro 115 million in 2019.

The above changes led to 6,05% decrease for the Group and 5,66% for the Company in EBITDA, which amounted to Euro 211 million compared to Euro 224 million the previous year for the Group and Euro 210 million compared to Euro 223 million the previous year for the Company, with the EBITDA margin reaching 73,46% in 2020 compared to 89,74% in 2019 for the Group and 73,71% in 2020 compared to 89,52% in 2019 for the Company. The Net Debt / EBITDA ratio reached 2,40 in 2020 versus 0,90 in 2019 while the corresponding figures for the company are 2,83 in 2020 versus 1,80 in 2019. The net profit margin decreased significantly to 29,63% in 2020, versus 42,28% in 2019 for the Group and 29,52 % in 2020, versus 41,36% in 2019 for the Company. Return on Equity decreased to 6,22% in 2020, compared to 7,94% in 2019 for the Group and 6,18% in 2020, compared to 7,76% in 2019 for the Company. Return on capital employed ratio (ROCE) decreased to 5,76 % in 2020, compared to 6,89% in 2019 for the Group and 5,75 % in 2020, compared to 6,83% in 2019 for the Company.

Alternative Performance Indicators and their calculation are disclosed in note 8.2

4.2. Evolution of debt

Net Debt (Loans and Lease liabilities minus Cash) remained at satisfactory levels due to high cash reserves and amounts for the Group to Euro 504,5 million in 2020 compared to Euro 201 million in 2019 while the Leverage ratio stood at 26,9% compared to 13,1% in 2019. The Company continues to serve its debt obligations smoothly. Net Debt of the Company amounts to Euro 593,8 million in 2020 against Euro 401,8 million in 2019 while the Leverage-ratio stood at 30,4% in 2020 compared to 23,2% in 2019.

4.3. Cash flows

Net cash flows of the Group and the Company were sufficient to repay loans of Euro 50,6 million, expenses and interest of Euro 8,7 million and to pay dividends of Euro 42,07 million. The corresponding amounts for the Company are for the repayment of loans Euro 50,6 million, expenses and interest of Euro 8,7 million and the payment of dividends Euro 42,07 million. During 2020, the Company maintained the amount of Euro 52 million in the Bank of Greece, pursuant to Article 15, paragraph 1 of Law. 2469/97 as applicable on the Common Fund.

4.4. Dividend policy

According to Article 31 of the Codified Articles of Association, the amount distributed to the shareholders as dividend will amount to fifty per cent (50%) of the Company's net annual profits.

The Board of Directors approved the Financial Statements for the fiscal year 2020 on March 31, 2021 and proposed to the Annual General Meeting of Shareholders the distribution of a dividend of Euro 42,07 million of the net profit for the year.

4.5. Tangible and intangible assets

The total investments of IPTO S.A. amounted to Euro 453 million (2019:Euro 252 million), including third party projects.

4.6. Significant events of fiscal year 2020

- On January 2nd 2020, the Extraordinary General Assembly Meeting of the sole shareholder of the subsidiary "GRID TELECOM SINGLE – MEMBER SA" approved the share capital increase of Euro 1.5 million, in order to cover the company's financial needs for operating and capital expenditures. The share capital increase was made in cash from the parent company with the issuance of 15,000 new common nominal shares with a nominal value of one hundred Euros (€ 100) each. The aforementioned Extraordinary General Assembly Meeting elected new president of the Board of Directors in replacement of a resigned member.
- On March 31st 2020, the Company signed an agreement with the EnEx Clearing House SA for the assignment of clearing transactions functionalities of the Balancing Market, according to the implementation of "Target Model".
- On April 10th, 2020, a concession agreement was signed between the Company and its subsidiary "Ariadne Interconnection SPSA", which governs the relationship of the two parties regarding the construction and financing of the project "Crete-Attica Transmission line " as provided in the Ten-Year Network Development Plan (TYNDP) of the Hellenic Electricity Transmission System (HETS) for the period 2018 -2027 and in the decisions of the Regulatory Authority for Energy (RAE).
- On May 5th, 2020, par. 2 of article 142 of Law 4389/2016 (Government Gazette A΄ 94) was approved and replaced by the article 115 of the draft law of the Ministry of Environment and Energy entitled "Modernization of environmental legislation, incorporation into Greek legislation of European Parliament and Council Directives 2018/844 and 2019/692" and other provisions. The proposed regulation stipulates that the Greek State may limit the percentage of its direct and / or indirect participation or legal entities in which holds the majority of shares or controls directly or indirectly the respective share capital of IPTO SA. The obligation, imposed by the previous version of the amended Law, that the Greek State should maintain a 51% direct and / or indirect participation in the share capital of IPTO SA is waived.
- On May 22nd 2020, the Regional Security Coordinator (RSC) of southeast Europe was established in Thessaloniki by the operators of Greece, Romania, Bulgaria and Italy. The new RSC will ensure the supply of all neighboring countries and will be the culmination of the common effort for the maximized use of the electricity networks of whole Europe.
- On June 10th, 2020, the contracts for the Crete – Attica interconnection project, regarding the cables and conversion stations were signed between Ariadne Interconnection SPSA (IPTO's subsidiary responsible for the project's implementation) and the contractors. The historic project, budgeted to Euro 1.1 billion, is scheduled to be completed within 36 months reinforcing Crete's capacity of energy by 1.000 MW.

- During 2020, the Company proceeded to the refinance of two existing syndicated loans achieving more favorable interest rate terms. On September, the Company signed a contract for the issuance of a Syndicated Bond loan of Euro 400 million with a consortium of Banks. At the same time, the Series A bonds were issued amounting to Euro 310 million, for the prepayment of the two existing syndicated loans with total outstanding balance of Euro 316,1 million.

- On November 1st 2020, the new model of market entered into force (target model), with the ultimate objective the reduction of energy cost for the final customers. The target model includes three new markets, which are replacing the current model known as the "Daily Energy Planning" ("DEP"). These are in particular:
  a) The Day-Ahead Market («DAM»): Is the basic wholesale market, where the volume of electric power which will be produced and delivered on next day are bought or sold. It could simply be described as the successor market of DEP and is operated by Hellenic Energy Exchange.
  b) The Intra-Day Market («IDM»), through which additional purchases and sales within intra-day delivery are made and positions on DAM could be corrected. Basically the "users" are involved in transactions as close as possible to real time. And this market is being operated by Hellenic Energy Exchange.
  c) The Balancing Market, where in real time the demand balances with the available supply, the differences between forecasts/actuals of the previous two markets and the actual production are covered, and the electric power production units are reimbursed for their availability to contribute on this balancing process. This market is operated by IPTO.

4.7. Major projects completed in 2020 or projects in progress

Brief Description of the Most Important Projects

1. Cyclades Interconnection

Cyclades interconnection project has been designated as a project of "major importance for the country's economy". The project aims on the one hand to increase the reliability of power supply of the interconnected Islands and on the other hand to reduce production costs (oil substitution with other energy sources, depending on the evolution of the power generation mix in the mainland).

The project design was formed with a view to minimizing environmental disturbance on the islands. In this regard, the new substations on the islands have been located near the seashore to prevent the construction of overhead transmission lines on the islands, while the interconnection of the islands with the Continental System is planned through submarine cable connections. According to the above, IPTO is implementing the project in phases:

Phase A

The implementation of Phase A was completed in the first months of 2018.

Phase A includes the connection of Syros with Lavrio, as well as with the Islands of Paros, Mykonos and Tinos. After its completion, the units of the autonomous power stations were put in reserve for emergencies and the loads of the Islands are now supplied by HETS (the loads of Andros - Tinos are already supplied by HETS through the transmission line which connects South Evia with Andros).

The project, budgeted at Euro 264,3 million (including preliminary expenses), was co-financed by the European Union and NSRF 2007-2013 and 2014-2020 and was funded by the European Investment Bank.

Phase B

Phase B of the Cyclades interconnection was completed in September 2020. It includes the following sub-projects:

- Connection of Paros - Naxos with a submarine tripolar alternative current cable 150 kV with a nominal capacity of 140 MVA, length 7.6 km.
- Connection of Naxos – Mykonos with a submarine tripolar alternative current cable 150 kV with a nominal capacity of 140 MVA, length40 km.
- Construction of a new GIS S/S on Naxos, as well as the required connection projects at the Paros and Mykonos substations.

In parallel with Phase B, the upgrade of the existing cable connection between Andros - Livadi (Southern Evia) with a length of 14,5 km and Andros - Tinos with a length of 4km were planned with the installation of new submarine cables with alternative current XLPE 150 kV with a nominal capacity of 200 MVA, replacing existing oil cables. The upgrade work was completed in early 2020.

The Phase B project with a budget of Euro 47,3 million and the project of upgrading the existing cable connection Andros - Livadi with a budget of Euro 22,2 are co-financed by the European Union and the NSRF 2014-2020.

Phase C

Phase C of the Cyclades interconnection includes the completion of the interconnection with the launch of the second cable between Lavrio – Syros, as well as with the required connection works (shunt reactors and bays) in Lavrio and Syros.

The aim of Phase C is to ensure the required reliability for all operating conditions, depending on the evolution of the demand of the interconnected Islands. Upon completion of the Phase C, full reliability of power supply of the Cyclades complex is ensured for the foreseen time horizon of operation of the project. In any case, even after the construction of all phases of the project, production capacity should be maintained in the islands, so that it is possible to deal with emergencies.

Phase C with a budget of Euro 122,3 million was set in normal operation with temporary connection in Syros in October 2020 (the rest connection works of shunt reactors and bays in Syros for the permanent connection) will be completed within 2021) and is co-financed by the European Union and the NSRF 2014-2020.

Phase D

The last Phase, Phase D, of the Cyclades interconnection is expected to launch within 2021 amounting to Euro 386 million, which includes the interconnection of Santorini, Milos, Folegandros, and Serifos islands with the Continental System. The tender process for Santorini interconnection has started in December 2020 while the respective tenders for Folegandros, Milos and Serifos will be realised in 2021. The submarine route of Santorini is expected to be electrified within first semester of 2023 while the rest islands are expected to be electrified within first semester of 2024. The completion of Cyclades interconnection will enable the development of RES of 332 MW Power in accordance with the Ten-Year Network Development Plan 2021- 2030 achieving one more stable, green and economic energy mixture for the islandic complex.

The project has been designated as Project of Major Importance (PMI).

***2.* Crete Interconnection**

The System of Crete is characterized by:

- Very high variable production costs due to the use of oil in local power stations, which is reflected in a very significant burden on consumers to cover Public Service Obligations (PSOs).
- High annual rate of increase of the island's load. It is noted that the load during the summer months is marginally covered by the local Stations.
- The great difficulty or even the impossibility of finding spaces and ensuring licenses to strengthen the local Stations or develop new ones.

- The growing interest in exploiting the rich local RES potential, the penetration of which into the island power mixture is limited due to technical limitations (mainly important stability issues that can be created by the high penetration of RES in an autonomous electrical system such as that of Crete).
- Low level of supply reliability, particularly in cases of damage to the power system.

The above characteristics enable the interconnection of Crete with HETS a necessary project in terms of the feasibility of its implementation.

Interconnection of Crete with the Peloponnese

Crete - Peloponnese Interconnection constitutes the first phase of Crete's interconnection with HETS. The Crete-Peloponnese interconnection of alternative current can be implemented with 2 circuits of alternative current 150 kV, with a nominal capacity of 200 MVA each one. After a thorough investigation into the operation and power adequacy of the electrical system of Crete, it emerged that the power, which can be safely transmitted through this Alternative Current connection, ranges from 150 MW to 180 MW, depending on the operating conditions.

In the case of alternative current power cables, the minimization of submarine routing is sought not only for cost reduction purposes, but also for reactive compensation requirements, which are significant anyway. Thus, the wider area of Neapoli has been chosen as a connection point in the Peloponnese.

In addition, the installation of a STATCOM system of reactive power compensation will be required in the electrical system of Crete to regulate the voltages and ensure the stability of the network in normal and in disturbed conditions.

Within 2020 the substations in Peloponnese and Chania, the underground cable lines in Crete and Peloponnese, the first submarine cable line and almost the overall works of the overhead lines in Peloponnese were completed and as a result, the successful electrification of the interconnection was taken place in December 2020. The second submarine cable line, the final arrangements of the overhead lines in Peloponnese and STATCOM will be completed in the upcoming period, so that the interconnection will be operational before the summer 2021. The project, budgeted at Euro 356, 4 million (including preliminary expenses), was co-financed by the European Union and NSRF 2014-2020 and was funded by the European Investment Bank.

The Crete-Peloponnese interconnection is called the "interconnection of records" as it is:

- The longest alternating current cable interconnection worldwide (174 km.)
- The longest underwater high-voltage cable interconnection with tripolar XLPE cable insulation technology worldwide (132 km).
- The deepest high voltage underwater cable connection with tripolar XLPE cable insulation technology worldwide (1,000 meters deep).

Crete- Attica Interconnection (Phase II of Crete Interconnection)

This project is the natural continuation of the project of the small interconnection of Crete - Peloponnese. It serves the same purposes by further strengthening the island's security of power supply along with the need to increase the ability to absorb generation of electrical power from RES. At the same time, a further significant reduction in the Public Utilities (YKO) charges is expected for all consumers of the system in the Greek Territory.

This project will be carried out by the 100% subsidiary of IPTO, “ARIADNE INTERCONNECTION SPSA", which was established based on the decisions of RAE 816/2018 and 838/2018 as an implementing body, and whose sole purpose is the construction and financing of the project. In addition, it has been assigned the selection of companies that will enter into contracts with IPTO and will be in charge of maintaining the system for 10 years, for which IPTO will be responsible. The property, ownership, operation of the cable and the technical specifications provided to the contractors for the cable construction are the responsibility of IPTO. So, throughout the project implementation by Ariadne, the fixed assets belong to IPTO and are reflected respectively in the financial statements of IPTO and after its electrification, the project is integrated in HETS, the ownership and management of which belong exclusively to IPTO.

This project consists of two sub-projects: The first concerns the "Study, Supply and Installation of cables and electrode stations for the electrical interconnection of direct current between Crete and Attica (2 x 500 MW)" and the second in "Study, Supply and Installation of two Conversion Stations and a Substation for the Electrical Interconnection of direct current, between Crete and Attica (2 x 500 MW)".

In May 2020, the contracts for the four cable sections of the project were signed. Within the same month, the contract for the two conversion stations and one substation in Crete was signed as well. The works for the design - construction have already started and the first invoices have been issued since summer 2020, taking into account at all times the implementation of the project within the planned timeframe.

In terms of project financing, budgeted to Euro 1,1 billion the subsidiary has entered into loan agreements under very competitive and favorable terms, of a total funding line up to Euro 400 million with the possibility of raising additional Euro 100 million, in case of exceeding the project budget, so that it may continue its work without any problem throughout the construction period. At the same time within 2021 the project is expected to be included for co-financing, in the Operational Program "Competitiveness, Entrepreneurship and Innovation" under the NSRF, drawing significant resources and reducing, to a large extent, the cost of a project of major importance for the Greek consumer.

3. System extension 400 kV to the Peloponnese

The expansion of the 400 kV system to Megalopolis (with the subsequent creation of a 400 kV loop Patras - Megalopolis - Corinth) dramatically increases the ability to transmit to and from the Peloponnese, enables the development of RES and thermal power stations, significantly improves the margin of stability of voltages for the Southern System and ensures the Peloponnese in any combination of power generation and load conditions. In addition, it strongly connects the power station of Megalopolis with the high load areas (Attica and Patras area) and contributes to the achievement of isobaric development of the Power Generation and Transmission Systems in the Southern Complex. Finally, it should be emphasized that the development of the 400 kV system towards the Peloponnese contributes to the reduction of the total losses of HETS.
Megalopolis project co-financed by NSRF 2007-2013 and part was funded by the European Investment Bank.

West Corridor (Megalopolis - Patras - West Sterea)

The construction of a new high voltage center in Megalopolis is important for the Peloponnese region. The high-voltage center of Megalopolis, which was fully operational in 2014, was needed to connect the new production unit in Megalopolis ("Megalopolis V" unit), to increase penetration by RES in the Peloponnese and to support voltages at high load hours.

The interconnection of the high voltage center of Megalopolis with the 400 kV circuits on the Antirio side is carried out with a new transmission line of 400 kV double circuit, consisting of overhead, underground and submarine sections, as well as the corresponding compensation inductions.

The projects of the Western Corridor have been completed, except a small part of the overhead line (2 pylons) due to reactions from an adjacent monastery.

The total budget of projects amounts to Euro 163,7 million.

East Corridor (Megalopolis - Corinth - Attica)
The main hub of the Eastern Corridor is the high voltage center of Corinth, which is planned to be connected to the 400 kV system as follows:

- In the first stage, with the Megalopolis Extra High Voltage Center through a new 400 kV double-circuit overhead transmission line.
- In a next stage, with the Koumoundourou Extra High Voltage Center through a new 400 kV double-circuit overhead transmission line.

The projects of the Eastern Corridor are in progress and are expected to be completed by 2024 (the section from the high voltage center of Megalopolis to the high voltage center of Corinth will be completed within 2021).

The total budget of projects amounts to Euro 95,6 million.

Ten-Year Network Development Plan (TYNDP) of the Hellenic Electricity Transmission System (HETS)

2020-2029

IPTO submitted the revised TYNDP 2020 - 2029 to RAE for approval on April 18, 2019, which according to RAE's decision (1097/2019) must be updated and re-submitted. The third (3rd) revised TYNDP 2020 – 2029 was submitted to RAE for approval on 10th June, 2020 and has been set to public consultation by the Authority from June 23 to July 24, 2020.

2021-2030

IPTO put the TYND Preliminary Plan 2021 - 2030, on public consultation from December 31, 2019 to January 31, 2020. IPTO considering the comments submitted during the public consultation, prepared the final draft of the TYNDP 2021-2030, which was submitted for RAE's approval on March 31, 2020 and was set to public consultation by the Authority from November 2 to December 2,2020.

2022-2031

In December 2020, the Preliminary draft TYNDP 2022-2031 was finalized and was set to public consultation by IPTO until February 5, 2021. The final Plan will be submitted to RAE on March 31, 2021.

5. Major risks

The Group continuously monitors developments in order to minimize possible negative effects that may arise from various events. Below are the main risks related to the Group's activities:

5.1. Risks related to inventories

5.1.1. Risk of inventory obsolescence

At each reporting date, the Group assesses whether there is an indication of impairment of inventories in spare parts. Determining whether there is an indication of impairment requires management to make estimates.

5.1.2. Stock insurance

Spare part stocks are scattered throughout the country, and therefore the risk of a major loss is reduced. IPTO SA has no insurance cover on its stocks, as the estimated insurance costs are higher compared to the costs of repairing any damage.

5.2. Prospects and how these are affected by the existing regulatory framework

5.2.1. Risk of Demand reduction

There is no risk of demand reduction due to the nature of the Company's activity.

5.2.2. Risk of Regulatory Framework changes

The Company's activity is subject to a strict and complex legislative and regulatory framework, related to the management of the HETS and increased supervisory obligations. Possible amendments to the HETS Management Code and the relevant legislative and regulatory framework may create additional management responsibilities for the Company. Any further responsibilities or possible changes to the relevant institutional framework are likely to adversely affect the Group's and Company's profitability.

Also, possible changes in the methodology and / or calculation parameters of system usage charges are likely to have a significant effect on the Group's and Company's revenues and profitability.

5.2.3. Operational / Regulatory risk

Any amendments and / or additions to the regulatory framework governing the Electricity Market in implementation of the European Legislation provisions may have a significant impact on the operation and the financial results of the Company.

5.3. Other risks related to the activity or the sector in which the Group Companies operate

5.3.1. Risks related to the sector in which the Company operates

The Company is subject to certain laws and regulations applicable to Société Anonyme of Ch. B of Law 3429/2005. Since the Greek State holds (directly or indirectly) 51% of ADMIE HOLDING SA share capital, IPTO continues to be considered in some areas a company of the Greek Public Sector. Therefore, IPTO operations will continue to be subject to laws and regulations applicable to Greek Public Sector companies and affect specific processes, such as those relating to wages, maximum fee limits, recruitment and redundancies or procurement procedures. These laws and regulations may limit its operational flexibility. In particular, the application of the provisions of Law 3833/2010 and Law 4024/2011 may have significant effect to the Company's operation.

5.3.2. Liquidity risk

Liquidity risk is linked to the need for sufficient financing for the operation and growth of the Group. The Group manages liquidity risk by monitoring and planning its cash flows, and acts appropriately by securing, to the extent possible, adequate credit lines and cash, while at the same time seeking to lengthen the average life span of its debt and diversifying its sources of finance. At the same time, the Group provides due care to the low-risk and efficient placement of cash reserves, offsetting the cost of loan interest and maintaining appropriate cash levels to implement the investments set out in the Ten-Year Network Development Plan of the HETS.

5.3.3. Credit Risk

For trade and other receivables, the Group and the Company are exposed to credit risk mainly for system use receivables. The Group and the Company use quantitative and ageing monitoring tools for their receivables and keep contact with their customers in order to reduce credit risk. In addition, ratios for expected credit losses are used throughout the life of the receivables. These percentages are based on past experience and adjusted in such a way as to reflect expectations about the future financial situation of customers and the economic environment.

For trade receivables arising from the Electricity Market, the Company operates as an intermediate. According to the provisions of Law. 4001/2011 and as mentioned in the Management Code of Hellenic Electricity Transmission System, IPTO is the competent Administrator for the clearance of Imbalances and settlement of financial transactions between the Participants arising therefrom. In carrying out its responsibilities, it acts as an intermediary, with a mediating role, among the Participants in the electricity market. The above-mentioned mediation competence of IPTO is associated with the tasks assigned by the legislator for the smooth operation, maintenance and development of HETS, to ensure that the country's electricity supply is adequate, safe, efficient and reliable. The invoicing practice to and from IPTO, currently followed, does not make IPTO a debtor of the relevant amounts, since IPTO is not involved in transactions for its own account, and do not participate in the price formation, but on behalf of the Participants, in the context of its mediating role, as defined by the aforementioned regulatory framework. As per above, it is not foreseen, nor can any obligation of IPTO be paid with its own funds, the financial obligations of any defaulting Participant, nor of course, there is a legal basis for parallel responsibility. Therefore, IPTO is not exposed to credit risk related to any default by the Participants.

5.3.4. Interest rate risk

The main risk arising from the probable fluctuation in lending rates in the management of debt obligations focuses on financial results and cash flows. There is systematic information and monitoring by the Board of Directors and in the event of a possible fluctuation, appropriate financial hedging instruments will be used.

5.3.5. Exchange rate risk

The risk of exchange rate fluctuations is minimal for the Group and is mainly related to any contracts for the supply of materials or equipment whose payment is in foreign currency.

5.3.6. Price risk

There is no significant price risk, since the Unitary Transmission Use of System charges which form the base of the Company's revenue, are calculated through a detailed study submitted to RAE based on the estimated consumption.

5.3.7. Other risks- Covid 19

The Group is closely monitoring developments both nationally and globally in relation to the spread of the virus, and proceeded promptly in receiving emergency measures, in constant cooperation and communication with the Hellenic Ministry of Energy and Environment and Hellenic National Public Health Organization, in order to receive guidelines and information on developments. In this respect, the know-how of the strategic partner State Grid has been utilized, which has already taken extensive measures to address the crisis in China.

These measures are mainly protective for the Group's employees health and safety as indicated below:

- Set up of a special crisis management team due to coronavirus, responsible for ensuring the Business Continuity of the Company.
- Enhanced protection measures in the Energy Control Centers, which are responsible for the monitoring, operation and control of the National Interconnected Electricity Generation and Transmission System.
- Mandatory application of remotely working at a rate of 70% for employees when it is possible to perform their duties remotely.
- Workspace arrangements so that employees can attend either on their own or in pairs when the space is large.
- Special measures for employees belonging to vulnerable groups.
- Cancellation of all business trips by public transport, except those receiving special permission from the Chief Executive Officer.

- Specific Risk Assessment, where potential risks are identified and the implemented / proposed measures are recorded.
- Establishment of a psychological support telephone line for all employees.
- Providing protective masks as well as other personal protective measures to all employees.
- Mandatory use of mask, in all indoor and outdoor areas of the buildings.
- Mandatory temperature measurement, for all employees and visitors, upon entering the Company's buildings.
- Molecular tests every week for all employees who work with physical presence

In addition to the ongoing management of operational risk due to the Covid-19 pandemic, an increased level of supervision was implemented to protect the financial position of the Group and the Company.

- The Company is closely monitoring the 2021 budget and so far there is no indication that its financial figures will be significantly affected due to the pandemic.
- The 2021 Investment Plan has been carefully reassessed, but the Management estimates that its implementation will not be significantly affected. However, estimates are continuously updated based on the evolution of the crisis.
- The Group is has solid financial position, while the available liquidity is at high levels.

All the above are important risk mitigating factors, which involves the uncertainty of the situation, but also to maintain the competitive position of the Company and the Group.

5.3.8. Miscellaneous specific risks

5.3.8.1. Risk of non-insurance of fixed assets

The Group and the Company do not have insurance coverage against the usual risks associated with fixed assets. Moreover, there is no insurance coverage for materials and spare parts as well as third parties' liabilities. This is primarily due to estimated high costs associated with insurance against such risks as compared to the cost of repairing the damage in case some of the risks occur.

Turnkey projects are insured by the contractors during construction.

5.3.8.2. Pending litigation risk

The Group is a defendant in a significant number of pending litigations. The Management evaluates the outcome of the cases in conjunction with the information received from the legal department of the Group and where it is judged that the outcome will be negative, the corresponding provisions are formed. Analysis of the provisions is disclosed in note 29 of the Financial Statements.

5.3.8.3. Risk of changes in tax and other regulations

Any change in tax and other regulation may have an impact on the Group's financial results.

5.3.8.4. Risk from regulated returns on business

Regulated returns on the System's investments may adversely affect the Group's profitability if they do not cover the fair return of the relevant invested capital.

6. Environmental issues

According to the Articles of association and the law, the Group is obligated to undertake the following actions and investments to protect the environment.

1. Strategic Environmental Impact Assessment for the inclusion of new Transmission Projects in the HETS as described in the Ten-Year Network Development Plans.
2. Environmental Studies for new and existing Transmission Projects for the purpose of licensing, through the issuance of new Decisions for the Approval of Environmental Terms or the renewal/modification of existing ones. The above Environmental Impact Assessments are submitted for approval to the relevant authority (Ministry of Environment and Energy or Decentralized Administrations).
3. Access Area Studies, Afforestation or Reforestation Studies and Agricultural Rehabilitation Studies and then launching their implementation in the framework of the implementation of the Transmission Projects.
4. The location of the Transmission Projects is made after detailed studies and control of all the parameters related to environmental and spatial criteria, which concern the anthropogenic environment, the protected areas, the visual noise, the areas of archaeological interest Residential control zones etc. All the above increase the final construction cost of the Transmission Projects.
5. Development of special environmental studies (Special Ecological Assessment, Ornithological Study) in cases where the Transmission Projects pass through or are in the vicinity of environmentally protected areas (Natura 2000 network Protection of mountainous volumes etc).
6. During the Transmission System operation (Transmission Lines, Substations and HVC) there is no emission of electromagnetic radiation, but two independent fields, an electric and a magnetic. In areas within reach of the public and the Company's employees, the values of these fields are well below the threshold values established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), in cooperation with the World Health Organization (WHO). These thresholds are included in a European Union Directive that has been incorporated into Greek legislation (CFCA (tax) 3060/GG b512/2002). It should be clarified that the thresholds of the electric and magnetic fields in the regulations do not constitute danger thresholds but contain high safety factors to cover any uncertainty about the limited knowledge of the effect of the fields and to meet the requirement to prevent possible adverse effects.
7. Compliance with environmental obligations that result either from the approved Environmental Terms of each Transmission Project related to its construction and operation phases or are listed in the Environmental Management and Monitoring Plan. Indicatively:
   - annual update of the Electronic Waste Register (HMA)
   - Harmonization with environmental legislation in case of deviations of the final technical design from the Decision for the Approval of Environmental Terms (submission of Technical Environmental Study, Compliance File)
   - compliance with archaeological heritage legislation when antiquities are detected
   - environmental licensing of auxiliary and accompanying works (warehouses, borrowers) where required

As per above, Management considers that the conditions for recognizing provisions for environmental obligations of the Group are not met.

7. Employment Issues

Promoting equal opportunities and protecting diversity are key principles of the Group. The Group's management does not discriminate in terms of recruitment/selection, remuneration, training, job assignment or any other work activity. With regard to the parent company, recruitments is through ASEP and there is specific legislation on staff remuneration, while for the subsidiary "ARIADNE INTERCONNECTION" the recruitment process is governed by special legislation (L.4602 / 2019), based on which the company can hire a number of employees which does not exceed the limit set by law, of all specialties, under private law employment contracts. These contracts are governed exclusively by the provisions of labour legislation regulating the relations between employers and employees in the private sector. The factors that are exclusively taken into account in the assignment of management responsibilities are experience, personality, training, qualifications, efficiency and ability.

The Group encourages and instructs all employees to respect the diversity of each employee or supplier or customer and not to accept any conduct that may discriminate in any form whatsoever. The Group's policy in this area is based on the Guiding Principles of the OECD or the International Labour Organization (ILO).

7.1. Diversity and equal opportunities policy (regardless of gender, religion, disadvantage or other aspects).

The Group on 31.12.2020 employed as regular staff 1.251 employees of different genders and ages, and the Group's consistent policy is to provide equal opportunities to employees regardless of gender, religion, disadvantage or other aspects. Of the total regular staff, 1.221 employees were employed by the parent company, 30 employees by the subsidiary "ARIADNE INTERCONNECTION S.P.L.C." (of which 1 employee is seconded from IPTO) and 1 employee of the subsidiary "GRID TELECOM S.M.S.A".

The Group's relations with its staff are excellent and there are no labour issues.

7.2. Respect for employees' rights and trade union freedom.

The Group respects the rights of employees and complies with the Labor Legislation. There are unions of employees.

7.3. Health and safety at work

Safety at workplace is a top priority and a necessity for the Group’s operation. The Group keeps first aid kits in all workspaces (medicines, bandages, etc.) and employs a "safety officer", an "occupational doctor" and a nurse pursuant to the current legislation and implements the “Health and Safety at Work Policy” according to the BoD Decision 3 / 2.2.2018.

Specifically, are carried out:

- Inspections of workplaces.
- Workplace risk assessments.
- Health certificates (Medical check-ups of employees)
- Seminars for Health & Safety to employees.
- Fire safety, fire protection exercises.
- Participation in exercises for the protection of vital areas of national infrastructure.

On November 7, 2020, due to the rapid spread of the virus, the country entered a traffic restriction regime. The Group continues to take all necessary measures timely in cooperation with EODY. More specifically, it continues to take all the necessary protective measures for the health of the Group's employees as indicated below:

- ➢ Establishment of a special corporate virus crisis management team (Business Continuity Group -BCG), responsible for ensuring the Business Continuity of the company.
- ➢ Enhanced protection measures in the Energy Control Centers, which are in charge of the monitoring, operation and Control of the National Interconnected Electricity Generation and Transmission System
- ➢ Mandatory remote work for 70% of employees who are able to perform their duties remotely.
- ➢ Spatial arrangements so that employees can sit either alone or if the space is large, in pairs.
- ➢ Special arrangements for employees belonging to vulnerable groups.
- ➢ Cancellation of all business trips with public transport except for those receiving special permission from the CEO.

- Preparation of a Specific Risk Assessment for Coronavirus, where the potential risks are identified and the implemented / proposed measures are recorded.
- Establishment of a psychological support telephone line for all employees.
- Distribution of personal protective masks as well as other personal protective measures to all employees.
- The use of protective mask is mandatory in all indoor and outdoor areas of the building.
- Thermometry continues to be mandatory for all employees and visitors, upon entering the Company's building.
- Molecular tests every week for all employees who work with physical presence.

7.4. Systems of recruitment, training, promotions

Recruitment procedures are carried out based on the qualifications required for the position in a non-discriminatory way through the Supreme Council for Civil Personnel Selection (ASEP).

The Group continuously trains all employees' categories either by organizing in-house seminars (with internal or external trainers) or by organizing seminars in external organizations. Employees go up pay scales every three years based on the evaluation by three successive superiors of each employee. For the assignment of management responsibilities, the procedure of announcing the position, evaluation and award is followed. There are written procedures that outline the above.

For the Group's subsidiaries, the selection procedures and recruitment, are based on the required qualifications for the position without discrimination. At the same time, subsidiaries educate and train their staff on a regular basis due to the specific professional requirements and operational or individual needs.

8. Financial performance indicators

8.1. The financial position of the Group and the Company as reflected in the following financial ratios:

	Group		Company	
In million €	**2020**	**2019**	**2020**	**2019**
Total revenue	287	250	285	249
Earnings before interest, tax, depreciation and amortisation (EBITDA)	211	224	210	223
Total assets	3.082	2.932	3.195	2.930
Non-current Assets	2.490	2.129	2.689	2.328
Regulatory asset base (RAVPAV)	1.941	1.684	1.941	1.684
Total debt	752	626	754	626

	Group		Company	
	2020	2019	2020	2019
Current ratio				
Total current assets / Total current liabilities	1,43	1,56	1,25	1,17
Quick ratio				
Total current assets minus inventories / Total current liabilities	1,30	1,45	1,12	1,06
Cash ratio				
Cash and cash equivalents / Total current liabilities	0,60	0,82	0,40	0,43
Operating cash flow ratio				
Cash flow from operating activities / Total current liabilities	0,38	0,31	0,42	0,31
Interest coverage ratio				
Earnings before Interest and taxes / Interest expense	9,24	10,07	9,21	9,96
Debt to equiry ratio				
Net debt / Equity	0,37	0,15	0,44	0,30
Debt to EBITDA ratio				
Net debt / Earnings before interest, taxes, depreciation and amortization	2,40	0,90	2,83	1,80

	Group 2020	2019	Company 2020	2019
EBITDA margin				
EBITDA / Total revenue	0,73	0,90	0,74	0,90
Net operating margin				
Earnings before interest and taxes / Total revenue	0,43	0,54	0,43	0,54
Net profit margin				
Net profits / Total revenue	0,30	0,42	0,30	0,41
Net Operating cash flow ratio				
Cash flow from operating activities / Total revenue	0,56	0,64	0,59	0,65
Return on equity (ROE)				
Profits before taxes / Total equity	0,06	0,08	0,06	0,08
Return on assets (ROA)				
Profits before interest and taxes / Total assets	0,03	0,04	0,03	0,04
Return on Capit Employed (ROCE)				
Profits before interest and taxes / Equity and total debt	0,06	0,07	0,06	0,07

In the comparative figures of the Group and Company financial performance indicators may have differences due to the reclassifications made within the year for comparability purposes (Note 3.3.22).

Alternative performance indicators and their calculation are analyzed in Note 8.2.

8.2 Alternative Performance Indicators (“API”)

In the context of the implementation of "Alternative Performance Indicators" guidelines of the European Securities and Markets Authority (ESMA / 2015 / 1415el) applicable as of July 3, 2016 to the Alternative Performance. The Group uses Alternative Performance Indicators in the decision-making framework on financial, operational and strategic planning as well as for the evaluation and publication of its performance. The API’s serve to a better understanding of the financial and operational results of the Group and its financial position. Alternative indicators should always be considered in conjunction with the financial results, prepared under IFRS, and not to replace them. The following indicators are used to describe the Group's performance:

EBIT (Earnings before interest and tax)

EBIT is used for the best analysis of Group's and Company's operating results and is calculated as follows: Total revenue minus total expenses. The EBIT margin (%) is calculated by dividing the EBIT by the total revenue.

Adjusted EBIT

Adjusted EBIT is defined as published EBIT adjusted by a) provisions (including provisions for litigations and trade receivables), b) valuation losses (impairments) of fixed assets and, c) non-recurring items.

EBITDA (Earnings before interest, tax, depreciation and amortization)

EBITDA is used for the best analysis of Group's and Company's operating results and is calculated as follows: Total revenue minus total expenses before depreciation and amortization and valuation losses (impairments) of fixed assets. The EBITDA margin (%) is calculated by dividing the EBITDA by the total revenue.

Adjusted EBITDA

Adjusted EBITDA is defined as published EBITDA adjusted by a) provisions (including provisions for litigations and trade receivables), b) non-recurring items.

Adjusted Earnings Before Tax

Adjusted Earnings Before Tax is defined as published Earnings Before Tax adjusted by a) provisions (including provisions for litigations and trade receivables), b) valuation losses (impairments) of fixed assets, c) non-recurring items and d) non-recurring financial income / expenses.

Adjusted Net Income

Adjusted Net Income is defined as published Net Income adjusted by a) provisions (including provisions for litigations and trade receivables), b) valuation losses (impairments) of fixed assets, c) non-recurring items and revenues from prior year optical fiber rents) and d) non-recurring financial income / expenses.

Net Debt/EBITDA:

The ratio reflects how earnings before interest, tax, depreciation and amortization cover net debt (as defined in the following paragraph)

Net Debt:

Net debt is defined as the Group and the Company's debt (current and non-current portion of debt, including finance lease liabilities) minus cash and cash equivalents and indicates the level of liquidity as well as the ability of the Group and the Company to repay the interest.

Return on Equity:

This ratio shows how efficiently the Group and the Company used its net assets to generate additional profits and is calculated as follows: Profit before tax divided by equity.

The calculation of the above Alternative Performance Measurement Indicators directly derived from the Statement of Financial Position and Income Statement.

The following table analyzes the calculation of selected Alternative Performance Indicators:

	Group		Company	
Comparable Ratios Calculation:	**2020**	**2019**	**2020**	**2019**
Total revenue	286.674	249.762	285.097	248.820
Total expenses	(164.571)	(114.982)	(163.421)	(115.446)
EBIT	**122.103**	**134.780**	**121.676**	**133.374**
*Provisions**	(8.108)	(19.412)	(8.097)	(19.467)
Valuation of fixed assets (Note 13)	-	16.816	-	16.816
*Non-recurring data***	-	(28.237)	-	(28.237)
Comparable EBIT	**113.995**	**103.948**	**113.579**	**102.486**
Depreciation	88.481	72.549	88.466	72.549
Comparable EBITDA	**202.476**	**176.497**	**202.044**	**175.035**
*Provisions**	8.108	19.412	8.097	19.467
*Non-recurring data**(Note 10.2)*	-	28.237	-	28.237
EBITDA	**210.584**	**224.145**	**210.141**	**222.739**

	Group		Company	
	2020	**2019**	**2020**	**2019**
EBIT	**122.103**	**134.780**	**121.676**	**133.374**
Financial expenses	(13.209)	(13.249)	(13.205)	(13.248)
Financial income	6.119	15.396	5.410	13.263
Profit	**115.013**	**136.927**	**113.881**	**133.389**
Financial income from discounted receivables-Polipotamos (Note 11.2)	-	4.088	-	4.088
Loss on loan expense balance (Note 11.2)	2.951	-	2.951	-
Comparable Profits	**109.856**	**102.006**	**108.735**	**98.414**
Effective tax rate	26,15%	22,88%	26,11%	22,85%
Compared income tax	(28.727)	(23.342)	(28.389)	(22.484)
Comparable Net profit	**81.129**	**78.664**	**80.346**	**75.930**

Profit	**115.013**	**136.927**	**113.881**	**133.389**
Income tax	(30.075)	(31.333)	(29.733)	(30.475)
Effective tax rate	26,15%	22,88%	26,11%	22,85%

* Mainly included a) for 2020 provision for the discount on reduced electricity tariffs given to employees and retirees of the Company amounting to Euro 0,15 million, provisions for staff retirement compensation amounting to Euro 0,43 million, release of provision for risks and expenses amounting to 8,7million (Note 9) b) for 2019 release of

provision for the discount on reduced electricity tariffs given to employees and retirees of the Company amounting to Euro 15,7 million, provision for staff retirement compensation amounting to Euro 0,6 million, release of provision for risks and expenses of Euro 4,3 million (Note 9)

** Included for 2019, revenue from special projects (Polypotamos) (Note 10.2) amounting to Euro 27,5 million and revenue from optical fiber rent amounting to Euro 0,7million (Note 10.2).

8.3 Explanation of Regulated Revenue

	2020	2019	Difference
Items comprising AR in RAE 235/2018			
OPEX	78.461	77.862	599
Depreciation	76.370	58.335	18.035
Total expenses	**154.831**	**136.197**	**18.634**
RAB	*1.941.335*	*1.684.495*	
WACC	*6,50%*	*6,90%*	
RAB*WACC	126.187	116.230	9.957
AR - Allowed revenue	**281.018**	**252.427**	**28.591**
Plus: Items not budgeted in RAE 235/2018			
Ariadne	2.408	-	2.408
RSC	1.090	-	1.090
AR revised	**284.517**	**252.427**	**32.090**
Inflation	0,00%	0,60%	
AR inflated	**284.517**	**253.942**	**30.575**
Adjustments for (RAE 100/2019 & RAE 1650/2020):			
(Π1) Amount cleared due to (over)/under recovery of revenue	2.519	2.024	495
(Π2) Amount cleared due to over/(under) investment	779	(17.318)	18.097
(Π5) Revenue from non regulated activities	(11.501)	(9.366)	(2.135)
AR adjusted	**276.314**	**229.281**	**47.033**

Revenues recovered from other sources (RAE 100/2019 & RAE 1650/2020):			
(K) Cost of HETS projects implemented by means of third party funding	(10.000)	7.164	(17.164)
(Π3) Revenue from Interconnection rights	(68.082)	(37.910)	(30.173)
(Π4) Revenue from participating in the Inter-Transmission Compensation mechanism (ITC)	238	454	(216)
RR - Required revenue	**198.469**	**198.989**	**(520)**
Actual			
TUoS	**195.715**	**198.846**	**- 3.132**
Other sources			
(K) Cost of HETS projects implemented by means of third party funding	10.000	(7.164)	17.164
(Π3) Revenue from Interconnection rights	68.082	37.910	30.173
(Π4) Revenue from participating in the Inter-Transmission Compensation mechanism (ITC)	(238)	(454)	216
Revenue from Transmission System Rent*	**273.560**	**229.138**	**44.421**

*Revenue from Transmission System Rent as referred above, amount Euro 273.560 mil and Euro 229.138 mil for 2020 and 2019 respectively, have been recognized as Revenue from Transmission System Rent at the Income Statement .

RAE΄s decision 235/2018 determined IPTO's Allowed Revenue (AR) for the years of Regulatory Period 2018-2021. For 2020, Allowed Revenue (AR) was budgeted with an increase of Euro 28,6 million, mainly as a result of the estimated expansion of the Regulated Asset Base (RAB) of IPTO, due to the implementation of the investment program.

IPTO requested RAE to update the Allowed Revenue (AR) with expenses that were not budgeted during the preparation period of decision 235/2018, and relate to operating expenses of the subsidiary Ariadne Interconnection, as well as the Regional Security Center. The request was accepted, increasing the Allowed Revenue (AR updated) of 2020 by Euro 3,5 million, under decision 1650/2020.

RAE decisions 100/2019 and 1650/2020 set the level of inflation from which the inflated Allowed Revenue (AR inflated) results, as well as all adjustments that are used to determine the Required Revenue (RR). These adjustments explain the further increase of the adjusted Allowed Revenue (AR) within 2020. This is mainly due to the positive value of parameter π2 (increased by € 18,1 million compared to 2019), which reflects the over-investment of 2018 in relation to the under-investment of 2017 (negative π2 in 2019).

Interconnection Rights increased, allowing the use of a higher amount of the reserve (increase of Euro 30,2 million), which contributed to maintain the Required Revenue at levels close to 2019.

The slight decrease in consumption, as a result of the pandemic crisis, led to reduced System Usage Charges by Euro 3,1 million in 2020 compared to 2019.

9. Prospect development

Outlook for 2021

A key objective of the Group is the continuous growth through continuous investments while ensuring its sustainability. Given the nature of the Group's activities and sound financial situation for 2021, the management will try to maintain its profitable course. This will be facilitated by the willingness to rationalize expenditures and strengthen revenue-generating activities. The Group's strategic priorities are summarized as follows:

- **Accelerate system modernization**

The Group in order to improve the safety and reliability of the system, has planned to perform the following actions:

- Inspection of Transmission Lines with manned and unmanned aerial vehicles. The inspection of the Transmission Lines will be performed with drones or helicopters on a large scale.
- Digitalization of Substations: Digitization of Acharnon substation and upgrading of the old substation Agios Georgios in Keratsini are completed. This substation is the first to become fully digital. Thus, in 2021, it will be equipped with modernized Protection and Control systems for greater reliability.
- Upgrade of GIS platform with new applications: The platform will be upgraded so as to include the fiber optic network and related functions.

- **Maturity of Electricity market and IPTO role**

The Company has a key role in the new dynamic market of the Target model. Within 2021, the Company will implement a series of reforms in the wholesale electricity market. One of the following steps is to strengthen the connection of the Greek market with neighboring markets. This includes the coupling of Greek and Bulgarian market that will be implemented by May 2021 in order to ensure greater liquidity and less need for balancing. IPTO is also responsible for preparing the Balancing Market for integrating new balancing sources, such as Renewable Energy Sources, Demand Response, Storage and more.

- **Further development of the optical fiber activity**

Exploiting the fiber optic network is another way to create added value from existing infrastructure.
The growth of telecommunications, through its subsidiary Grid Telecom, will actively continue in the following years. The plan for 2021 includes the creation of telecommunications nodes in IPTO substation. It also includes the provision of capacity services through a DWDM network that will be installed by IPTO.

- **Digitization of the Group's operations**

Since the beginning of 2021, the new integrated Business Information System (ERP / EAM / WFM) is implemented, so that the Company operates in a centralized system that facilitates the flow of information to all Company's departments, and will be an important tool for the Company modernization. Apart from the obvious benefits of the new Business Management Applications system (ERP), the Asset Management System (EAM) accurately achieves the recording and maintenance of asset data (Asset Register) and integrated accounting of all cost elements of an asset for each stage of its life cycle.
At the same time, in December 2020, the study for the design of an Asset Performance Management System was completed, which will enable the optimal management of the Operator's assets through the control and evaluation of their condition, while it will allow the timely implementation of actions to prevent errors and therefore significantly enhance the security and efficiency of the System. The tender process for the procurement of this new APM system is expected to be completed by the end of 2021.APMS in combination / interoperability with EAM and an Online Condition Monitoring system can implement IPTO's strategy for the transition from Time Based Maintenance to Condition Based Maintenance.

- **International Interconnections**

The development of international interfaces plays a central role in Operator's development strategy, as it contributes substantially to the stability of the System and the convergence of prices between different European regions. In this context, IPTO is in cooperation with the neighboring Operators to evaluate the alternatives for strengthening the transnational interconnections.

Greece-Bulgaria: For the new interconnection with 400 kV overhead line between the High Voltage Center of N. Santa and Maritsa East 1 substation, a six months acceleration is foreseen, with horizon of completion in the mid-2022.

Greece-Italy: Within the next period, IPTO and TERNA will examine alternative solutions for the development of a new submarine interconnection between the Greek and Italian systems, while at the same time the possibility of utilizing existing infrastructure will be explored. According to current estimates, the need for reinforcement (new interconnection power) ranges between 500 - 1000 MW.

Greece-Albania: The Operators of both countries are investigating the design of a new 400 kV interconnector line between the southern transmission system of the neighboring country and a suitable High Voltage Center in the Greek System.

Greece-Northern Macedonia: The Operators are studying scenarios for upgrading the existing 400 kV interconnection between the countries.

- **Electricity Storage**

In the course of energy transition to the new era, the key role that storage systems can play is emerging,
As well as, their integration into the electrical system offers multiple advantages that optimize its operation.
The new TYNDP includes a proposal for a pilot project for the installation of battery systems in Thiva and Naxos, with completion time plan within 2022, which will be utilized by IPTO to gain significant experience for optimum battery management systems that will contribute to achieving the objectives NPEC.

- **Increased penetration of RES**

Achieving the goals set by the National Plan for Energy and Climate (NPEC) for the year 2030 and the Long-Term Energy Planning for the year 2050, calls for the acceleration of the procedures for the integration of new RES units on a large scale. Plans for the installation of RES units are expected to contribute in this direction, which, however, require the implementation of important electricity transmission projects. With the interconnection of the Aegean islands and the expansion of the 400 kV Transmission Lines in Peloponnese, IPTO lays the foundations for the creation of a 3 GW space for the integration of new RES units in the domestic energy system. The Transmission Infrastructures provided in the TYNDP cover the objectives of NPEC for the participation of RES

- **Offshore Wind Farms**

The expansion of the Interconnected Transmission System in the island area creates the conditions for the development of offshore wind farms, as it significantly reduces the distances for the transfer of electricity from the source of production to connection points of the System. In this context, the need for an integrated plan for the development of strategic infrastructure in the maritime area with the aim of the optimal "joint" connection of offshore wind farms or wind farms on islands belonging to different producers. This need can be optimally met by the Operator, which has the necessary know-how and experience both for the design and for the implementation of offshore High Voltage interconnection networks.

- **Green strategy development**

The target for 2021 for the Company is to develop green strategy for the next four years. This strategy will include actions to combat climate change and ways in which it contributes, as Company and Operator to reducing greenhouse gas emissions.

10. Company operation in the field of research and development

During the reporting period the Group incurred research and development expenditure. Specifically, the Group participated in the European Community's subsidized program "Horizon 2020" and received subsidies amounting to Euro 536 thousand (2019: Euro 780 thousand) for the above programs.

11. Treasury Shares

No treasury shares were acquired during FY 2020.

12. Company Branches

The Company maintains branches in Northern Greece, West Macedonia, Larissa, Agrinio and Athens in order to serve the cash requirements of the respective Regional Sectors.

13. Financial instruments

The Group and the Company as of 31.12.2020 held bonds of the Cooperative Bank of Chania and Pancretan Cooperative Bank, with total nominal value of Euro 4.000.000.

14. Significant transactions with related parties

On December 31, 2020 "STATE GRID EUROPE LIMITED" holds 24% of Company's paid-up share capital, "ADMIE HOLDING SA" 51% of Company's paid-up share capital, and the "PUBLIC HOLDING COMPANY ADMIE S.A." (PHC ADMIE S.A.) 25% of Company's paid-up share capital.

The Group is indirectly controlled by the Greek state, through "PUBLIC HOLDING COMPANY ADMIE S.A." (PHC ADMIE S.A.), which controls directly 25% of IPTO SA paid-up share capital and 51,12% of "ADMIE HOLDING SA" (the parent company) paid-up share capital. The Company's transactions with related parties have been carried out under normal market conditions. Below are Group's related parties.

Company	Relation
ADMIE HOLDING SA	Shareholder
PHC ADMIE SA	Shareholder
STATE GRID LTD	Shareholder
ARIADNE INTERCONNECTION SPSA	Subsidiary
GRID TELECOM SMSA	Subsidiary
EnEx Clearing House S.A	Associate
HELLENIC ENERGY EXCHANGE S.A.	Associate
SELENE CC SA	Associate

The Company in the ordinary course of business conducted, the following transactions (Note 37) with subsidiaries and associated companies, the balances (Receivables, liabilities and revenues and expenses) of which on December 31, 2020 are as follows:

	31/12/2020		31/12/2019	
Amounts in Euro	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
ARIADNE INTERCONNECTION S.P.S.A	169.480	133.478.931	126.517	1.586.155
GRID TELECOM SPSA	3.462.887	-	3.565.669	-
ADMIE HOLDING SA	29.032	3.720	9.324	-
EnEx Clearing House S.A	8.822.491	64.230	-	-
HELLENIC ENERGY EXCHANGE S.A.	124.096	1.612	-	-
PHC ADMIE SA	-	-	-	-
STATE GRID LTD	-	-	-	-
SELENE CC SA	-	-	-	-
Total	**12.607.986**	**133.548.493**	**3.701.510**	**1.586.155**

	01/01/2020- 31/12/2020		01/01/2019- 31/12/2019	
Amounts in Euro	**Revenues**	**Expenses**	**Revenues**	**Expenses**
ARIADNE INTERCONNECTION S.P.S.A	291.159	1.574.745	211.055	797.572
GRID TELECOM SPSA	352.319	-	359.139	-
ADMIE HOLDING SA	27.829	3.000	8.812	-
EnEx Clearing House S.A	13.721.856	14.646.131	-	-
HELLENIC ENERGY EXCHANGE S.A.	312.562	16.885	-	-
PHC ADMIE SA	-	-	-	-
STATE GRID LTD	-	-	-	-
SELENE CC SA	-	-	-	-
Total	**14.705.725**	**16.240.761**	**579.006**	**797.572**

There are also transactions with companies in which the Greek State participates, such as PPC S.A., DAPEEP (previous LAGIE), HELPE and ELPEDISON. All transactions with the above companies are made on commercial terms and are not disclosed.

15. Management Remuneration

The Board of Directors' members and the Directors' remuneration (representation expenses and social security contributions inclusive), for the year ended at December 31, 2020 for the Group amounts to Euro 1.191 thousand, compared to Euro 1.040 thousand in 2019, while for the Company amounts to Euro 1.104 thousand, compared to Euro 1.030 thousand in 2019.

16. Applied Key Accounting Principles

For the Statement of Financial Position, the Income Statements and Statements of Other Comprehensive Income, Changes in Equity and Cash Flow Statements, the accounting principles were applied, as presented in the notes of the financial statements.

17. Other issues

The Company has no foreign exchange currency.

There are no encumbrances on the Company's property. Details regarding the ownership of the Company's property are disclosed in Note 38 of the Financial Statements. The latest estimate of the current value of properties was conducted on December 31, 2019.

After that we hereby kindly request that you:

1. Approve the Income Statement, Statement Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, summary of key accounting policies and methods and other explanatory information for FY 2020 (fiscal period 01/01/2020 - 31/12/2020),
2. Discharge the members of the Board of Directors and auditors from all liability for the operations if FY 2020 (fiscal period 01/01/2020 - 31/12/2020),
3. Appoint one (1) regular and one (1) alternate certified auditor-accountant of FY 2020.

Athens, March 31, 2021

On behalf of the Board of Directors

Chairman of the BOD & CEO

Manousakis Manousos

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INDEPENDENT AUDITORS REPORT

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Independent Power Transmission Operator S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Independent Power Transmission Operator S.A. (the Company), which comprise the separate and consolidated statement of financial position as of December 31, 2020, the separate and consolidated income statement and total comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly in all material respects the financial position of Independent Power Transmission Operator S.A. and its subsidiaries (the Group) as at December 31, 2020 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. We remained independent of the Company and Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, 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 separate and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements.

We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 153 of Law 4548/2018 and the content of the Board of Directors' Report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2020.

b) Based on the knowledge and understanding concerning Independent Power Transmission Operator S.A and its environment, obtained during our audit, we have not identified information included in the Board of Directors' Report that contains a material misstatement.

Athens, April, 2 2021

Konstantinos Tsekas
Certified Auditor Accountant
S.O.E.L. R.N.19421

Vassilios Kaminaris
Certified Auditor Accountant
S.O.E.L. R.N. 20411

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
8B CHIMARRAS ST., MAROUSSI
151 25, GREECE
COMPANY SOEL R.N. 107

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INDEPENDENT POWER

TRANSMISSION OPERATOR (IPTO) S.A.

Annual Consolidated Financial Statements
In accordance with the International Financial Reporting Standards
for the year ended on 31 December 2020

As adopted by the European Union

The attached financial statements have been approved by the Board of Directors of the Independent Power Transmission Operator (IPTO)S.A. on March 31, 2021 and they have been posted on the web site http://www.admie.gr

CHAIRMAN OF THE BoD & CEO	EXECUTIVE VICE CHAIRMAN OF THE BoD	DEPUTY CHIEF EXECUTIVE OFFICER	CHIEF ACCOUNTANT
M. MANOUSAKIS ID Card 165741	I MARGARIS ID Card 286541	D. CHEN No PE1871422 Passport Republic of China	G. KAMPOUROGLOU 1st class No 0008253

PricewaterhouseCoopers Accounting S.A.

Office Lic. No.: 1494

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(In thousand euro unless otherwise stated)

INCOME STATEMENT FOR PERIOD 01/01/2020 – 31/12/2020

Revenue:	Note	Group 01/01/2020-31/12/2020	Group 01/01/2019-31/12/2019	Company 01/01/2020-31/12/2020	Company 01/01/2019-31/12/2019
Revenue from transmission system rent	5	273.560	229.138	273.560	229.138
Concession agreement expenses	5	-	-	(1.575)	(798)
Operator's revenue from clearing charges	5	342.889	513.133	342.889	513.133
Operator's expenses from clearing charges	5	(342.889)	(513.133)	(342.889)	(513.133)
Revenue from other operations	5	13.114	20.624	13.112	20.479
Total revenue		**286.674**	**249.762**	**285.097**	**248.820**
Expenses/(Income):					
Payroll cost	6	54.105	40.859	54.037	40.771
Depreciation and amortization	7	88.481	72.549	88.466	72.549
Contracting cost		510	1.452	510	1.452
Materials and consumables		1.263	477	1.263	477
Third party benefits	8	5.936	4.149	5.936	4.149
Third party fees	8	11.893	7.105	11.135	6.688
Taxes–duties		2.810	3.009	2.800	3.004
Provision (release of provision) for risks and expenses	9	(8.690)	(4.339)	(8.679)	(4.394)
Impairment loss from devaluation of fixed assets		-	16.816	-	16.816
Other revenue	10.2	(3.062)	(35.082)	(3.160)	(33.930)
Other expenses	10.1	11.325	7.987	11.114	7.865
Total expenses		**164.571**	**114.982**	**163.421**	**115.446**
Profit/(loss) before taxes and financial results		**122.103**	**134.780**	**121.676**	**133.374**
Financial expenses	11.1	(13.209)	(13.391)	(13.205)	(13.390)
Financial income	11.2	6.119	15.537	5.410	13.405
Profits/(Losses) before taxes		**115.013**	**136.927**	**113.881**	**133.389**
Income Tax	12	(30.075)	(31.333)	(29.733)	(30.475)
Net profits/(losses) of fiscal year		**84.938**	**105.593**	**84.148**	**102.914**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

(In thousand euro unless otherwise stated)

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD 01/01/2020 – 31/12/2020

		Group		Company	
		01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Net profits/(losses) of fiscal year		**84.938**	**105.593**	**84.148**	**102.914**
Other comprehensive income (non-reclassified in the income statement)					
Revaluation of fixed assets	26.2	-	308.430	-	308.430
Deferred tax on revaluation of fixed assets	26.2	-	(73.206)	-	(73.206)
Actuarial profits/ (losses) based on IAS 19	28	2.383	1.208	2.388	1.208
Deferred tax on actuarial profits/ (losses) based on IAS 19		(572)	-	(573)	-
Other comprehensive income after taxes		**1.811**	**236.433**	**1.815**	**236.433**
Cumulative comprehensive income after taxes		**86.749**	**342.026**	**85.963**	**339.347**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

(In thousand euro unless otherwise stated)

STATEMENT OF FINANCIAL POSITION ON 31/12/2020

ASSETS	Note	Group 31/12/2020	Group 31/12/2019	Company 31/12/2020	Company 31/12/2019
Non-current assets:					
Tangible assets	13	2.465.304	2.115.914	2.464.781	2.115.911
Intangible assets	14	6.596	2.843	6.522	2.843
Right of use asset	15	1.072	853	1.072	853
Investments in subsidiaries	16	-	-	201.800	200.300
Investments in associates	17	1.239	1.021	1.050	1.000
Financial assets at amortized cost	18	4.035	3.936	4.035	3.936
Finance lease receivables	18	3.869	4.055	2.763	2.882
Other long-term receivables	19	7.451	-	7.451	-
Total non-current assets		**2.489.565**	**2.128.621**	**2.689.474**	**2.327.725**
Current assets:					
Inventories	20	53.080	55.135	53.080	55.135
Trade receivables	21	159.966	254.069	159.992	254.083
Other receivables	22	130.763	69.030	131.282	68.762
Short-term receivables for optical fiber lease	18	190	176	119	109
Cash and cash equivalents	23	248.478	425.170	161.359	224.351
Total current assets		**592.477**	**803.580**	**505.830**	**602.439**
Total assets		**3.082.042**	**2.932.201**	**3.195.304**	**2.930.165**
EQUITY AND LIABILITIES					
Equity:					
Share capital		38.444	38.444	38.444	38.444
Legal reserve		13.014	12.963	12.815	12.815
Other reserves	26.1	(11.201)	(12.884)	(11.197)	(12.884)
Revaluation reserve	26.2	886.163	886.163	886.163	886.163
Retained earnings		438.776	405.219	435.237	402.418
Total equity		**1.365.197**	**1.329.906**	**1.361.462**	**1.326.957**
Non-current liabilities:					
Long-term borrowings	27	719.379	539.633	721.539	539.633
Provisions for employee benefits	28	17.436	20.007	17.436	20.007
Other provisions	29	22.363	31.379	22.363	31.379
Deferred tax liabilities	12	196.383	196.800	196.393	196.809
Subsidies	30	325.287	293.586	325.287	293.586
Long-term Lease liabilities	31	958	801	958	801
Long-term liability from Concession agreement	32	-	-	130.940	789
Other non-current liabilities		20.219	4.035	15.472	4.035
Total non-current liabilities		**1.302.026**	**1.086.241**	**1.430.389**	**1.087.039**
Current liabilities:					
Trade and other payables	33	200.160	224.753	188.185	224.687
Short -term loans	31	150	82	150	82
Short-term portion of long-term borrowings	27	32.540	85.662	32.540	85.662
Income tax payable	12	31.382	8.748	30.982	8.185
Accrued and other liabilities	34	13.395	51.991	14.969	52.720
Special accounts (reserves)	35	137.192	144.818	136.626	144.832
Total current liabilities		**414.819**	**516.054**	**403.453**	**516.169**
Total equity and liabilities		**3.082.042**	**2.932.201**	**3.195.304**	**2.930.165**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

(In thousand euro unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR PERIOD 01/01/2020 – 31/12/2020

	Group					
	Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01/01/2019	**38.444**	**12.828**	**650.939**	**(13.252)**	**341.737**	**1.030.695**
Effect of first time adoption of IFRS 16	-	-	-	-	(16)	(16)
Balance as at 01/01/2019	**38.444**	**12.828**	**650.939**	**(13.252)**	**341.720**	**1.030.679**
Net profit for the period	-	-	-	-	105.593	105.593
Other comprehensive profit / (losses) after tax for the period	-	-	235.225	1.208	-	236.433
Total comprehensive income	**-**	**-**	**235.225**	**1.208**	**105.593**	**342.026**
Dividents paid	-	-	-	-	(42.799)	(42.799)
Legal reserve	-	135	-	-	(135)	-
Transferred reserves	-	-	-	(839)	839	-
Balance as at 31/12/2019	**38.444**	**12.963**	**886.163**	**(12.884)**	**405.219**	**1.329.906**
Balance as at 01/01/2020	**38.444**	**12.963**	**886.163**	**(12.884)**	**405.219**	**1.329.905**
Net profit for the period	-	-	-	-	84.938	84.938
Transferred reserves	-	-	-	(128)	128	-
Other comprehensive profit / (losses) after tax for the period	-	-	-	1.811	-	1.811
Total comprehensive income	**-**	**-**	**-**	**1.683**	**85.065**	**86.749**
Formation of legal reserve	-	51	-	-	(51)	-
Dividents paid	-	-	-	-	(51.457)	(51.457)
Balance as at 31/12/2020	**38.444**	**13.014**	**886.163**	**(11.201)**	**438.776**	**1.365.197**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

(In thousand euro unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR PERIOD 01/01/2020 – 31/12/2020

	Company					
	Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01/01/2019	**38.444**	**12.815**	**650.939**	**(13.252)**	**341.480**	**1.030.425**
Effect of first time adoption of IFRS 16	-	-	-	-	(16)	(16)
Balance as at 01/01/2019	**38.444**	**12.815**	**650.939**	**(13.252)**	**341.464**	**1.030.409**
Net profit for the period	-	-	-	-	102.914	102.914
Other comprehensive profit / (losses) after tax for the period	-	-	235.225	1.208	-	236.433
Total comprehensive income	-	-	**235.225**	**1.208**	**102.914**	**339.347**
Dividents paid	-	-	-	-	(42.799)	(42.799)
Transferred reserves	-	-	-	(839)	839	-
Balance as at 31/12/2019	**38.444**	**12.815**	**886.163**	**(12.884)**	**402.418**	**1.326.957**
Balance as at 01/01/2020	**38.444**	**12.815**	**886.163**	**(12.884)**	**402.418**	**1.326.957**
Net profit for the period	-	-	-	-	84.148	84.148
Transferred reserves	-	-	-	(128)	128	-
Other comprehensive profit / (losses) after tax for the period	-	-	-	1.815	-	1.815
Total comprehensive income	**-**	**-**	**-**	**1.687**	**84.276**	**85.963**
Dividents paid	-	-	-	-	(51.457)	(51.457)
Balance as at 31/12/2020	**38.444**	**12.815**	**886.163**	**(11.197)**	**435.237**	**1.361.462**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

(In thousand euro unless otherwise stated)

STATEMENT OF CASH FLOW

		Group		Company	
		01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Cash flows from operating activities	Note				
Profit before tax		115.013	136.927	113.881	133.389
Adjustments for:					
Depreciation of tangible assets		98.357	80.422	98.341	80.422
Amortization of subsidies		(9.876)	(7.873)	(9.876)	(7.873)
Interest income	11.2	(6.119)	(15.786)	(5.410)	(13.405)
Other provisions		(8.615)	(4.339)	(8.679)	(4.394)
Asset write-offs and transfer to contracting cost	13	797	7.121	797	7.121
Impairment loss due to valuation of fixed assets	13	-	16.816	-	16.816
Amortization of loan issuance costs		3.023	870	3.023	870
Gain from RoU derecognition		-	(1.453)	-	-
Gain from derecognition of optical fiber		-	(1.180)	-	(1.180)
Gain from Associates		(172)	(21)	-	-
Interest expense	11.1	10.186	12.521	10.182	12.520
Personnel provisions		582	(15.073)	582	(15.073)
Operational profit before changes in the working capital		**203.176**	**208.953**	**202.841**	**209.213**
(Increase)/decrease:					
Trade and other receivables		167.766	460.154	100.115	460.485
Other receivables		(74.234)	1.404	(70.081)	(2.430)
Inventories		1.875	(1.038)	1.875	(1.038)
Increase/(decrease) :		-	-	-	-
Trade payables		(94.444)	(486.568)	(16.653)	(486.670)
Other payables and accrued expenses		(34.803)	7.761	(39.951)	12.586
Compensation payments in the period		(654)	(2.830)	(654)	(2.830)
Tax paid		(9.438)	(27.909)	(8.894)	(27.886)
Net cash flow from operating activities		**159.244**	**159.927**	**168.598**	**161.431**
Cash flows from investing activities					
Interest received		6.179	10.908	5.280	9.176
Subsidies received	30	41.577	18.565	41.577	18.565
Investments in related parties		(50)	-	(1.550)	(300)
Purchases of current and non-current assets	13, 14	(444.981)	(247.789)	(340.403)	(247.786)
Net cash flows from investing activities		**(397.276)**	**(218.316)**	**(295.096)**	**(220.345)**
Cash flows from financing activities					
Loan repayments	27	(50.580)	(64.222)	(50.580)	(64.222)
Dividends paid		(51.457)	(42.799)	(51.457)	(42.799)
Interest payment from Leases		(102)	-	(102)	-
Loan issuance costs		(4.560)	-	(2.400)	-
Receipt of loans	27	178.200	-	178.200	-
Interest paid		(10.160)	(12.353)	(10.155)	(12.352)
Net cash flows from financing activities		**61.340**	**(119.375)**	**63.506**	**(119.374)**
Net increase/ (decrease) of cash and cash equivalents		**(176.692)**	**(177.763)**	**(62.992)**	**(178.288)**
Cash and cash equivalents, opening balance		**425.170**	**602.933**	**224.351**	**402.639**
Cash and cash equivalents, closing balance		**248.478**	**425.170**	**161.359**	**224.351**

Comparative figures on specific items have been reclassified for comparability purposes (analysis in Note 3.3.22).
The notes on pages 47 to 127 form an integral part of these financial statements.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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1. ESTABLISHMENT, ORGANISATION AND OPERATION OF THE COMPANY AND GROUP.

The Independent Power Transmission Operator SA (IPTO SA or ADMIE SA or the Company) is a continuation of PPC TELECOMMUNICATIONS SOCIETE ANONYME, established in 2000 in Greece following a change in its trade name, according to the decision published in GG 10787/11.10.2011, and its operation is governed by the Greek Law.

The purpose of the Company is to engage in the activities and perform the duties of the Owner and Operator of the Hellenic Electricity Transmission System (HETS or ESMIE in Greek), as stipulated in Law 4001/2011. More specifically, the purpose of the Company is the operation, exploitation, maintenance and development of the Hellenic Electricity Transmission System so as to ensure that the supply of electricity in Greece is conducted in an adequate, safe, efficient and reliable manner. In the framework of the above purpose, the Company performs its duties and operates under the provisions of articles of chapters A to C, of the Fourth Part of Law 4001/2011, and the delegated acts issued, and mainly of the Operation Code of HETS and the operation license of HETS.

The headquarters of the Company are located at 89, Dyrrachiou and Kifissou Streets, Athens 104-43, Greece, and its duration has been set up to December 31, 2100. The companies of the Group included in the consolidated financial statements are “ARIADNE INTERCONNECTION S.P.L.C” and “GRID TELECOM S.M.S.A. ” (hereinafter the "Group"). The Annual Financial Statements of the subsidiaries are posted online at the following websites:

ARIADNE INTERCONNECTION S.P.L.C.: http://www.ariadne-interconnection.gr

GRID TELECOM S.M.S.A.: http://www.grid-telecom.com

Regarding the subsidiaries, the company “ARIADNE INTERCONNECTION S.P.L.C” was established in September 2018 by IPTO in compliance with RAE’s decisions 816/2018 and 838/2018, with sole purpose of constructing and financing the Crete-Attica interconnection project as described by the Ten-Year Development Plan (DPA) of the National Electricity Transmission System for the period 2018-2027 and in the Energy Regulatory Authority (RAE) decisions.

The company "GRID TELECOM S.M.S.A." was established in January 2019 by IPTO with the purpose of the operation, management and development of optical fiber networks, in order to provide integrated electronic communications services.

On December 31st, 2020, the Group employed 1.251 employees, and the Company 1.221 employees, 8 of whom were seconded to Public Sector services and 7 were paid by the Company. Their total payroll cost was 209 thousand euros approximately and is included in the Income Statement

2. AMENDMENTS IN THE LEGAL AND REGULATORY FRAMEWORK 2020

2.1. Amending the legal framework of the electric power market

2.1.1 Ministerial Decision No. RIS / DIE / 7083/112 (Government Gazette B '172 / 30.01.2020)

Determining the timetable for the commencement of the operation of the Next Day, Intraday and Balancing Markets of Law 4425/2016 (AD 185), as follows:

- Deadline for the actual implementation of the operating systems of the above Markets between IPTO SA, HEnEx SA, EnEx Clear and the Participants, is set on March 1, 2020, except of the actual implementation of the operating systems of the Clearing Balancing Market between IPTO SA, Clearing Body and the Participants, for which the deadline is set on May 1, 2020.

- The deadline for the commencement of the simulation of production tests of all the systems of the Markets between IPTO SA, EXE SA, Clearing Body and the Market Participants, is set on April 10, 2020, except for the commencement of the simulation of production tests of Balancing Market Clearing systems between IPTO SA, the Liquidation Body and the Participants, for which the deadline is set on May 15, 2020.

- The deadline for the commencement of the operation of the Next Day, Intraday and Balancing Markets (Go-Live), is set on June 30, 2020.

2.1.2 Ministerial Decision No. RIS / DIE / 66754/810 (Government Gazette B '2852 / 13.07.2020)

New transitional Flexibility Compensation Mechanism in accordance with the provisions of article 143D of Law 4001/2011 (AD 179), which defines the details of application of the mechanism, the terms of participation, the type of auctions and the compensation for the provision of the Flexibility Service, as notified to the European Commission by notification No. SA 56102 via the State Aid Notification Platform (SANI2).

2.1.3. Ministerial Decision No. YPEN / DIE / 56369/676 (Government Gazette B '2853 / 13.07.2020)

Determining a timetable for the start of operation of the Next Day, Intraday and Balancing Markets of Law 4425/2016 (AD 185) according to par. 1 of article 1 of Law 4643/2019 (A '193), as follows:

- The deadline for the commencement of the test of continuous simulation of productive operation of the Market systems (dry run), is the 3rd of August 2020.

- The deadline for the commencement of the operation of the Next Day, Intraday and Balancing (Go-Live) Markets, is the 17th of September 2020.

2.1.4. Ministerial Decision No. RIS / DIE / 66759/811 (Government Gazette B '2997 / 20.07.2020)

Intermittent Load Service, type and content of Intermittent Load Contracts and determination of differentiation factors per category of Production Units, according to the provisions of articles 143A and 143B of Law 4001/2001, as added by par. 11 of Article 17 of Law 4203 / 2013. The general terms of the Intermittent Load contract are defined, the types and activation of the offered service, the terms of participation and the registration in the Intermittent Load Register, the obligations of the Intermittent Consumers, the payment of the respective financial compensation and the imposition of sanctions in cases of failure to comply to the obligations of the Consumers arising from this contract.

2.1.5. Ministerial Decision No. RIS / DIE / 73978/911 (Government Gazette B '3149 / 30.07.2020)

Offsetting on both sides of receivables that are booked in the accounting records which are kept and managed by the Operator of the Hellenic Electric Power Transmission System (IPTO SA) and the Hellenic Electric Power Distribution Network, as well as the RES Administrator and Guarantees of Origin, according to article 41 of law 4643/2019 (A '193).

2.1.6. Ministerial Decision No. RIS / DIE / 123779/1582 (Government Gazette B '5762 / 28.12.2020)

Amendment of the decision of the Deputy Minister of Environment and Energy under ΥΠΕΝ/ΔΗΕ/66759/811/ 09.07.2020 “Interrupted Load Service, type and content of Intermittent Load Contracts and determination of coefficients of differentiation per category of Production Units, in accordance with article 143A and 143B provisions of Law 4001/2001, as added by par. 11 of article 17 of Law 4203/2013 "regarding the following:

- The control of the Maximum Power of the Semester is replaced with the Maximum Power of the Quarter for a specific consumption position during the quarter preceding the month in which the auction is conducted. In the case where the Maximum Power of the Quarter, which is calculated before the auction, is less than 65% of the Maximum Historical Power, then the Consumer has to submit a justification report justifying the above deviation as well as the actual possibility of his offer.

- About the registration in the Register of Intermittent Consumers: It is possible to register a Consumer in the Register of Intermittent Consumers even if it has been placed after 01.01.2020 and until 30.06.2021 in a liquidation process (voluntary or compulsory), or in a compulsory management status, or default compromise, or fall into a state of default, or enter into any similar situation or insolvency proceedings. The previous paragraph does not apply in cases of Consumers who had already fallen into a similar situation before 31.12.2019, even if it had not been recognized at that time.

- In the Intermittent Load Register the Consumption of the Mines that supply exclusively power stations that have stopped or will stop their operation before the holding of each auction, according to the withdrawal program of the lignite units of PPC SA, cannot be registered.
- The maximum number of power limitation orders during one month is changing from 4 to 5 for type YDF2.
- Penalties are imposed in case of non-compliance with the test power order restrictions.

2.1.7. Ministerial Decision No. RIS / DAPEEK / 118233/4341 (Government Gazette B '5619 / 21.12.2020)

Establishment and formation of a Project Management Team at the Ministry of Environment and Energy for the implementation of the project of preparation and submission to the Minister of Environment and Energy for a proposal regarding the "Configuration of the institutional and regulatory framework for the development and participation of storage units in electric power markets of Law 4425/2016 (A '185), as it applies also to power mechanisms ".

2.1.8. With the Act of Legislative Content (Government Gazette A’75 / 30.03.2020)

Law 4001/2011 regarding to the obligations of electric power and gas suppliers is amended, to provide consumers with the possibility of using telecommunication network applications, the internet or other appropriate means for the settlement of transactions between them.

2.1.9. Law 4710/2020 (Government Gazette A’ 142 / 23.07.2020)

- E-mobility is promoted as follows:
  - Incentives (of a tax nature) are provided for the development of e-mobility
  - The market of electric propulsion and charging infrastructure of electric vehicles (EV) is organized.
  - Urban planning regulations and other requirements for the installation of EV charging infrastructure are introduced and the Greek legislation is harmonized with paragraphs 2 to 7 of article 8 of the directive 2010/31 / EU of the European Parliament and the Council of 19 May 2010 on energy efficiency of buildings (L 153).
  - Other provisions regarding the evaluation of the application and the procedural issues of arbitration are introduced.
- Law 4495/2017 is amended regarding the exemption from the approval of small-scale works, where it is clarified that no building permit or approval of small-scale works is required for constructions related to the installation of infrastructure and the installation of EV chargers, if a new transformer is not required to be installed in the inner electrical installation.
- The Presidential Decree 132/2017 is amended related to the modification of RIS organization for the establishment of an independent department of electrification & an independent department of civil research and exploitation of hydrocarbons.
- The Presidential Decree 455/1976 is amended regarding the operating conditions of car parks.
- Law 4685/2020 is amended regarding the restoration of the validity of a RES production license in a saturated network and the issuance of certificates of exemption from environmental licensing of power plants from photovoltaic or solar thermal with installed electric power greater than 0.5MW and less than or equal to 1MW for PV stations with power > 0.5MW.
- Law 4546/2018 regarding the limit of Energy Communities in saturated networks is amended.

- Law 4414/2016 is amended regarding the participation of electric power generating stations from RES and HECHP that have concluded SEDP in the electric power market.

- Law 3982/2011 (A '143) is amended for the incorporation into Greek legislation of Directive (EU) 2019/1161 of the European Parliament and the Council of 20 June 2019 "on the amendment of Directive 2009/33 / EC on the promotion of clean and energy-efficient road transport vehicles "(L 188).

- Law 4001/2011 (A '179) related to the organization of the EV charging market and the Register of Infrastructure and E-mobility Market Bodies (M.Y.F.A.H.) is amended.

- Law 4172/2013 is amended regarding the exemptions from income for expenses or concession of a vehicle of zero or low emissions up to 50gr. CO2 / km.

2.1.10. With the no. Law 4685/2020 (Government Gazette AD92 / 07.05.2020)

- Environmental legislation is being modernized in the following ways:
  - Incorporation into Greek law of Directives 2018/844 and 2019/692 of the European Parliament and Council
  - Simplification of environmental licensing
  - RES licensing process (Phase A) & management of protected areas
  - Waste management issues & Greek land registry arrangements
- Law 4389/2016 related to the participation of the Greek State in the Independent Electric Power Transmission Operator (IPTO SA) was amended.

- Law 4546/2018 was amended regarding the electric power stations from RES and HECP that have concluded or will conclude a Contract for Operational Aid of Differential Increase (SEDP) before the commencement of FOSETEK's participation in the electric power market.

- Law 4533/2018 on the special fee for exploration and exploitation rights of lignite was amended.

- Law 4014/2011 on environmental licensing is amended.

- Law 4001/2011 (A '179) is amended regarding the following:

  - One-time application fee, in favor of the Licensing Body, both for submitting an application for Certificate or Certificate of Special Workings or License for Electric Power Production, and for the issuance of the corresponding certificate.

  - Harmonization with Article 1 of Directive (EU) 2019/692 of the European Parliament and the Council of 17 April 2019, for the amendment of the Directive 2009/73 / EC regarding the common rules for the internal market in natural gas.

  - Responsibility for issuing licenses for the installation and operation of power plants below 50MW.

  - Authorizing provision for the establishment and implementation of the New Transitional Flexibility Compensation Mechanism.

- Law 3468/2006 (A'129) regarding the licensing process of RES stations, the increase of the environmental exemption limit of photovoltaic stations and the exemption of stations for research purposes was amended.

  It is possible to submit a joint request for a Connection Offer to IPTO SA related to electric power stations from RES or HECHP, when their total power exceeds the limit of 8 MW if the connection is made through a new exclusive network and construction of a new medium to high voltage substation.

- Law 4414/2016 regarding the certification of electric power producer from RES and HECHP, for the activity of production, as well as the adoption of measures to promote the implementation of complex RES stations, is amended.

- Law 4122/2013 (A '42) is amended to adapt Greek legislation to the provisions of Directive 201 / 844 / EU of 30 May 2018 (L156) "On the amendment of Directive 2010/31 / EU on energy performance of buildings and the Directive 2012/27 / EU for Energy Efficiency ".

2.1.11. With the no. Law 4759/2020 (Government Gazette A '245 / 09.04.2020)

- The signing of operating aid contracts is suspended, from January 1, 2021 until the issuance of the RIS decision on the definition of technologies and categories of RES and HECHP power plants that are part of the competitive bidding process, for the following categories:

  - Power plants from Renewable Energy Sources (RES) and High Efficiency Cogeneration of Heat and Power (HECHP), except wind and photovoltaic stations, installed capacity or maximum power output of greater or equal to one (1) megawatt (MW),

  - wind farms with an installed capacity or maximum production capacity of more than three (3) megawatts (MW) and especially for energy communities of more than 6 (MW) and,

  - photovoltaic stations with an installed capacity of more than or equal to 500 (kW) and especially for energy communities larger than 1MW.

- Law 4414/2016 on competitive RES procedures is amended. More specifically, for the new applications for the final connection offer for photovoltaic stations submitted from 1.1.2021 to the competent administrator, excluding the stations of the Special Program for the Development of Photovoltaic Systems in building installations, as well as for the pending applications for granting connection offers which are becoming completed for granting and are classified in order of priority after 1.1.2021, operating aid contracts are concluded only after their participation in a competitive bidding process. After 1.1.2022, it is not possible to sign an operating aid contract for photovoltaic stations, with the exception of the stations of the Special Program for the Development of Photovoltaic Systems in building installations, without the previous participation in a competitive bidding process.

- Law 4513/2018 (A '9) regarding the incompatibility of the status of a member of an energy community that aims to produce electric power from a RES station or HECHP or a Hybrid Station, which is strengthened through an Operational Support Contract, is amended. This member cannot be a member of another Energy Community operating in the same Region and having the above purpose.

- Law 3468/2006 regarding the increase of the power limit of energy offset stations, is amended. It is possible to set, with a maximum limit of 3 MW for RES stations and HECHP, installed power ceilings, differentiated per category of producers and per electrical system interconnected or autonomous. By way of derogation from the above, especially for RES stations and HECHPand electric power storage systems are allowed to be installed with the application of energy offset, with maximum production power of RES stations and HECHP equal to 100% of the agreed power consumption and, in case there is a storage system, with a maximum rated power of the converter of the storage system (in KVA) equal to the nominal power of the RES production station and HECHP (in kW).

- Law 4001/2011 (article 143) is amended regarding the following:

  - the imposition of an special contribution to RES and HECHP projects: A one-time special contribution is imposed on electric power producers from RES and SITHYA stations which have been put into normal or trial operation until

December 31, 2015. The special contribution is calculated as a percentage of the pre-VAT price of electric power sale, which is injected by the producer in the system or the interconnected network or in the electrical systems of the Non-Interconnected Islands , for the sales of electric power that take place during the period from 1.1.2020 to 31.12.2020 or are invoiced in the monthly settlements of the year 2020 and amounts to six percent (6%) for all categories of producers.

- the charge of electric power load representatives: Special charge for the year 2021 is imposed on each load representative (electric power supplier and self-supplied Customer), which is set at two (2) euros per megawatt hour (MWh) for the interconnected system and the interconnected system network on the quantities of load declarations of the load representatives included in the daily energy programming for the meter or meters representing in the interconnected system and network for the distribution days from 1.1.2020 until 31.10.2020; and based on the net position of the cleared purchase orders and sale of load representatives in the next day market and the intraday market for the days of fulfillment of physical delivery from 1.11.2020 until 31.12.2020, and for the M.D.N. on the produced energy that is proportional to it, according to the percentage of his representation, according to the monthly liquidations of HEDNO, as MDN Administrator, during the year 2020.

2.1.12. With the no. Law 4736/2020 (Government Gazette A '245 / 09.04.2020)

- Law 4416/2016 is amended regarding to:
  - the declaration of readiness for the connection of a RES station to the competent Administrator,
  - the payment of the fee for maintaining the right to hold a license for the production of electric power from RES and HECHP for the years 2017-2019
  - the extension of deadlines for the implementation of RES projects due to the Mediterranean cyclone "Ianos", in the areas of the Regional Units of Karditsa, Corinth and Fthiotida.

- Law 4512/2018 regarding the coverage of financial obligations in the Daily Energy Planning is amended. From the date of commencement of operation of the Day Ahead Market and the Intraday Market (1.11.2020) are abolished:
  - the provisions of article 120 of Law 4001/2011, the Day Ahead Schedule ceases, in accordance with the terms of the above approval decision and the DAS Trading Contracts are automatically terminated subject to the defined exceptions
  - the Code of Electric Power Transactions except for the provisions related to the settlement and settlement of DAS transactions, the coverage of financial obligations under the DAS System and the management of any DAS Deficits, which remain in force until the final settlement of all financial matters resulting from the operation of the DAS until the date of cessation
  - any other regulatory decision that regulated the operation of LAGIE SA as an Electric Market Operator, as it was transferred to the company "Hellenic Energy Exchange SA".

2.2 ISSUE OF RAE DECISIONS

2.2.1. RAE DECISION 1097/2019, Government Gazette B '1048 / 27.03.2020

Approval of the Ten-Year Network Development Plan (TYNPD) of the Hellenic Electric Power Transmission System (HETS) period 2019 -2028.

2.2.2. RAE DECISION 3/2020, Government Gazette B '229 / 03.02.2020

Approval of the Charges for the Use of the Hellenic Electric Power Transmission System (HETS), based on the Required Revenue 2019, as follows:

(In thousand euro unless otherwise stated)

Category	Power Charge	Energy Charge (minutes € / kWh)
HV customers	24.062 € / MW Billing Power per year	-
MV customers	1,197 € / MW Maximum Monthly price of the Average Hourly Demand at Rush Hours (11am-2pm) per month	-
LVClients - Domestic (excluding SGI)	0.13 € / kVA Agreed Power Supply per year	0,542
LV Clients - Domestic PSO (Large families and beneficiaries of Social Housing Tariff)	-	0,602
Other Customers LV (including POPs)	0.52 € / kVA Agreed Power Supply per year	0,488

2.2.3. RAE DECISION 122/2020, Government Gazette B '811 / 12.03.2020 & RAE DECISION 935, Government Gazette B'3656 / 02.09.2020

On the approval of the joint proposal of all Transmission System Operators of mainland Europe for common clearance rules in voluntary energy exchanges as a result of the frequency maintenance process and the change period, in accordance with Rule 50 paragraph (3) of the Rules of Procedure Commission Regulation (EU) No 2017/2195 of 23 November 2017, regarding the delineation of a guideline for the balancing of electric power.

2.2.4. RAE DECISION 123/2020, Government Gazette B '812 / 12.03.2020 & RAE DECISION 936/2020, Government Gazette B' 3738 / 07.09.2020

On the approval of the joint proposal of all Transmission System Operators in mainland Europe on common clearance rules for all unintentional exchanges of energy, pursuant to Article 51 paragraph 1 of Commission Regulation (EU) 2017/2195 of 23 November 2017 regarding to the determination guideline for the balancing of electric power.

2.2.5. RAE DECISION 211/2020, Government Gazette B '694 / 04.03.2020 & RAE DECISION 1089/2020, Government Gazette B' 3687 / 03.09.2020

On the approval of the joint proposal of the Transmission System Operators (TSOs) of the Greece - Italy Capacity Calculation Region (CCR GRIT) for the long-term zoning capacity allocation methodology in accordance with Article 16 of Commission Regulation (EU) 2016/1719 of 26 September 2016, regarding the set of the guideline for the future capacity allocation. The amended methodology of the TSOs of the Greece - Italy Capacity Calculation Region (CCR GRIT) is approved, in a coordinated manner within various long - term time frames within the Greece - Italy Capacity Calculation Region (CCR GRIT), regarding to the set of the guideline for the future capacity allocation and in accordance with the unanimous agreement of the National Regulatory Authorities of CCR GRIT.

2.2.6. RAE DECISION 261A / 2020, Government Gazette B '1436 / 16.04.2020

Amendment of provisions of the Management Code of the Hellenic Electric Power Transmission System (Government Gazette B’ 103 / 31.1.2012) according to par. 1 of article 96 of Law 4001/2011 (Government Gazette A’ 179 / 22.8.2011) as follows:

- Addition of a new article on the "Responsibility of balancing the power stations from RES and HECHP that have concluded S.E.S.T.
- Modification in the calculation of charges or credits for discrepancies in production - demand of RES and HECHP units

2.2.7. RAE DECISION 798/2020, Government Gazette BD 1924 / 19.05.2020

Approval of the Methodology for Calculating the Load Report of Distributed Loads Portfolios, according to the provisions of paragraph 14 of article 85 of the Balancing Market Regulation (Government Gazette B' 5910/2018 and Government Gazette B' 468/2019) and paragraph 4 of article 18 of Law 4425/2016 (Government Gazette A' 185/2016). This methodology defines in detail how the Demand Response Reporting Load is calculated, in order to quantify the change in load during a demand response event. The Demand Response Reporting Load is the main element for measuring the load cut during a demand response program and is necessary to calculate participants' compensation and evaluate their effectiveness.

2.2.8. RAE DECISION 799/2020, Government Gazette B' 2061 / 30.05.2020 & RAE DECISION 1460/2020, Government Gazette B '4876 / 04.11.2020

On the approval of an amendment to the joint proposal of the Transmission System Operators (TSOs) of the South East Europe Capacity Calculation Region (SEE CCR) for the capacity calculation methodology in accordance with Article 10 of Commission Regulation (EU) 2016/1719 of 26 September 2016, regarding to the delineation of the guideline for future capacity allocation.

2.2.9. RAE DECISION 938/2020, Government Gazette B' 5910 / 31.10.2020

Approval of an amendment to the Balancing Market Regulation regarding the following:

(a) additions / changes / corrections to definitions in order to incorporate the latest changes to the regulatory framework;
b) deletion of the provision for the suggestion of the HETS Administrator to RAE in order to take a decision for the application of Maximum Administrative Set of Boundaries of Energy Supply and Balancing Power and Minimum Administrative Set of Boundaries of Bid in Energy Balancing,
c) deletion of the "Methodology for calculating Maximum Continuous Production Capacity"
d) amendment of the provisions related to the registration of the participants in the Register of the HETS Administrator
e) amendment of the articles related to the Clearance of the Balancing Market and the Clearance Body and addition of new articles in order to reflect the agreement between IPTO SA. and EnExClear to assign in the later the settlement, assumption and credit risk management of transactions in the context of the operation of the Balancing Market and to align the Balancing Market Regulation with the under consideration Regulation for Clearing Position in the Balancing Market, between others, the procedures, interfaces and data exchanges between the two companies as well as the process and schedule of the Balancing Market Clearance.
f) Modification of the calculation of the Deviation Value, so that only the activated Balancing Energy of the dominant direction is taken into account, and not of both directions.
g) Amendment of the provisions for the implementation of Non-Compliance Charges.

2.2.10. RAE DECISION 942/2020, Government Gazette B' 2955 / 20.07.2020

Approval of the agreement of IPTO SA with the Energy Exchange Clearing Company SA for the assignment of clearing operations of balancing market transactions according to article 12, par. 1 of Law 4425/2016. This agreement provides for the possibility of automatic renewal for consecutive three-year periods. This agreement is being implemented in two phases. The first phase relates to the cooperation of IPTO and EnExClear for the preparation of the regulatory framework, the development of the information systems and the recording of all the procedures related to the Clearing Services. The second phase relates to the execution of the Clearing Services, which are assigned by IPTO SA. in EnExClear, such as the clearing, risk management and cash settlement functions of the positions that arise in the context of the operation of the Balancing Market in accordance with those described in the Regulation of the Balancing Market Positions.

2.2.11. RAE DECISION 948/2020, Government Gazette B' 3406 / 14.08.2020

Approval of the Methodology for Calculation of Variable Costs of Distributed Thermal Production Units, according to the provisions of par. 6 of article 2 and par. 7 of article 44 of the Balancing Market Regulation and par. 4 of article 18 of Law 4425/2016. The calculation of the variable cost of the Distributed Thermal Production Units is performed based on the Declarations of Techno-economic data of the Units. The HETS Administrator sends to RAE until the end of the week W + 1 the minimum variable production cost for the thermal Distributed Production Units for each day of the Clearing Week W.

2.2.12. RAE DECISION 953/2020, Government Gazette B' 2926 / 17.07.2020

Approval of the HETS Loss Calculation Methodology in accordance with the provisions of article 83 of the Balancing Market Regulation and par. 4 of article 18 of Law 4425/2016. This methodology is based on the prediction of injections and power outages in the scales of the System, taking into account all available historical data and the latest available data for forecasting loads, distribution of production units (thermal, hydroelectric and RES) and interconnection power flows, while indicative factors are utilized, such as seasonality, the weather and the characteristics of the next day as well as the experience of the System Administrator. Then, given the above forecasts of infusions and power outages in the scales of the System, the calculation of the predicted power flow in the components of the System is carried out by means of a technical flow of direct current load and then the predicted losses per distribution period are calculated. The methodology will be applied before the execution of the Next Day Market and the Intraday Market in order to forecast the losses of the Hellenic Electric Power Transmission System for the next Day of Distribution.

2.2.13. RAE DECISION 954/2020, Government Gazette B' 3191 / 03.08.2020

Approval of the Balanced Activated Energy Calculation Methodology in accordance with the provisions of article 84 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016, which determines the method of calculation (a) of the Customized Distribution Order, (b) of the activated Energy Manual EAS Balancing, (c) Activated Energy for off-balance purposes and (d) Automatic FRR Active Balancing Energy.

2.2.14. RAE DECISION 1008/2020, Government Gazette B' 3227 / 04.08.2020

Approval of the clearing rules in case of suspension of market activities, in accordance with Article 39 of Regulation (EU) 2017/2196, in cases where the calculation of Balancing Energy Prices is impossible in accordance with Article 85 of the Balancing Market Regulation. The purpose of these rules is to ensure the financial neutrality of the HETS Administrator and to provide incentives to the Contracting Parties with Balancing Responsibilities and the Balancing Service Providers in order to help to restore the balance of the system.

2.2.15. RAE DECISION 1032/2020, Government Gazette B' 3558 / 28.08.2020

Approval of Terms and Conditions of Contracting Parties with Balancing Responsibility in accordance with the provisions of article 5 par. 5 of the Balancing Market Regulation, articles 5 and 18 of Regulation (EU) 2017/2195 and article 18 par. 4 of Law 4425/2016. With the Terms and Conditions of the Contracting Parties with Balancing Responsibility set out for the Contracting Parties with Balancing Responsibility (BRPs), inter alia, the requirements for their status acquisition, the definition of Balancing Responsibility, the requirements regarding data and information which has to be provided to the HETS Administrator, and the rules for calculating the Deviations.

2.2.16. RAE DECISION 1033/2020, Government Gazette B' 3493 / 24.08.2020

Approval of Terms and Conditions of Balancing Service Providers in accordance with the provisions of par. 2 of article 5 of the Balancing Market Regulation, articles 5 and 18 of Regulation (EU) 2017/2195 and par. 4 of article 18 of Law 4425/2016. With the Balancing Service Provider Terms and Conditions are set out for Balancing Service Providers (BSPs), among others, their prequalification requirements for gaining their status, the pre-selection process and technical requirements for the provision of balancing services as described in Regulation (EU) 1485/2017 (SOGL), in Regulation (EU) 2016/631 (RfG), in the HETS Management Code, in the Balancing Market Regulation as well as in the relevant RAE decisions.

2.2.17. RAE DECISION 1043/2020, Government Gazette B' 2843 / 13.07.2020

Direct assignment of services of the Last Electric Power Shelter for a transitional period of three (3) months, for the period from 29.06.2020 to 28.09.2020. In the context of the call for expression of interest of candidate Suppliers for the provision of services of the Last Electric Power Shelter Supplier, which took place between 07.05.2020 to 10.06.2020, an offer of expression of interest was submitted to RAE, which was rejected as inadmissible, due to breach of terms of the prescribed procedure. With the above decision, the service of the Last Shelter Supplier is assigned to PPC SA.

2.2.18. RAE DECISION 1057/2020, Government Gazette B' 3418 / 14.08.2020

Amendment of provisions of the Purchase Clearance Manual of the Management Code of the Hellenic Electric Power Transmission System, regarding the following:

- Amendment of Chapter 5 of the Manual regarding the assurance of the financial neutrality of IPTO SA. regarding the liquidation of the market due to the inclusion of the company in the European Platform for Balancing Netting (International Grid Control Cooperation - IGCC).
- Amendment of Chapter 7 of the Manual due to the assumption of management of the SGI Account by HEDNO SA. as well as the calculation of the Maximum Charge Limit per consumption point and year for SGI and ETMEAR charges. Additional amendments in order to take into account in particular the transfer of the clearing responsibility and collection from 01.04.2019 of ETMEAR and MMKTHS to DAPEEP and other relevant changes regarding ELAPE.

2.2.19. RAE DECISION 1089/2020, Government Gazette B' 3687 / 03.09.2020

Amendment of the joint proposal of the Transmission System Operators (TSOs) of the Greece - Italy Capacity Calculation Region (CCR GRIT) for the methodology for a process based on the zoning capacity allocation market for the balancing capacity exchange or the sharing of reserves, in accordance with Article 41 Commission Regulation (EU) 2017/2195 of 23 November 2017 regarding the delineation of a guideline for the balancing of electric power.

2.2.20. RAE DECISION 1090/2020, Government Gazette B' 3795 / 09.09.2020

On the modification of the joint proposal of the Transmission System Operators (TSOs) of the Greece - Italy capacity calculation region (CCR GRIT) for the methodology for the allocation of zonal capacity based on cost-effectiveness analysis, according to article 42 of Regulation (EU) 2017 / Commission Regulation (EC) No 2195 of 23 November 2017 regarding to the delineation of a guideline for the balancing of electric power.

2.2.21. RAE DECISION 1091/2020, Government Gazette B' 3984 / 17.09.2020

Adoption of the joint provisions for the Capacity Calculation Region (CCR) of Greece - Italy for regional operational safety coordination in accordance with Article 76 of Commission Regulation (EU) 2017/1485 of 2 August 2017, establishing guidelines for its operation electricity transmission system, as amended by the Energy Regulatory Authorities of Greece-Italy taking into account paragraph 6 of article 5 of the current regulation of the ACER Regulation (EU) 2019/942.

2.2.22. RAE DECISION 1092/2020, Government Gazette B' 3565 / 28.08.2020

Approval of the Balancing Power Zoning / Systemic Needs Determination methodology, which defines the zonal and systemic Balancing Power needs for (a) Frequency Containment Reserve (CR), (b) Automatic Frequency Restoration Reserve (aFRR) c) Manual Frequency Restoration Reserve (mFRR). The entry into force of this methodology coincides with the day of commencement of operation of the Balancing Market.

2.2.23. RAE DECISION 1143/2020, Government Gazette B' 4023 / 21.09.2020

Use of congestion income from the assignment of access rights to the country's international connections under Regulation 943/2019 of the European Parliament and Council. The use of the amount of € 30,267,634.18 from the Special Reserve Account (Allocation of the Transmission Capacity of the Interconnections based on article 178 of HETS Grid Code maintained by IPTO SA, for the reduction of System Usage Charges is approved.

2.2.24. RAE DECISION 1165/2020, Government Gazette B' 3757 / 07.09.2020

Decision on (a) setting maximum power thresholds applicable to power plants under Article 5.3 and (b) general application requirements under Article 7.6 of Commission Regulation (EU) 2016/631 [RfG] establishing the Grid Code regarding the requirements for the connection of electricity generators to the grid.

2.2.25. RAE DECISION 1166/2020, Government Gazette B' 3698 / 03.09.2020

Decide on general implementation requirements under Article 6.4 of Commission Regulation (EU) 2016/1388 [DCC] establishing a Grid Code for the connection of demand, in regard to the following:

- Frequency & voltage
- Short circuits
- Inactive power
- Protection & control provisions
- Simulation models

2.2.26. RAE DECISION 1167/2020, Government Gazette B' 3762 / 07.09.2020

Decision regarding to general application requirements pursuant to Article 5.4 of Commission Regulation (EU) 2016/1447 [HVDC] establishing a Grid Code concerning the requirements for the connection to the grid of continuous high-voltage systems and of the connected continuous high-voltage power plant units.

2.2.27. RAE DECISION 1171/2020, Government Gazette B' 3388 / 13.08.2020

Amendment of provisions of the Management Code of the Hellenic Electric Power Transmission System (Government Gazette B '103 / 31.01.2012) for the implementation of the new Transitional Flexibility Remuneration Mechanism (TFRM) as follows, in order to update - harmonize its content with the legal framework governing the new TFRM, as defined by the relevant Ministerial Decision (675/810 / 9.7.2020):

- Definitions and duration of the mechanism.
- Registration in the Register of Flexible Providers.
- Calculation of Really Available Power.
- Flexibility Power Auctions.
- Calculation of Load Representative Charges.
- Penalties for non-compliance of Flexibility Service Providers with the obligations arising from their participation in the new TFRM.
- Auction Regulation on the Availability of Power for the Provision of Flexibility Service.

2.2.28. RAE DECISION 1225/2020, Government Gazette B' 4067 / 22.09.20

Determination of the numerical value of the tolerance limit for the calculation of the mandatory Energy, according to par. 5 of article 84 of the Balancing Market Regulation and to par. 4 of article 18 of Law 4425/2016. This limit is set at 2% of the Maximum Net Power of each Balancing Services Entity.

2.2.29. RAE DECISION 1226/2020, Government Gazette B' 4033 / 21.09.2020

Determining the price of the Balancing Energy Deficit Increase, according to par. 4 of article 85 of the Balancing Market Regulation and to par. 4 of article 18 of Law 4425/2016. In cases where for a Deviation Clearance Period energy was injected from Contracted Units or Supplementary Energy from Extraordinary Imports and in cases where a Load Reduction was set, the value of the Balancing Energy Deficit Increase is set so that the incremental value of the upstream Balancing Energy mFRR to be at least equal to is at least 2.100 € / MWh for the specific Deviation Clearing Period. In case the price of upstream Balancing Energy mFRR receives a price greater than € 2,100 / MWh, if this derives from its calculation based on the Balancing Energy Offers and the relevant provisions of the Balancing Market Regulation, the price of the Unbalanced Energy Deficit Increase equals to zero.

2.2.30. RAE DECISION 1352/2020, Government Gazette B' 4311 / 02.10.2020

Definition of the company "ELPEDISON A.E." as a Supplier of the Last Electric Power Shelter for the period 29/9/2020 - 28/9/2022 and the approval of the relevant Exchange, in accordance with the provisions of article 57 of Law 4001/2011.

2.2.31. RAE DECISION 1357/2020, Government Gazette B' 4516 / 14.10.2020

Approval of the amendment to the Balancing Market Regulation regarding the following:

a) Postponement of the start of operation of the new markets for November 1, 2020.
b) Abolition of the Non-Compliance Charges concerning the "Consequences of the non-legitimate submission of Non-Availability Statements", the "Consequences of the non-legitimate submission of a Technical-Economic Data Statement" and the "Non-Compliance Charge for import / export deviations".
c) Amendment of the provisions concerning the Non-Compliance Charges for the "Consequences of significant systemic deviations in demand", for the "Consequences of significant deviations in the Production of RES Units Portfolios" and for the " Infeasible Purchase Program".
d) Conversion of the Technical Decision "Infeasible Purchasing Program into Methodology, so that to be approved by RAE.
e) The Time of Commencement of Non-Compliance Charges has been amended as follows:

- The application of Non-Compliance Charges relating to consequences of non-submission of Balancing Energy Bids, consequences of significant deviation in the Registered Characteristics, consequences of non-submission of Balancing Power Bids, consequences of significant deviation from Distribution Orders and consequences of significant systemic demand deviations to commence immediately with the operational commencement of the new Electric Power Markets.
- The implementation of Non-Compliance Charges related to implications of significant systematic deviations in the production of RES Units Portfolios and implications of systematic challenge of an infeasible Market Plan to commence three (3) months after the commencement of operation of the new Electric Power Markets.
- The HETS Administrator to submit a new proposal for the numerical values of the parameters of the total Non-Compliance Charges within four (4) months from the commence of operation of the Balancing Market.

f) Modification of the term "Registration Application Fee" to "Registration Fee" for the access and activation of the interested party in the Balancing Market System and addition of a provision in case the registration application does not lead in the end to a registration of the participant in the Register of the HETS Administrator, to return 80% of the registration fee paid.
g) Introduction of new transitional provisions for the submission of Balancing Energy Tenders for manual and automatic FRR in the Balancing Energy Market and for the execution timing of the ISP1.

2.2.32. RAE DECISION 1358/2020, Government Gazette B' 4637 / 21.10.2020

Determination of the numerical values of the parameters of the Non-Compliance Charges for non-submission of Balancing Energy Bids and Balancing Power Bids in accordance with the provisions of articles 96, 98 and 113 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. The parameter values are defined as follows:

(In thousand euro unless otherwise stated)

Parameter	Numerical Value
UNCBEO	0 €/MWh
UNCBRO	0 €/MWh

2.2.33. RAE DECISION 1359/2020, Government Gazette B' 4637 / 21.10.2020

Determination of the numerical values of the parameters of the Non-Compliance Charge for a significant deviation in the Registered Characteristics in accordance with the provisions of articles 97 and 113 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. The parameter values are defined as follows:

Parameter	Numerical Value
$UNCDC_{e,char}$	6 €/MW
DC_{TOL} for Maximum Available Power	3%
DC_{TOL} for Technically Minimum Production	6%
A_{DC}	N/x where N the up to the given Distribution Day total number of Distribution Days during the current month for which significant deviations in the Registered Characteristics were found
X	2
NDC	0

2.2.34. RAE DECISION 1360/2020, Government Gazette B' 4638 / 21.10.2020

Determination of the numerical values of the parameters of the Non-Compliance Charge for a significant deviation from the Allocation Orders, in accordance with the provisions of articles 99 and 113 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. The parameter values are defined as follows:

Parameter	Numerical Value
UNCNPBE	2 €/MWh
A_{NPBE}	1
TOL_{BE}	3%

2.2.35. RAE DECISION 1361/2020, Government Gazette B' 4643 / 21.10.2020

Determination of the numerical values of the parameters of the Non-Compliance Charge for significant systematic deviations of demand in accordance with the provisions of articles 100 and 113 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. The parameter values are defined as follows:

Parameter	Numerical Value
$UNCBAL_{ADEV}$	40 €/MWh
$UNCBAL_{RMSDEV}$	16 €/MWh
$TOL_{ld,ADEV}$	3%
$TOL_{ld,RMSDEV}$	3%

(In thousand euro unless otherwise stated)

2.2.36. RAE DECISION 1362/2020, Government Gazette B' 4643 / 21.10.2020

Determination of the numerical values of the parameters of the Non-Compliance Charge for significant systematic deviations in the production of RES Units Portfolios in accordance with the provisions of articles 101 and 113 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/20216. The parameter values are defined as follows:

Parameter	Numerical Value
$UNCBALR_{ADEV}$	10 €/MWh
$UNCBALR_{RMSDEV}$	210 €/MWh
$TOL_{r,ADEV}$	20%
$TOL_{r,RMSDEV}$	20%

2.2.37. RAE DECISION 1363/2020, Government Gazette B' 4596 / 19.10.2020

Approval of the methodology for calculating an infeasible Purchase Program and determination of the numerical values of the parameters of the Non-Compliance Charge for systematic challenge of an infeasible Purchasing Program, according to par. 3 and 4 of article 102 and article 113 of the Balancing Market Regulation and par. 4 of article 18 of law 4425/2016. The parameter values are defined as follows:

Parameter	Numerical Value
$UNCNAMS_{r}$	0 €/MWh
A_{NAMS}	0
$TOL_{r,e}$	0%

2.2.38. RAE DECISION 1381/2020, Government Gazette B' 4723 / 26.10.2020

Decision to submit a request to the Agency for Cooperation of Energy Regulators (ACER) for a decision on the proposal of the Transmission System Operators of the South East Europe Capacity Calculation Region (SEE CCR) for common provisions regarding the coordination of regional operational security in accordance with Articles 76 and 77 of Commission Regulation (EU) 2017/1485 of 2 August 2017 regarding the set of the guidelines for the operation of the electric power transmission system.

2.2.39. RAE DECISION 1392/2020, Government Gazette B' 4703 / 23.10.2020

Determination of the amount of the Maximum and the Minimum Security Level in accordance with the provisions of par. 3 of article 21 of the Balancing Market Regulation and par. 4 of article 18 of law 4425/2016. The amount of the Minimum and Maximum Safety Level of the Reservoir set by the decision for the hydroelectric units Kremasta, Hilarionas, Polyphytos, Thesaurus, Pournari I, Aoos, Ladonas and Plastiras enters into force from the date of commencement of the electric power markets of Law 4425/2016.

2.2.40. RAE DECISION 1393/2020, Government Gazette B' 4623 / 21.10.2020

Approval of the amendment of the Variable Cost Methodology of Distributed Thermal Production Units, according to the provisions of paragraph 6 of article 2 and paragraph 10 of article 38 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. This modification relates to the correction of the method of calculation of the Variable Fuel Cost of the Distributed Thermal Production Units for their intermediate operating points and specifically by using the Variable Fuel Cost curve instead of the linear interpolation.

(In thousand euro unless otherwise stated)

2.2.41. RAE DECISION 1412/2020, Government Gazette B' 4658 / 22.10.2020

Reissue of the Hellenic Energy Transmission System Grid Code (HETS Grid Code) in the context of the reorganization of the Greek electric power market and the implementation of the Target Model. The commencement of operation of the Balancing Market requires the revision of HETSGC, since the issues of operation and clearing of the market will no longer be regulated in the HETS Management Code but in the Balancing Market Regulation. In addition, an extensive and in-depth adjustment of the provisions of the Code was made due to the effective implementation of the European Regulations CACM, RfG, DCC, HVDC, FCA, SOGL, EBGL, EnR and 2019/943. In addition, the procedures for the settlement of transactions under the revised Code are re-described. Regulations have been added regarding the "Transitional Flexibility Compensation Mechanism" and the "Intermittent Load Service". The new Code entered into force at the same time as the launch of the new electric power markets.

2.2.42. RAE DECISION 1415/2020, Government Gazette B' 4768 / 29.10.2020

Determination of the registration fee in the HETS Administrator Registers in accordance with the provisions of paragraph 4 of article 4 of the Balancing Market Regulation and paragraph 4 of article 18 of Law 4425/2016. The registration application fee covers the cost of the services provided by the Administrator in the process of registration of Balancing Service Providers and / or Parties with Balancing Responsibility as well as Balancing Service Entities in the HETS Administrator Register. These services relate to the process and registration of the application details, the check of the legal documents, and the recording and control of the technical characteristics of the Balancing Services Entities that they may represent. The registration fee is paid only once by the interested party, in case it has both the status of Balancing Services Provider and Contracting Party with Balancing Responsibility and is equal to:

Property	Numerical Value
Balancing Services Provider and / or Contracting Party with Balancing Liability	2.000 € + VAT
VAT Balancing Services Entity	2.500 € + VAT

2.2.43. RAE DECISION 1416/2020, Government Gazette B '4954 / 10.11.2020

Approval of a derogation from the minimum level of available cross-border trade capacity for the Greece-Bulgaria supply zone border for the year 2020, as provided for in paragraphs 8 and 9 of Article 16 of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019, regarding to the internal market for electric power. The main reason for the derogation is related to the participation of third countries (outside the EU) in meeting the target of 70% at the northern border of Greece, where 3 of the 4 borders (with Albania, North Macedonia and Turkey) are with countries outside the EU which are not bound by this Regulation.

2.2.44. RAE DECISION 1426/2020, Government Gazette B' 4659 / 22.10.2020

Approval of the Guarantee Manual of the HETS Management Code, which describes the methodology for calculating the guarantees that must be submitted by each party registered in the HETS Administrator Register during the duration of the HETS Administrator Transaction Agreement. The new methodology for calculating the guarantees abolishes the Participant's Financial Risk Ratio, while for the total amount of the guarantee the maximum price is used between the totals of the monthly transactions / accounts. Finally, a provision was added for the application of Non-Compliance Charges in case of late submission of guarantees.

2.2.45. RAE DECISION 1458/2020, Government Gazette B' 4800 / 31.10.2020

Approval of an amendment of the methodology for calculating the Infeasible Purchasing Program, in accordance with the provisions of par. 6 of article 2 and par. 4 of article 102 of the Balancing Market Regulation and par. 4 of article 18 of Law

4425/2016, in order to correct the method of calculating the number of hours since the last start / shutdown during the last Distribution Period of day D-1 (rounded to the hour), which is taken into account as input to the checks carried out for each Balancing Services Entity. It is decided that the above number of hours will occur according to the input data of ISP2 related to the same Allocation Day (D). In this case, this value should come from the SCADA system of the HETS Administrator.

2.2.46. RAE DECISION 1459/2020, Government Gazette B' 4800 / 31.10.2020

Approval of an amendment to the Balanced Activated Energy Calculation Methodology, to include the new tolerance limit for all categories of Production Balancing Services Entities, which is set to equal to 2% of the Maximum Net Power of each Balancing Services Entity.

2.2.47. RAE DECISION 1512/2020, Government Gazette B' 5185 / 24.11.2020

Approval of Capacity Allocation Rules at the Border of Supply Zones between Greece and non-EU countries (Albania, North Macedonia and Turkey) for the year 2021, in accordance with the provisions of subsections 7.8 and 7.11 of the HETS Management Code.

2.2.48. RAE DECISION 1546/2020, Government Gazette B' 5418 / 09.12.2020

Approval of Capacity Allocation Rules for the next day at the Border of Supply Zones between Greece and Bulgaria for the year 2021, in accordance with the provisions of subsection 7.11 of the HETS Management Code.

2.2.49. RAE DECISION 1550/2020, Government Gazette B' 5493 / 14.12.2020

Approval of the methodologies and conditions included in the operational agreements of the Greek module LFC of article 119 of Commission Regulation (EU) 2017/1485 of 2 August 2017, on the delineation of guidelines for the operation of the electric power transmission system.

2.2.50. RAE DECISION 1572/2020, Government Gazette B' 5484 / 11.12.2020

This decision of RAE includes the following:

a) Approval of an amendment to the Balancing Market Regulation to include in the definitions the "Shipping Agent", who is obliged to submit declarations of the Cross-Border Natural Deliveries corresponding to the imports and exports per paired interconnection under the Single Coupling Next Day Markets, to determine the procedures for sending data within the framework of ISP, as well as to modify the provisions of the liquidation based on the business agreement between IPTO SA. and EnExClear SA

b) Approval of an amendment to the Management Code of the Hellenic Energy Transmission System (HETSGC) regarding the obligations of the participants in the stage before and after the operation of the Next Day Market.

2.2.51. RAE DECISION 1573/2020, Government Gazette B' 5522 / 17.12.2020

Establishment of fallback procedures for the Greece-Italy Capacity Calculation Region (GRIT CCR), according to the Article 44 of Commission Regulation (EU) 2015/1222 of 24 July 2015, related to the delineation of guidelines for the allocation of the capacity and congestion management.

2.2.52. RAE DECISION 1602/2020, Government Gazette B' 5758 / 28.12.2020

Approval of Unit Loss Costs for the Year 2021 under the Implementation of the Compensation Mechanism between the Operators of the Electric Power Transmission Systems. The weighted purchase price of the losses from the Next Day Market and the debt credits from the Clearing of Divergences is approved, as a basis for the calculation of the cost of losses within the ITC mechanism for the year 2021, as well as setting the Unit Cost Loss at € 54 / MWh from 01-01-2021 to 31-12-2021.

(In thousand euro unless otherwise stated)

2.2.53. RAE DECISION 1603/2020, Government Gazette B' 5944 / 31.12.2020

Approval of the rules for the suspension and restoration of electric power market activities in accordance with Article 36 of Commission Regulation (EU) 2017/2196 of 24 November 2017 and paragraph 2 of Article 34 of the Balancing Market Regulation. These rules apply in the event of a suspension of the following Market activities is required:

(a) the provision of cross zonal capacity for capacity allocation at the respective supply zone boundaries for each market time unit for which it is expected that the transmission system will not be restored to normal or alarm state,
b) the Integrated Scheduling Process (ISP),
c) the Real - Time Balancing Market (RTBM),
d) the Automatic Generation Control (AGC),
(e) the allocation of short-term transfer rights,
(f) the allocation of long-term transfer rights,
g) the provision of Balancing Services,
h) the calculation and publication of the variance values on the website of the HETS Administrator.

2.2.54 RAE DECISION 1650/2020, Government Gazette 04.03.2021

The approval of the Required Revenue of the Operator of the Greek Electricity Transmission System for 2020, which is formed as follows :

Required Revenue	AR	281.018.000
Cost of projects financed by third parties	K	(10.000.000)
Under Recovery (+) / Over recovery (-) of the Required Revenue	Π1	2.518.896
Clearance of depreciation and performance of prior years	Π2	779.357
Revenue from Interconnection Rights	Π3	(68.082.483)
Participation Revenue to the Hedging Mechanism between Operator (ITC)	Π4	237.666
Revenue from non-regulated operations	Π5	(11.501.000)
Operating Expenses ARIADNE /RSC		3.498.533
Required System Revenue	**RR**	**198.468.969**

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND MAIN ACCOUNTING PRINCIPLES

3.1. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and their relevant Interpretations, as issued by the IFRS Interpretations Committee of the IASB and adopted by the European Union (EU) and are mandatory for years starting as of January 1st, 2020.

3.1.1. APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors of the Group approved the financial statements of year 2020 on March 31, 2021. The financial statements are subject to approval by the Annual General Meeting of the Shareholders.

3.1.2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the historical cost principle, except for fixed assets (excluding assets under construction) which are adjusted to fair value at a regular base and the going concern principle. The financial statements are presented in thousands of Euros and all values are rounded to the nearest thousand unless otherwise stated. Any differences that may be noticed in the tables are due to roundings.

3.1.3. GOING CONCERN BASIS

3.1.3.1. RISK OF THE MACROECONOMIC AND CORPORATE ENVIRONMENT IN GREECE

The 2020 pandemic of COVID-19 caused a health crisis and a subsequent worldwide economic downturn due to unpreceded restriction measures and lockdowns, taken as responses to control virus contamination. According to ELSTAT first estimation the Greek GDP fell by 8.2% (March 2021) in regard to 2019, due to decreases in consumption and investment and deterioration of the balance of payments[1]. Tourism industry and transportations where severely affected, revenues fell by 78.4% (January-September 2020) and the consequent decrease in goods and services exports was 25.1%, in regard to 2019. In the same context, occupation was negatively affected leading the unemployment rate to 16.2% (November 2020), however, the annual rise of unemployment was small (0.8%).

Commitments for budget surpluses were suspended so the government spending increased for supporting the incomes of households and business. This budget deficit policy mitigated the magnitude of recession. According to budget execution bulletins, the primary deficit amounts to 18.2bn euros while net revenues have increased by 2% (909m euros)[2]. Public deficit is at 374bn euros (Dec 2020) [3], nevertheless ECB's zero interest rates and quantitative easing, keep bond yields low. For example, the 10y state bond is at 0.86%[4] while the Greek spread is under 200bp since late May 2020. The annual rate of deposits was positive during 2020 (10.88%), while funding of domestic non-financial companies was also positive for most industries[5]. Consumer Price Index shrinked by 1.3% (March 2020 to February 2021).

Electricity demand was expected to fall due to lockdown measures and due to necessary adjustments, that had to be made in the face of new circumstances formed by the pandemic crisis. However, the decrease of demand was not dramatic (-5.3%, December 2019- December 2020). The Company and the Group took actions in time and pre-emptively and adjusted their activities to encounter the new challenges. These actions averted significant effects on financial performance and also kept the personnel safe and sound. All the fundamental parameters of the Company and the Group such as earnings, cashflows, borrowing, capital investment and financial agreements and co-operations remain strong with positive perspective.

The health crisis produces high uncertainty which in turn renders forecasts difficult and highly insecure. Nevertheless, certain factors such as vaccination programs, budget surpluses suspension, 7.5bn euros funding for coping with pandemic's effects (Greek Budget 2021), resources from the Recovery and Resilience Facility (up to 2.1% of GDP) and the gradual opening of the whole economy could lead to a slow recovery. The European Commission anticipates that the Greek economy may recover 41.3% of its 2020 losses in a year. An estimation that took into account the lockdown that started on November 2020[6].

The energy sector continues to have good prospects mainly due to the "green budgeting" of EU and Greece, due to the ongoing renewal of the electricity network, due to the normalisation of the energy market through the "Target Model" and due to the incentive-based criteria which will be introduced in the regulated revenue of the NTSOs.

[1] ELSTAT: https://tinyurl.com/xe6zjdcz
[2] Ministry of Finance: https://tinyurl.com/2ac8jv3n
[3] Ministry of Finance: https://tinyurl.com/3vxk59ut
[4] Bank of Greece: https://tinyurl.com/kbdbrek5
[5] Bank of Greece: https://tinyurl.com/twp6acde
[6] Greek Budget 2021: https://tinyurl.com/2572nuky

The Company and the Group performed effectively and confronted the extraordinary challenges during 2020. The Management closely watches and assesses the situation and its probable effects in order to retain and enhance the Group's position and also to minimize possible negative impacts on its operation.

3.1.3.2. RISKS FOR THE ADEQUACY OF THE WORKING CAPITAL

In September 2020, the Company entered into an agreement for the issuance of a Syndicated Bond loan of Euro 400 million with a consortium of Banks. Series A bonds amounting to euro 310 million were issued the same month, to prepay the two existing syndicated loans with a total outstanding balance of approximately euro 316,1 million. The remaining prepayment amount of euro 6,1 million was covered by equity. Series B of bonds amounting to euro 90 million will be issued after the beginning of their availability date, 01/05/2021, and up to 6 months before the loan expiration, at a time chosen by the Company according to the Investment needs and will have the form of revolving credit.

In view of the above, as well as from the organic profitability, the high amount of cash and positive operating cash flows of the Company, the working capital for the current year is positive and is expected to remain positive and for subsequent years. Therefore, the accompanying Financial Statements have been prepared based on the ability of the Company to proceed smoothly.

The Management taking into account: a) the financial position of the Company and the Group, b) the Group's risks that could have a negative impact on the business model and its capital adequacy and c) the fact that no significant uncertainties identified in relation to the Group's ability to continue as a "going concern" for the foreseeable future and in any case for at least 12 months from the year end of the Financial Statements, states that it is still considered the principle of "going concern" as an appropriate basis for the preparation of the Financial Statements.

3.2. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of payables and receivables at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management's estimates and judgments are reviewed annually. Actual results may ultimately differ from those estimates.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming period are as follows:

Employee benefits

The PPC Group supplies employees of all companies of the PPC Group and their pensioners with electricity at a reduced tariff. This benefit continues to exist even after the ownership unbundling from the PPC Group has been completed . The reduced tariff for employees and pensioners is recognized as an obligation of IPTO SA to PPC SA (former Parent company) and it is calculated as the present value of future benefits deemed accrued by the end of the year on the basis of employee benefit rights accumulated during their service, and is calculated on the basis of financial and actuarial assumptions. The net expenditure of the year is included in the personnel fees in the Income Statement and relates to the present value of the benefits recognized in the year less the amount of benefits offered. This liability is not financed. The estimate is made by an independent licensed actuary. Actuarial gains or losses from a change in underlying assumptions are recognized through the Statement of Other Comprehensive Income in equity.

Details of the underlying assumptions and estimates are included in Note 28, which significantly affect the amount of the liability and include estimates by PPC's management regarding the amount and changes in future tariffs and the related profit margin. The figures for the number of pensioners are given by the PPC services.

Retirement benefit obligations

The present value of the pension obligations for the Company's defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Such actuarial assumptions are the discount rate used to calculate the cost of benefir. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on current market conditions.

Fair values and useful lives of tangible fixed assets

The Group measures tangible fixed assets at readjusted values (estimated fair values) as identified by a company of independent certified valuers. Independent valuations are performed periodically (every 3-5 years). The determination of the fair values of property, plant and equipment requires estimates, assumptions and judgments in respect of ownership, value in use and the existence of any economic, operational and physical depreciation of tangible fixed assets. Additionally, Management makes estimates of the total and remaining useful life of the depreciable fixed assets based on past experience and the technical specifications of assets that are subject to periodic review. The total useful lives as estimated are included in note 3.4.3.

Provisions for risks

The Group forms provisions for risks related to third party claims against it and the outcome of which may lead to an outflow of funds for their settlement. The provision is formed on the basis of the lawsuit amount and probability of the outcome of the litigation. Estimates are made in conjunction with the Company's legal advisors. A description of the risks and a reference to the amount of the related provisions is made in note 29. No provision is formed for contingent claims.

Impairment of inventories and receivable accounts

At each financial statement date, the Group assesses whether there is evidence of impairment of inventories in spare parts. Determining whether there is an indication of impairment requires management to make estimates.

Forecasts of expected credit losses

The Group and the Company use rates for expected credit losses throughout the receivables duration. These rates are based on past experience and are adjusted to reflect forecasts of the future financial condition of clients and economic environment.

At each financial statement date, the historical rates are updated and estimates of future financial condition are analyzed. The correlation between historical data, future financial condition and expected credit losses includes significant estimates. The amount of expected credit losses depends to a large extent on changes in the conditions and forecasts of the future financial condition. In addition, past experience and forecasts for the future may not lead to conclusions of the actual amount of customer default in the future.

Impairment of fixed assets

The Group assesses at each reporting date whether there is an indication that a long-term asset may have been impaired. The determination of whether such indications exist, require Management to make assumptions and judgments with respect to external and internal factors that may affect the recoverability of its assets, as well as assumption on the determination of its cash generating units.

Impairment of holding in subsidiaries

The Group's management assesses at each reporting date whether there is any evidence of impairment of the holdings in ARIADNE INTERCONNECTION S.P.L.C. and GRID TELECOM SINGLE MEMBER SA and if such evidence is found, the holdings are tested for impairment. Management does not consider that there is evidence of impairment for the reporting date of 31/12/2020.

Income tax and deferred tax liabilities

Income tax liabilities for the current and prior years are measured at the amounts expected to be paid to the tax authorities, using the tax rates that have been enacted by the Financial Position Statement date. The income tax includes the current income tax for each fiscal year arising from the income tax return and the deferred income tax. Deferred tax liabilities are recognized on tax losses to the extent that it is probable that future taxable profits will occur to offset the losses. Deferred tax receivables that are recognized require Management to make assessments as to the time and level of realization of future taxable profits.

Estimates for the budget of construction contracts

The Group uses the percentage of completion method to recognize revenue from construction contracts. The percentage of completion method requires managements estimation on the following:

- Cost budget of projects and therefor the gross results,
- recovery of receivables from project delay / acceleration costs,
- the effect that modifications on the contractual operation have on the profit margin of the project,
- completion of predetermined milestones on schedule, and
- projections for damaging projects.

Leases

Leases in which the Group is a lessee require the Management's decision as to whether a contract constitutes or contains a lease and recognizes a right of use asset and a corresponding lease liability.

Leases in which the Group is a lessee are classified either as finance or operating. The main factors that the Group needs to evaluate in order to classify each lease, at the commencement date are:

a) The relation between the lease duration and the remaining useful life of the underlying asset. According to the Group's policy, the above ratio should amount to 75% or more to be classified as financial lease.

b) The relation between the present value of the lease and the fair value of each asset. According to the Group's policy, the above ratio should amount to 90% or more to be classified as financial lease.

When under the lease terms all risks and rewards are transferred substantially to the lessee, the lease is classified as finance. All other leases are classified as operating leases. In the process of the above categorization management decision is required.

3.3. SIGNIFICANT ACCOUNTING POLICIES

3.3.1 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are those entities in which the Group exerts control over their operations. The Group controls a company when it is exposed to or has rights to variable returns due to its participation in that company and has the ability to influence those returns through its authority in that company.

At each balance sheet date, the Group reviews whether exercise control over its investments in cases where otherwise indicated. Intra-group transactions , balances and unrealized profits related to Intra-group transactions are eliminated. Unrealized losses are also eliminated unless there is evidence that the assets have been impaired. The accounting policies of subsidiaries are modified where necessary to comply with the Group's accounting policies. Non-controlling interest in the results and equity of subsidiaries, is presented separately in the consolidated statement of financial position, the consolidated statement of comprehensive income and consolidated statement of changes in equity.

Subsidiaries are consolidated with full consolidation from the date on which the control is acquired and cease to be consolidated at the date when such control does not exist.

(b) Changes in ownership interests in subsidiaries without loss of control

Transactions with minority shareholders that do not affect the control exercised by the Group in the subsidiary are measured and recorded as equity transactions - that is, the treatment is the same as that used in the transactions with the major shareholders of the Group. The difference between the consideration paid and the relevant share of the book value of the subsidiary's equity is deducted from equity. Gains or losses arising from the sale to minority shareholders are also recognized in equity.

(c) Sale / cease of subsidiary control

Once the Group ceases to have control over the subsidiary, the remaining participation percentage is recalculated at its fair value, and any differences are recognized in the income statement. Subsequently, this asset is classified as an associate, or a financial asset with acquisition cost that fair value. In addition, amounts previously recorded in Other comprehensive income will be accounted for as in the case of the sale of a subsidiary and may therefore be accounted for in the income statement.

(d) Associates

Associates are entities in which the Group has a material influence but not control, which generally applies when participation percentages range from 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method. According to the equity method, an investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the associate's profits or losses after the acquisition date. The investment account for associated companies also includes goodwill arising on acquisition (less any impairment losses).

If a stake is sold to an associate but where the Group continues to exercise significant influence, only the proportion of the amounts previously recorded directly in Other comprehensive income will be recognized in profit or loss.

The Group's share in the profits or losses of associates after the acquisition is recognized in the Income Statement while the share of changes in other comprehensive income after acquisition is recognized in Other comprehensive income. Accumulated changes after acquisition affect the book value of investments in associates with a corresponding adjustment to the current value of the investment. In the event that the Group's share of an associates losses exceeds the value of the investment in the associate, no further losses are recognized unless payments have been made or other commitments have been made on behalf of the associate.

The Group examines each balance sheet date whether there is evidence of impairment of investments in associates. If an investment has to be impaired, the Group calculates the amount of the impairment as the difference between the recoverable amount of the investment and its book value.

Unrealized gains on transactions between the Group and associates are written off by the Group's participation percentage in associates. Unrealized losses are also written off by the Group's participation percentage in them unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of associates have been amended to be consistent with those adopted by the Group. In the parent's statement of financial position, associates are measured at cost less impairment.

3.3.2 Foreign Currency Conversion

The functional and reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which were in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities that are denominated in other currencies are adjusted to reflect the current exchange rates. Gains or losses resulting from foreign currency adjustments are reflected in other expenses in the Income Statement.

3.3.3 Intangible Assets

Intangible assets include software programs. Software programs are depicted at their acquisition cost minus accumulated depreciation and impairments. For all assets retired or sold, their acquisition cost and related depreciation are written off.

Any gain or loss is included in the income statement. Software costs are amortized on a straight-line basis over a period of five years.

3.3.4 Tangible fixed assets

Tangible assets are initially recognized at their acquisition cost which includes all direct attributable expenses for their acquisition or construction until they are ready to use as intended by Management. Subsequent of their initial recognition, tangible assets (excluding assets under construction) are valued at their fair values minus accumulated depreciation and impairments. Estimations of fair values are performed periodically by independent appraisers (every three to five years) using Level 3 assumptions of the hierarchy stipulated in the IFRS 13 and mainly the residual replacement cost method in order to ensure that fair value does not differ significantly from the undepreciated balance. During the prior year, an estimate of the tangible fixed assets was made by independent appraisers with reference date of 31/12/2020.

Any increase in value is credited as reserve to the other comprehensive income/ losses, net of deferred income taxes. However, an increase due to re-adjustment will be recognized in the results, to the extent that it reverses a devaluation of the same asset, which was previously recognized in the results.

Any decrease in value of an asset as a result of an adjustment, must be recognized to the income statement. However, a decrease shall be debited directly to reserves in other comprehensive income, net of deferred taxes, to the extent of any credit balance in the revaluation surplus in respect of that asset.

At the date of revaluation, accumulated depreciation is offset against pre depreciation book values and net amounts are restated according to restated amounts. Upon disposal of a revalued tangible asset, the relevant portion of the revaluation goodwill is released from reserves directly to retained earnings.

Repairs and maintenance are charged to expenses as incurred. Subsequent future expenditures are capitalized when they meet the criteria to be recognized as assets and increase the value of the fixed assets. Expenditures that are capitalized mainly concern the construction of new projects and include the payroll costs of the Department for New Transmission Projects as well as other direct costs of third parties. For all assets retired or sold, their acquisition cost and related depreciation are written off from the accounts at the time of sale or retirement. Any gain or loss is included in the income statement.

According to Article 273 of the System Management Code (SMC), the electromechanical equipment, its accessories and related civil engineering projects after the completion of control procedures fall under the ownership of the System Connection Manager (IPTO) and constitute fixed connections. For this purpose, the user is obliged to transfer (without consideration) to IPTO the ownership and possession. The Group does not recognize these as assets in the Statement of Financial Position, as it does not expect future economic benefits from them.

3.3.5 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that needs a substantial period of time to get ready for its intended use or sale, are capitalized as part of the acquisition cost of the relevant assets. All the remaining borrowing costs are recognized as expenses in the period in which they are incurred.

3.3.6 Depreciation

Depreciation of fixed assets is calculated on a straight-line basis over the average estimated remaining useful economic life of the assets. The total average useful lives (in years) applied for the calculation of depreciation, are as follows:

(In thousand euro unless otherwise stated)

General use buildings	50
Transmission lines	35
Transmission substations	35
Other equipment	35
Transportation means	15
Furniture and other equipment	5-25
Software	5
Right of Use Asset	Duration of the Contract

The useful life of the assets is equal to the one used by the independent appraiser during the appraisal of 31/12/2019, regarding the calculation of the remaining useful life of IPTO's assets which are based on the evidence and the information it received from constructors – representatives of similar assets, is in line with international practices, as well as the details which he keeps in his data base either from past projects of PPC SA or similar appraisals carried out abroad.

3.3.7 Impairment of Non-Financial Assets

The Group assesses at each reporting date the existence or absence of evidence of impairment of its assets. These indications relate mainly to a greater loss in the asset's value than expected, changes in the market, technology, legal status, physical condition of the asset and change in use. In case there are indications, the Group calculates the recoverable amount of the asset. The recoverable amount of an asset is determined as the greater of the fair value of the asset's or cash-generating unit's sale value (net of disposal costs) and value in use.

The recoverable amount is determined at the level of a qualifying asset unless that asset does not generate cash inflows that are independent of those of other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, it is assumed that its value is impaired and adjusted to its recoverable amount. The value in use is calculated as the present value of estimated future cash flows using a pre-tax discount rate that reflects current estimates of the time value of the money and the risks associated with that asset. The fair value of the sale (after deducting selling expenses) is determined on the basis, where appropriate, of applying a valuation model. Impairment losses from continuing operations are recognized in the income statement. At each Financial Position date, the extent to which impairment losses recognized in the past still exist or have been impaired. If there are such indications, the recoverable amount of the asset is redefined. Impairment losses that have been recognized in the past are reversed only if there are changes in the estimates used to determine the recoverable amount from the recognition of the last impairment loss.

The increased balance of the asset resulting from the reversal of the impairment loss may not exceed the amount that would have been determined (less depreciation) if the impairment loss had not been recognized in the past. Reversal of impairment is recognized in the income statement unless the asset is measured at fair value, where the reversal is treated as an increase of the already recognized goodwill and after reversal, the depreciation of the asset is adjusted so that the revised balance (less the residual value) is allotted equally in the future based on the remaining useful life of the asset.

3.3.8 Financial Assets

The financial assets that fall under and are regulated by the provisions of IFRS 9, according to which, at initial recognition, a financial asset is classified as measured:

- at amortized cost
- at Fair value through other comprehensive income (for investments in net worth)
- at fair value through other comprehensive income (for debt investments)
- at fair value through Income statement,

Based on:

a. Business model of the group for the management of financial assets, and

b. The characteristics of contractual cash flows of the financial asset.

The Group and the Company use the following measurement category based on their financial assets:

Trade and Other receivables, Loans and Lease receivables

Financial assets are measured at amortized cost, if they are held for retaining and collecting conventional cash flows that meet the SPPI criteria. The financial assets of this business model generate cash flows on specified dates, exclusively for capital and interest payments of the outstanding loan (Solely Payments of Principal and Interest - SPPI).Interest income arising from such items are included in financial income and recognized using the effective interest method. Gains or losses resulting from write-offs are immediately recognized in the income statement. They are included in current assets, except those with maturity of more than 12 months from the reference date.

Impairment of Financial Assets

IFRS 9 introduces the "expected credit loss" model for the impairment of financial assets. The method of determining the impairment loss of IFRS 9 applies to financial assets classified at amortized cost, contractual assets and debt investments at fair value through the Other comprehensive income, but not applied to investment in equity instruments.

Financial assets measured at carrying amount

Financial assets at amortized cost consist of trade receivables, cash and cash equivalents, lease receivables and corporate debt securities. Losses are measured on one of the following bases:

- 12 months of expected credit losses (these expected losses may arise due to contractual default events within 12 months of the reporting date)
- expected lifetime credit losses (these expected losses may arise from events that occur over the life of the financial asset)
- Life time credit losses (if there are objective evidence of impairment of the financial asset).

Financial assets measured at amortized cost

Impairment for expected credit losses is a probability-weighted estimate of credit losses. Credit losses are measured at the present value (using the effective interest method) of monetary deficits, ie the present value of the difference in cash flows that the Company would receive on a contractual basis and the cash flows it expects to receive.

Impairment Presentation

Losses on financial assets measured at amortized cost are deducted from the carrying amount of the assets.

Write-off of Financial Assets

Financial assets (or, where applicable, the part of a financial asset or part of a group of financial assets) are deleted when (1) contractual rights are expired over Cash flows of the financial Asset or (2) transfer the financial asset and this transfer fulfils the conditions of the standard for cessation of recognition.

3.3.9 Fair value of financial instruments

The fair value of a financial instrument is the amount received from the sale of an asset or paid to settle a liability in a transaction under normal conditions between two trading parties at the valuation date. In cases where data is not available or is restricted by financial markets, the valuation of fair value results from Management’s assessment according to the available information.

Fair value valuation methods are ranked at three levels:

- Level 1: Stock market values from active financial markets for identical tradable items.
- Level 2: Values other than Level 1 that can be identified or determined directly or indirectly through stock prices from active financial markets.
- Level 3: Values for assets or liabilities that are not based on stock market prices from active financial markets.

3.3.10 Inventory

Inventories include consumables, materials and spare parts of fixed assets which are stated at the lower of their acquisition cost or net realizable value, the acquisition cost being determined using the weighted average method. These materials are recorded in inventory when purchased and then are expensed or capitalized, as appropriate, when used. A provision is formed for their value impairment based on the recoverable amount from the use of said materials. The provision for impairment is calculated systemically in relation to years of inactivity of the materials.

3.3.11 Cash and Cash Equivalents

Time deposits and other highly liquid investments with original maturity of three months or less are considered to be cash equivalents.

3.3.12 Offsetting of Financial Receivables and Liabilities

Financial receivables and liabilities are offset and the net amount is presented in the Financial Position Statement only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle such asset and liability on a net basis or realize the asset and settle the liability simultaneously.

3.3.13 Interesting bearing Loans and Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at unamortized cost using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in income statement during the borrowing period using the effective interest method. Borrowing costs paid while signing a new loan are recognized as borrowing costs when the loan is partly or fully received. If the loan is not used, partly or fully, then these costs are included in the prepaid expenses and recognized in income statement during the life of the relevant credit line. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months from the Statement of Financial Position date.

3.3.14 Financial Liabilities

Financial liabilities are presented in the unamortized cost and are derecognized when the obligation under the liability is discharged or cancelled or expires. In case an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

3.3.15 Provisions for Risks and Expenses, Contingent Liabilities and Contingent Claims

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

3.3.16 Subsidies for Fixed Assets Investments

The Group receives subsidies from the Hellenic Republic and from the European Union (through the investment budget of the Hellenic Republic) in order to fund specific projects executed through a specific time period. Subsidies are recorded when their collection is almost certain and are reflected as deferred income in the accompanying balance sheet. Amortization is accounted for in accordance with the remaining useful life of the related assets and is included in depreciation and amortization in the accompanying statements of income.

3.3.17 Participations in the construction of Fixed Assets and Contributions of Fixed Assets

Customers and producers, who are connected with the transmission network, are required to participate in the initial connection cost with the network or other type of infrastructure, through the deposit of institutionally defined amounts or through fixed assets contribution.

Specifically, the Company, under the contract with the User, against payment, checks, tests and supervises the connection of power generating unit to the Transmission System and issues a relevant certificate confirming the compliance with technical and quality standards set by regulatory authorities. The certification provided by the Company is part of a series of certifications received by the user from the regulatory and other administrative authorities, in order to obtain the Operating License which ensures the connection to the System. The electromechanical equipment, its accessories and related civil engineering projects, after completing the inspection and acceptance procedures become the property of the System Operator and constitute a fixed connection. For this purpose, the User is obliged to transfer them to IPTO in ownership and possession.

IPTO do not recognize the above as assets in the Statement of Financial Position, as no future economic benefits are expected to arise from them.In addition, IPTO according to the Interpretation 18 “Transfers of Assets from Customers” recognize the cash and the assets received from customers and producers needed for their connection with the network, at fair values in the Income Statement.

3.3.18 Income Tax (Current and Deferred)

Current income tax

Current tax expense includes income tax resulting from the Group's earnings as reformed in the tax returns and provisions for additional taxes and surcharges for unaudited tax years and is calculated in accordance with the statutory or substantively enacted tax rates on the date of preparation of the Financial Position.

Deferred income tax

Deferred income tax is calculated using the liability method, on all temporary differences at the reporting date between the tax base and the book value of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred income tax liability arises from initial recognition of capital gain or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, carried forward tax assets and tax losses, to the extent that it is possible that taxable profit will be available to use against the deductible temporary differences and the carried forward unused tax assets and unused tax losses. A deferred tax asset is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction it does not affect either the book profit or the taxable profit or loss. Deferred tax assets are remeasured at each financial position date and are reduced to the extent that it is not deemed probable that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used. Deferred tax assets and liabilities are calculated based on the tax rates that are expected to be in force for the period in which the asset is recovered or the liability settled and are based on the tax rates (and tax laws) that are in force or have been enacted at the date of preparation of the Financial Position statements. Income tax relating to items that are recognized directly in other comprehensive income is recognized directly in other comprehensive income and not in the Income Statement.

3.3.19 Employee Benefits

a) Retirement benefits

Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays specific contributions to a separate legal entity. The Group has no legal or other implied obligation to pay additional contributions if there is lack of adequate assets in hand to pay to all employees the benefits corresponding to them in the current and previous time periods.

The Group recognizes in the income statement as an expense, contributions attributable to the services received from the employees and paid to the insurance company EFKA (defined contribution plan) and as a liability the part of those who have not yet paid.

Defined benefit plan

A defined benefit plan is a pension plan which establishes a specific pension amount which an employee will receive upon retirement and usually depends on one or more factors such as age, years of past service and remuneration.

The liability is entered in the statement of financial position for the defined benefit plans is the present value of the defined benefit liability on the reporting date. The defined benefit liability is calculated annually by an independent actuarial using the Projected Unit Credit Method. The present value of the defined benefit liability is calculated by discounting future cash outflows based on a discount factor equal to the rate for long-term high credit quality European corporate bonds.

The cost of the current service of the defined benefit plan recognized in the statement of comprehensive income as "Staff costs" reflects the increase in the defined benefit liability tied to an employee's service in the current year, changes in the benefit, cuts and settlements. The recognized cost of past service is recognized directly in profit or loss.

Actuarial profit or loss from empirical adjustments and changes in actuarial assumptions is charged or credited to other comprehensive income in the year in which it arises

The PPC Group supplies employees of all companies of the PPC Group and their pensioners with electricity at a reduced tariff. This benefit continues to exist even after the ownership unbundling of IPTO from the PPC Group has been completed .

Such reduced tariffs to pensioners are considered to be retirement obligations from IPTO SA to PPC SA(prior parent company) and are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end based on the employees earning retirement benefit rights steadily throughout the working period. The relevant retirement obligations are calculated on the basis of financial and actuarial assumptions. Net costs for the period are included in the payroll cost in the accompanying income statement consisting of the present value of the benefits earned in the year, reduced by the amount of the benefits offered. Retirement benefit obligations are not funded.

The assessment is performed by an independent licensed actuary. Actuarial gains or losses arising from a change in key assumptions are recorded to the Statement of Other Income in the net position.

Employment termination benefits

Termination benefits are payable when employment is terminated before normal retirement date. The Group recognizes such benefits when it is demonstrably committed to either terminate the employment of an employee based on a detailed plan from which there is no withdrawal possibility, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

In case of employment termination where it is not possible to establish the employees who make use of such benefits, such benefits are not recognized but notified as contingent liability.

Under Law 4533/2018 Government Gazette A'75/27.04.2018 IPTO will pay severance compensation, which may not exceed the amount of EUR 15,000 (fifteen thousand euros) to employees who leave due to termination of the employment contract or completion of the age limit, or any other reason prescribed by law.

3.3.20 Revenue Recognition

Revenue is recognized when a contractual obligation to the individual customer is fulfilled by the provision of services. The customer obtains control of a service when it can direct its use and receive substantially all the remaining economic benefits from it. If a contract contains more than one contractual obligations, the total value of the contract is allocated to the individual liabilities based on the individual revenue values.

Revenues are recognized to the extent that it is possible that financial benefits will flow into the Group and the Company and that the relevant amounts can be measured reliably.

Revenue from contracts for projects under construction

Construction contract is a contract concluded specifically for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and operation or their ultimate purpose or use.

Construction contracting costs are recognized when they are incurred.

When the outcome of a construction contract cannot be estimated reliably, as revenue from the contract is recognized only revenue incurred and expected to be collected.

When the outcome of a construction contract can be estimated reliably, the revenue and expenses of the contract are recognized during the contract, respectively, as income and expense.

The Group uses the input method of IFRS 15 to determine the appropriate amount of revenue to be recognized over a specific year. Revenue is recognized based on costs incurred up to the date of the Statement of Financial Position in relation to the total estimated costs for each contract. When it is probable that total contracting cost will exceed the total revenue, then the expected loss is recognized directly in the income statement as an expense.

To determine the cost incurred by the end of the reporting period, any expenses related to future tasks related to the contract are excluded and appear as work in progress.

The total cost incurred and the profit / loss recognized for each contract are compared with the invoicing during the reporting period.

Revenue from ownership and management of the Network

Revenues from the rental of the Transmission System are accounted during the relevant period according to the pricing resulting based on the measurement data relating to the charging per customer from the Unified System Use Fees, as determined by RAE and HETS Grid code.

Other Revenue

Revenue from services is recognized based on the completion stage of the services provided and the extent to which the related receivable will be collected.

Clearance revenue

The company operates as an assignee for the settlement charge and payment of charges related to energy management. Charges and payments to the beneficiaries do not increase the company's revenues and expenses and are shown in the In-come Statement for informative purposes of the parties involved. The company also operates as an intermediary for the settlement of those charges.

Interest Income

Interest income is recognized on the accrual basis.

3.3.21 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases for both customer ("Lessee") and supplier ('lessor'). The new standard requires lessees to recognize most leases in the statement of financial position. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

Moreover, the Group and the Company apply the new provisions to leases with a lease term of 12 months or less (short-term) or to leases for which the underlying asset is low value.(€5.000).

The payments of rents for the Group are mainly related to leases of plots, buildings, transportation and mechanical equipment. The Group and the Company concluded that the existing operational and business equipment lease contracts are of low value and therefore not included in the recognition as Finance Leases of rights of use and under IFRS 16.

The Group and the Company as lessee

For most of the leases contracted as a lessee, other than low-value or less than one-year leases - the payments of which are recorded with a fixed method in the income statement throughout the lease period - the Group and the Company recognize as an element of assets and liabilities the right to use the asset and the lease liabilities respectively.

The rights to use assets are measured at cost, less accumulated amortization and impairment and adjusted by the remeasurement of the respective lease liabilities. The costs of the right to use include the amount of lease liabilities that have been recognized, the initial directly related costs and the lease payments made before or on the start date, reduced by the amount of discounts or other incentives offered.

Except where the Group is relatively certain that the leased asset will be passed in his possession at the end of the lease, the recognized rights of use are depreciated on a straight line basis over the shorter of the useful life of the underlying asset and the lease term. The right of use asset is subject to impairment testing.

Recognition and initial measurement of a right-of-use asset

At the commencement date of a lease period the Group recognize a right-of-use asset and a lease liability by measuring the right-of-use asset at cost.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease period, less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group undertakes those costs either at the commencement date of the lease period or as a consequence of the use of the leased asset during a specified period.

The right-of-use asset is included in “Right of use asset” of the Statement of Financial Position and the lease liability is included in Long-term Lease liability and Short-term Lease liability.

Initial measurement of the lease liability

At the commencement of the lease period, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group will use the incremental borrowing rate.

At the commencement date of the lease period, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease period:

(a) fixed payments, less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date of the lease period;

(c) amounts expected to be payable by the Group under residual value guarantees;

(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Subsequent measurement

Subsequent measurement of the right-of-use asset

After the commencement date of the lease period, the Group measures the right-of-use asset applying the cost model:

(a) less any accumulated depreciation and any accumulated impairment losses; and

(b) adjusted for any remeasurement of the lease liability.

The Group applies the requirements of IAS 16 regarding the amortization of the right of use asset, which examines for possible impairment.

Subsequent measurement of the lease liability

After the commencement date of the lease period, the Company will measure the lease liability by:

(a) increasing the carrying amount to reflect interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability is allocated during the lease term in such a manner so that the amount produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date of the lease period, the Company recognizes in profit or loss (unless the costs are included in the carrying amount of another asset applying other applicable Standards) both:

(a) interest on the lease liability; and

(b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The Group and the Company as a lessor

The Group also operates as a final lessor, leasing assets to third parties.

Through its subsidiary «GRID TELECOM SMSA», which operates as an intermediate lessor leases optical fibers (dark fibers) to third parties.

The subsidiary treats the main lease and sublease as two separate contracts, recognizing as finance lease asset the receivable arising from the sublease agreement and derecognizing part of right of use asset corresponding to the sublease.

During the lease, part of the installments charged to customers is recognized as a reduction in the net lease investment and a part as income from finance lease. Upon initial recognition of the financial asset, the subsidiary used the discount rate of the main lease, as implicit interest rate of the sublease was not easy to determine (IFRS 16 par.68).

3.3.22 Reclassifications

The following prior year amounts have been reclassified so that the Income Statement, the Statement of Financial Position and Statement of Cash Flow for the Group and the Company as at 31.12.2020, are comparable to the Income Statement, the Statement of Financial Position and Statement of Cash Flow as at 31.12.2019

Specifically: Amount of Euro 16.196 for the Group and Euro 207.592,32 for the Company in the Income Statement was transferred from “revenue from other operations" to "Other income" and concerns income and revenue between the companies (subsidiaries and associates) of the Group (notes 5 and 10.2).

Amount of Euro 141.765,98 for the Group and the Company in the Income Statement was transferred from "Financial expenses" to "Financial income" and relates to an impairment loss on the residual value of the financial lease (note 10.1).

Amount of Euro 175.820,20 for the Group and Euro 109.123,11 for the Company in the Statement of Financial Position was transferred from "Other receivables" to a separate note " Short-term receivables for optical fiber lease ".

Amount of Euro 800.503,54 for the Group and the Company in the Statement of Financial Position was transferred from "Long-term borrowings" to a separate note "Long-term lease liabilities"(notes 27 and 31).

Amount of Euro 788.583 for the Company in the Statement of Financial Position was transferred from "Accrued and other liabilities" to a separate note of " Long-term liability from Concession agreement "(notes 32 και 34).

Amount of Euro 82.062,85 for the Group and the Company in the Statement of Financial Position was transferred from "Short-term portion of long-term borrowings " to a separate note of " Short-term Lease liabilities " (notes 27 and 31).

Amount of Euro 141.765,98 for the Group and the Company in the Statement of Cash Flow was transferred from "Interest Income" to "Interest expense" and relates to Loss from discount impairment on the residual value of the Lease.

Amount of Euro 602.120 for the Group in the Income Statement was transferred from “salaries and wages” (Euro 482.410) and “Employer's social contributions” (Euro 119.710) to “Capitalization of payroll cost.

Also, reclassifications have been made in the notes for comparability purposes.

The above reclassifications have no effect on equity and overall results.

3.4. NEW ACCOUNTING POLICIES

A) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group and the Company as of 1 January 2020:

Standards and Interpretations effective for the current financial year 2020

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Management has assessed that the amendments do not have a significant impact on the Financial Statements of the Group and the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

Management assesses whether the amendments have a significant impact on the Financial Statements of the Group and the Company.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR).

Management assesses whether the amendments have a significant impact on the Financial Statements of the Group and the Company.

Standards issued but not yet effective and not early adopted

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. . Management has assessed that the amendments do not have a significant impact on the Financial Statements of the Group and the Company.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The amendments is expected to have a significant impact on the Financial Statements of the Group and the Company.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments) prohibit** a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments have not yet been endorsed by the EU. Management has assessed that the amendments do not have a significant impact on the Financial Statements of the Group and the Company.

IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Management has assessed that the amendments do not have a significant impact on the Financial Statements of the Group and the Company.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management assess whether the amendments are expected to have a significant impact on the Financial Statements of the Group and the Company.

(In thousand euro unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT

4.1. FINANCIAL RISK FACTORS

The Group and the Company are exposed to financial risk, such as market risk (fluctuations of exchange rates, interest rates, market prices), credit and liquidity risk. The overall risk management program, focuses on the unpredictability of financial markets, aiming to minimize their possible adverse effect on the Group's and Company's financial performance.The Group and the Company determine, evaluate and, if necessary, hedge the risks related to operating activities, while control and revise the relevant policies and procedures related to financial risk management. Also, there are no speculative transactions.

The main financial instruments of the Group and the Company are as follows:

	Group		Company	
Assets	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
At unamortized cost				
Financial assets	4.035	3.936	4.035	3.936
Finance lease receivables	3.869	4.055	2.763	2.882
Trade and other receivables	290.919	323.275	291.392	322.953
Cash and cash equivalents	248.478	425.170	161.359	224.351
Total	**547.302**	**756.436**	**459.549**	**554.122**
Liabilities				
At unamortized cost				
Leasing liabilities	1.109	883	1.109	883
Loans	751.919	625.296	754.079	625.296
Trade and other liabilities	244.936	285.492	234.137	285.592
Total	**997.964**	**911.670**	**989.324**	**911.770**

a) Market Risk

Fair value risk

The Group and the Company are not exposed to changes in equity prices since they do not have investments recognized in the statement of financial position, either as financial assets at fair value through other comprehensive income or investments at fair value through profit or loss.

Risk of cash flows due to changes in interest rates

The Group and the Company have interest-bearing assets consisting of sight deposits. They also hold borrowings, of fixed and floating interest rate. However the Group's and Company's exposure to risk arises from the borrowing with floating Euribor rate. The Group and the Company are exposed to interest rate fluctuations which affect their financial position as well as their cash flows. Borrowing costs may increase as a result of such changes and generate losses or decrease when unexpected events occur.

Regarding the loan liabilities of the Group and the Company, there is no interest rate hedging policy and consequently any change in interest rates on December 31, 2020, would affect the results, equity, and Statement of Financial Position of the Group and the Company in case of change in Euribor rates.

(In thousand euro unless otherwise stated)

The following table shows the sensitivity analysis of earnings before taxes from possible interest rate changes from the beginning of the year, in case of changeby 15 basis points, with the other fixed variables, through the impact on floating rate borrowings:

	Increase/Decrease in basis (%)	Effect on profit before taxes
2020		
Euro	15	(465)
Euro	-15	465
2019		
Euro	15	(537)
Euro	-15	537

b) Exchange rate risk

The exchange rate risk is minor as it is related mainly with any material or equipment supply contracts whose payment is in foreign currency.

c) Credit Risk

For trade and other receivables, the Group and the Company are exposed to credit risk mainly for system use receivables. The Group and the Company use quantitative and time monitoring tools for their receivables, and keep contact with their customers in order to reduce credit risk. In addition, ratios for expected credit losses are used throughout the life of the receivables. These percentages are based on past experience and adjusted in such a way as to reflect expectations about the future financial situation of customers and the economic environment.

For trade receivables arising from the Electricity Market, the Company operates as an intermediate. According to the provisions of Law. 4001/2011 and as mentioned in the Management Code of Hellenic Electricity Transmission System, IPTO is the competent Administrator for the clearance of Imbalances and settlement of financial transactions between the Participants arising therefrom. In carrying out its responsibilities, it acts as an intermediary, with a mediating role, among the Participants in the electricity market. The above-mentioned mediation competence of IPTO is associated with the tasks assigned by the legislator for the smooth operation, maintenance and development of HETS, to ensure that the country's electricity supply is adequate, safe, efficient and reliable. The invoicing practice to and from IPTO, currently followed, does not make IPTO a debtor of the relevant amounts, since IPTO is not involved in transactions for its own account, and does not participate in the price formation, but on behalf of the Participants, in the context of its mediating role, as defined by the aforementioned regulatory framework. As per above, it is not foreseen, nor can any obligation of IPTO be paid with its own funds, the financial obligations of any defaulting Participant, nor of course, there is a legal basis for parallel responsibility. Therefore, IPTO is not exposed to credit risk related to any default by the Participants.

d) Liquidity risk

Liquidity risk is connected with the need to ensure adequate cash flow for the operation and development of the Group. The Group manages liquidity risk by monitoring and planning its cash flows, and acts appropriately to ensure sufficient credit lines and cash deposits, while aiming to extend the average maturity of its debt and the diversification of its funding sources. The Group also ensures efficient and low-risk placement of cash, offsetting the cost of interest on loans and keeping the cash available to implement the investment set out in Ten-Year Development Plan (TYDP) of HETS.

(In thousand euro unless otherwise stated)

The contractual maturities of the principal financial liabilities (loan liabilities), including interest payments, are as follows:

Payable amounts as at 31.12.2020

Group	Within 1 year	1 to 5 years	>5 years	Total debt
Trade and other payables	244.936	-	-	**244.936**
Leasing liabilities	150	345	613	**1.109**
Loans	51.368	279.793	576.112	**907.273**
Σύνολο	**296.455**	**280.138**	**576.725**	**1.153.319**

Company	Within 1 year	1 to 5 years	>5 years	Total debt
Trade and other payables	234.137	-	-	**234.137**
Leasing liabilities	150	345	613	**1.109**
Loans	53.528	279.793	576.112	**909.433**
Σύνολο	**287.816**	**280.138**	**576.725**	**1.144.679**

Payable amounts as at 31.12.2019

Group	Within 1 year	1 to 5 years	>5 years	Total debt
Trade and other payables	285.492	-	-	**285.492**
Leasing liabilities	82	164	636	**883**
Loans	100.817	365.031	264.144	**729.992**
Σύνολο	**386.391**	**365.195**	**264.780**	**1.016.366**

Company	Within 1 year	1 to 5 years	>5 years	Total debt
Trade and other payables	285.592	-	-	**285.592**
Leasing liabilities	82	164	636	**883**
Loans	100.817	365.031	264.144	**729.992**
Σύνολο	**386.491**	**365.195**	**264.780**	**1.016.466**

e) Other Risks

The Group is closely monitoring developments both nationally and globally in relation to the spread of the virus Covid-19, and proceeded promptly in receiving emergency measures, in constant cooperation and communication with the Hellenic Ministry of Environment and Hellenic National Public Health Organization, in order to receive guidelines and information on developments. In this respect, the know-how of the strategic shareholder State Grid has been utilized, which has already taken extensive measures to address the crisis in China.

These measures are mainly protective for the Group's employees health and safety as indicated below:

- Set up of a special crisis management team due to coronavirus, responsible for ensuring the Business Continuity of the Company.
- Enhanced protection measures in the Energy Control Centers, which are responsible for the monitoring, operation and control of the National Interconnected Electricity Generation and Transmission System.
- Mandatory application of remotely working at a rate of 70% for employees when it is possible to perform their duties remotely.
- Workspace arrangements so that employees can attend either on their own or in pairs when the space is large.

(In thousand euro unless otherwise stated)

- Special measures for employees belonging to vulnerable groups.
- Cancellation of all business trips by public transport, except those receiving special permission from the Chief Executive Officer.
- Specific Risk Assessment, where potential risks are identified and the implemented / proposed measures are recorded.
- Establishment of a psychological support telephone line for all employees.
- Providing protective masks as well as other personal protective measures to all employees.
- Mandatory use of mask, in all indoor and outdoor areas of the buildings.
- Mandatory temperature measurement, for all employees and visitors, upon entering the Company's buildings.
- Molecular tests every week for all employees who work with physical presence.

In addition to the ongoing management of operational risk due to the Covid-19 pandemic, an increased level of supervision was implemented to protect the financial position of the Group and the Company.

- The Group is closely monitoring the 2021 budget and so far there is no indication that its financial figures will be significantly affected due to the pandemic.
- The 2021 Investment Plan has been carefully reassessed, but the Management estimates that its implementation will not be significantly affected. However, estimates are continuously updated based on the evolution of the crisis.
- The Group is in good financial position, while the available liquidity is at high levels.

All the above are important risk mitigating factors, which involves the uncertainty of the situation, but also to maintain the competitive position of the Company and the Group.It is pointed out that the assumptions made last year for current year's profitability of the Company as well as for 2021 budget were not affected by the pandemic and therefore there is no indication of impairment of the Company's tangible assets.

4.2. CAPITAL RISK MANAGEMENT

The Group’s purpose in terms of capital management is to ensure its ability to continue its operations smoothly in order to provide returns to shareholders, benefits to other parties related to the Group and to maintain an optimal capital structure to reduce capital costs. The Group aims to maintain the net debt ratio at its optimum level in relation to similar companies at European level.

The Group and the Company monitor its capital based on the leverage ratio. Leverage ratio is calculated as the net debt divided by total working capital. Net debt is calculated as the total Liabilities (short-term and long-term liabilities as they appear in the statement of financial position) minus cash and cash equivalents. Total working capital is calculated as the sum of equity, as it appears in the statement of financial position, with net debt.

The net debt ratio relative to equity is as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Long- term loans	720.337	540.434	722.497	540.434
Short- term part of long- term loans	32.690	85.744	32.690	85.744
Minus: cash and cash equivalents	(248.478)	(425.170)	(161.359)	(224.351)
Net debt	**504.549**	**201.008**	**593.829**	**401.827**
Equity	**1.365.197**	**1.329.906**	**1.361.462**	**1.326.957**
Total working capital	**1.869.747**	**1.530.914**	**1.955.291**	**1.728.784**
Net debt to equity ratio	**37%**	**15%**	**44%**	**30%**
Leverage ratio	**27%**	**13%**	**30,4%**	**23%**

(In thousand euro unless otherwise stated)

Below is an analysis of net debt and its movement for the prior and current financial years.

	Net debt Group			
	Cash and cash equivalents / bank	Loan and finance liabilities up to 1 year	Loan and finance liabilities after 1 year	Total
Net debt as at 1st January 2019	**602.933**	**(63.352)**	**(625.295)**	**(85.714)**
Cash flows	(177.763)	-	64	(113.541)
Non cash movements-depreciation of loan costs	-	(870)	-	(870)
Non cash movements-new financial leases	-	(82)	(801)	(883)
Net debt as at 31st December 2019	**425.170**	**(64.304)**	**(561.873)**	**(201.008)**
Net debt as at 1st January 2020	**425.170**	**(64.304)**	**(561.873)**	**(201.008)**
Cash flows	(176.692)	50.580	(178.200)	(304.312)
Non cash movements-depreciation of loan costs	4.020	(3.023)	-	997
Non cash movements-recognition of new financial leases	-	(68)	(158)	(226)
Net debt as at 31st December 2020	**252.498**	**(16.815)**	**(740.231)**	**(504.549)**

	Net debt Company			
	Cash and cash equivalents / bank	Loan and finance liabilities up to 1 year	Loan and finance liabilities after 1 year	Total
Net debt as at 1st January 2019	**402.639**	**(63.352)**	**(625.295)**	**(286.008)**
Cash flows	(178.288)	-	64	(114.066)
Non cash movements-depreciation of loan costs	-	- 870	-	(870)
Non cash movements-new financial leases	-	- 82	(801)	(883)
Net debt as at 31st December 2019	**224.351**	**(64.304)**	**(561.873)**	**(401.826)**
Net debt as at 1st January 2020	**224.351**	**(64.304)**	**(561.873)**	**(401.826)**
Cash flows	(62.992)	50.580	(178.200)	(190.612)
Non cash movements-depreciation of loan costs	1.860	(3.023)	-	(1.163)
Non cash movements-recognition of new financial leases	-	(68)	(158)	(226)
Net debt as at 31st December 2020	**163.219**	**(16.815)**	**(740.231)**	**(593.828)**

4.3. OTHER FINANCIAL RISKS

Risk of change of the Regulatory Framework: The Company's operation is subject to a strict and complex legislative and regulatory framework, related to the management of the HETS, and increased supervisory obligations. Possible amendments of the HETS Management Code and the relevant legislative and regulatory framework may create additional management responsibilities for the Company. The addition of any further responsibilities or possible changes to the relevant institutional framework are likely to adversely affect the Company's profitability.

(In thousand euro unless otherwise stated)

Also, possible changes in the methodology and / or parameters for calculating system usage charges are likely to have a significant effect on the Company's revenues and profitability.

Regulatory risk: Any amendments and / or additions to the regulatory framework governing the Electricity Market, in implementation of the provisions of the European Legislation may have a significant impact on the operation and the financial results of the Company.

Risk of regulated returns of the company: The Company's operation is significantly determined by the implementation of the Ten Year Network Development Plan (TYNDP) as it affects both the investments it is required to make and its future revenues from the use of the Transmission System. Consequently, any modifications to the TYNDP that either increase the Company's liabilities or require faster execution of projects, may adversely affect the Company's profitability.

Regulated returns on the investments of the System may adversely affect the Company's profitability if they do not cover the fair return of the relevant invested capital.

In any case, the Company has the necessary resources and organization to limit regulatory and modulatory risks and in cooperation with the Regulatory Authority for Energy ensures that the necessary approvals for each transaction are in place.

5. REVENUE

Revenues are presented in the following table

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Revenue from transmission system rent	273.560	229.138	273.560	229.138
Operator's revenue from clearing charges	342.889	513.132	342.889	513.132
Operator's expenses from clearing charges	(342.889)	(513.132)	(342.889)	(513.132)
Concession agreement expenses	-	-	(1.575)	(798)
Revenue from other operations:	-	-	-	-
Revenue from contracts	541	1.538	541	1.538
Revenue from services related to HEDNO fixed assets	8.880	10.132	8.880	10.132
Costumers' contributions	3.149	8.360	3.149	8.360
Revenue from recovery of administrative expenses	327	360	327	360
Other revenue from operations	217	234	215	90
Total other Revenue	**13.114**	**20.624**	**13.112**	**20.479**
Grand total	**286.674**	**249.762**	**285.097**	**248.820**

*The amounts of prior year have been reclassified (Note 3.3.22).

The increase of revenue from transmission system rent by Euro 44,4 million is due to the increase of interconnection rights by Euro 30,2 million, the increase from parameter K change (Cost of HETS projects funded by third parties) concerning the special project Polypotamos by Euro 17,2 million and the reduction of System Usage Charges by Euro 3 million. The interconnection rights and parameter K are recognized upon RAE approval, and specifically for the year 2020, according to the Decision 1650/2020, and for the year 2019 according to the Decision 100/2019 respectively.

Operator's revenue and expenses from clearing charges are presented below:

(In thousand euro unless otherwise stated)

	Group		Company	
Operator's revenue from clearing charges	**2020**	**2019**	**2020**	**2019**
Periodical network settlement	3.913	92	3.913	92
Transitory flexibility compensation mechanism	51.390	40.769	51.390	40.769
Special lignite duty	-	-	-	-
Special reducing emissions fee	-	141.655	-	141.655
Charge based on average-weighted cost (RES)	-	9.644	-	9.644
Deviations	70.812	100.700	70.812	100.700
Ancillary services	50.738	65.926	50.738	65.926
Settlement balance	65.900	50.375	65.900	50.375
Variable cost coverage	85.751	103.972	85.751	103.972
Buy of HETS Losses including imbalances	14.382	-	14.382	-
Imbalances for HETS Losses	4	-	4	-
Total operator's revenue from clearing charges	**342.889**	**513.133**	**342.889**	**513.133**

	Group		Company	
Operator's expenses from clearing charges	**2020**	**2019**	**2020**	**2019**
Periodical network settlement	(3.913)	(92)	(3.913)	(92)
Transitional flexibility compensation mechanism	(51.390)	(40.769)	(51.390)	(40.769)
Special lignite duty	-	-	-	-
Special reducing emissions fee	-	(141.655)	-	(141.655)
Charge based on average-weighted cost (RES)	-	(9.644)	-	(9.644)
Deviations	(136.712)	(151.075)	(136.712)	(151.075)
Ancillary services	(50.738)	(65.926)	(50.738)	(65.926)
Variable cost coverage	(85.751)	(103.972)	(85.751)	(103.972)
Buys on DAM	(11.460)	-	(11.460)	-
Imbalances for HETS Losses	(2.925)	-	(2.925)	-
Total operator's expenses from clearing charges	**(342.889)**	**(513.133)**	**(342.889)**	**(513.133)**

Operator's Revenue/Expenses relate to Settlements carried out by the Company as an administrator of the Energy Market and the decrease observed during the year is due to the application of Law 4585/2018. According to Article 4, Law 4585, Government Gazette 216 / 24-12-2018, D.A.P.E.E.P. SA from 01.04.2019 is replaced, in all rights, obligations and legal relations of IPTO SA arising from the responsibilities of revenue management of the R.E.S. Special Account and CHP. Interconnected System and Network of article 143, Law 4001/2011 arising from the Special levy on pollutant emissions, Weighted Average Variable Cost of Thermal Power Stations and the Special Lignite Duty.

Operator's revenue/expenses for clearing charges decreased mainly due to Special reducing emissions fees for 3 months within 2019 before the substitution by DAPEEP SA.

(In thousand euro unless otherwise stated)

6. PAYROLL COST

Payroll costs are presented in the following table :

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Salaries and wages	52.373	52.057	51.316	51.513
Employer's social contributions	13.061	14.339	12.809	14.194
Other employee benefits	1.386	976	1.381	975
Cost for reduced tariff to employees and pensioners	199	1.481	199	1.481
Net provision for reduced tariff to employees and pensioners	148	(15.710)	148	(15.710)
Provision for employee compensation	434	637	434	637
Capitalisation of Payroll cost	(13.496)	(12.922)	(12.250)	(12.320)
Total	**54.105**	**40.859**	**54.037**	**40.771**

*The amounts of prior year have been reclassified (Note 3.3.22)

Payroll costs have increased by 13,2 million, both at Group and Company level, mainly due to the fact that the previous year, due to a change in legislation, the provision for a reduced electricity tariff was significantly decreased (Note 28).

7. DEPRECIATION AND AMORTIZATION

The depreciation analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Fixed assets	97.165	79.541	97.158	79.541
Software	1.081	791	1.072	791
Subsidies	(9.876)	(7.873)	(9.876)	(7.873)
Rights of use assets	110	89	110	89
Total	**88.481**	**72.549**	**88.466**	**72.549**

On December 31, 2019, the Company proceeded with the revaluation of operating tangible fixed assets pursuant to IAS 16 and IFRS 13 by an independent appraiser. The comparison of the values obtained by the appraisers with the net book value of the assets resulted in a net surplus which amounted to Euro 308.430. The surplus was accounted in prior year directly in the income statement (Euro 234.407 net of deferred taxes).

This surplus, along with assets capitalizations during the last months of prior year, led to an increase in depreciation, which for the year 2020 amounted to approximately Euro 88 million (2019: Approximately Euro 73 million).

(In thousand euro unless otherwise stated)

8. THIRD PARTY BENEFITS AND THIRD PARTY FEES

8.1 Third party benefits

Third party benefit analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Repair and maintenance fees	3.638	2.221	3.638	2.221
Utilities	2.119	1.124	2.119	1.124
Other third party benefits	1.499	2.156	1.499	2.156
Capitalized third party benefits	(1.320)	(1.352)	(1.320)	(1.352)
Total	**5.936**	**4.149**	**5.936**	**4.149**

The increase in third party benefits is mainly due to the change of repairs and maintenance fees due to the new maintenance and technical support contract of the Energy Control Center.

8.2 Third party fees

Third party fees analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Fees for consulting services	7.937	2.918	7.053	2.918
Buildings security and cleaining services	1.452	979	1.452	979
Other third party fees	5.830	5.372	5.625	4.768
Software licenses	622	527	622	527
Capitalized third party fees	(3.949)	(2.690)	(3.617)	(2.504)
Total	**11.893**	**7.105**	**11.135**	**6.688**

The increase in third party fees by approximately Euro 4 million is mainly due to increase of contracts of freelancers to meet the needs of Target Model and interconnection projects and to the increase of services for the measures against the pandemic.

(In thousand euro unless otherwise stated)

9. PROVISIONS FOR RISKS AND EXPENSES

Provisions for risks and expenses analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Provisions (release) for litigations (Note 27)	(7.164)	(4.948)	(7.164)	(4.948)
Provisions for impairment of assets	31	(180)	31	(180)
Provision (release) for obsolescence of materials	180	109	180	109
Provisions (release) for impairment of receivables	(1.737)	681	(1.726)	626
Total	**(8.690)**	**(4.339)**	**(8.679)**	**(4.394)**

The release of provisions for the fiscal year 2020 amounting to approximately Euro 8,7 million and for the fiscal year 2019 amounting to approximately 4,3 million, concern provisions formed due to third party claims against the Company that were rejected. (2020: HERON II Voiotia Thermal Power Plant SA, 2019: A&B Photovoltaic Energy S.A., C&A Photovoltaic Energy S.A and SPES SOLARIS 2).

10. OTHER EXPENSES/INCOME

10.1 Other Expenses

Other expenses analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Travel expenses	7.001	8.040	6.988	8.040
Consumables	1.716	1.383	1.715	1.383
Promotion and advertising costs	747	422	743	422
Donations and Subscriptions	1.764	715	1.734	715
Other	4.850	2.354	4.678	2.232
Other capitalized expenses	(4.754)	(4.928)	(4.744)	(4.928)
Total	**11.325**	**7.987**	**11.114**	**7.865**

*The amounts of prior year have been reclassified (Note 3.3.22).

Within 2020, there is an increase of Euro 1 million in expenses for donations and subscriptions due to donations made by the Company concerning the pandemic.

Travel expenses decreased by Euro 1,1 million due to restrictive travel measures implemented during the pandemic.

Finally, the variation on Other Expenses is mainly due to inventory impairment amounting to Euro 1,6 million within the year.

(In thousand euro unless otherwise stated)

10.2 Other Income

Other income analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Revenue from special projects (Polypotamos)	-	27.499	-	27.499
Gain from de-recognition of tangible assets	-	2.633	-	1.180
Other income from rent and maintenance services	885	1.684	933	1.238
Revenue from previous year optical fiber lease	-	737	-	737
Revenue from related parties	20	16	302	224
Revenue from optical fiber maintenance	-	-	85	82
Other	2.157	2.512	1.840	2.970
Total	**3.062**	**35.082**	**3.160**	**33.930**

*The amounts of prior year have been reclassified (Note 3.3.22).

The decrease in other income amounting to Euro 32 million for the Group, and Euro 30,8 million for the Company is mainly due to the following: a) in 2019, revenue from special projects amounting to Euro 27,5 million was recognized due to the revision of special project Polypotamos cost, in order to incorporate the return of the Company's working capital during the project construction period, and which was collected entirely by the users of the project. b) within 2019 revenue of Euro 2,7 million for the Group and Euro 1,2 million for the Company was recognized under IFRS 16 derecognition of tangible assets c) in 2019 amount of Euro 737 thousand was recognized as income from prior year optical fiber lease.

11. FINANCIAL EXPENSES-INCOME

11.1 Financial expenses

Financial expenses analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Interest expense	9.854	12.129	9.854	12.129
Interest on finance lease-expense	27	25	27	26
Amortization of loans' issuance costs	3.023	870	3.023	870
Other bank charges	304	367	301	366
Total	**13.209**	**13.391**	**13.205**	**13.390**

The decrease in financial expenses is mainly due to the reduction of interest expense on loans of Euro 2,3 million due to lower borrowing costs and higher capitalized interest. At the same time, there was amortization of loan costs due to the refinancing of existing loans within 2020.More specifically:

On September 28, 2020, IPTO entered into a new agreement with the creditor banks (National Bank, Alpha Bank, Piraeus Bank and BOC-ICBC) with the aim of refinancing the two existing bond loans with a new joint line of credit with more favorable terms for the Company. The new loan agreement amounts to Euro 310 million, according to the new terms of the joint bond loan.

(In thousand euro unless otherwise stated)

Pursuant to the provisions of IFRS 9, the Company proceeded to evaluate all quantitative and qualitative characteristics of the new loan agreement compared to previous ones and concluded that the new terms (lower interest rate and longer payment period) constitute de-recognition of previous loan agreements with simultaneous recognition of a new one. This resulted in the recognition of financial expenses of Euro 2.951 in the Income Statement, which concerns the unamortized balance of previous loans issuance costs.

In the context of general borrowing restructuring carried out during the current year, , the Company capitalized, under the provisions of IAS 23 par. 14 general borrowing interest amounting to Euro 4.209, that finances projects intended to be capitalized upon completion.

The capitalization of interest expenses for 2020 for the construction period of the Group and the Company amounted to Euro 8.410, (2019: Euro 5.227).

11.2 Financial income

Financial income analysis is presented below:

	Group		Company	
	01/01/2020-31/12/2020	01/01/2019-31/12/2019	01/01/2020-31/12/2020	01/01/2019-31/12/2019
Interest on deposits	1.141	3.433	587	1.396
Finance lease interest income	342	343	242	248
Other interest	4.636	7.673	4.582	7.673
Interest income from non-current assets discounting	-	4.088	-	4.088
Total	**6.119**	**15.537**	**5.410**	**13.405**

The decrease in financial income is mainly due to the decrease in cash held at Bank of Greece and the decrease in deposit rates compared to previous year (Note 23).

In addition, the discounted income of long-term receivables of the previous year includes the discounted income of special project Polypotamos.

"Other interest" mainly concern the annuity of the Company's Cash Management account at the Bank of Greece.

12. INCOME TAX (CURRENT AND DEFERRED)

The income tax for the fiscal year 2020 is calculated with 24% tax rate (2019: 24%), according to Law 4646/2019 (Government Gazette 201 / A / 12.12.2020). The total income taxes charged to the Income Statement are as follows:

	Group		Company	
	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Current tax	31.063	33.502	30.722	32.648
Deferred tax	(988)	(2.168)	(990)	(2.173)
Total income tax	**30.075**	**31.333**	**29.733**	**30.475**

(In thousand euro unless otherwise stated)

The income tax statement is submitted on a yearly basis but the profits or losses declared are temporary until the tax authorities audit the tax statements and records and the final audit report is issued. The Company has received a Tax Compliance Report without qualification from its statutory auditor regarding its tax obligations for the years 2011 to 2019 and the Company has been audited by the tax authorities for the periods up to 2010. Respectively, the subsidiary "ARIADNE INTERCONNECTION S.P.L.C" has received a tax compliance report without qualification from its statutory auditor regarding its tax obligations for the first fiscal year 2018 and 2019 while the subsidiary "Grid Telecom S.M.S.A has received a tax compliance report without qualification from its statutory auditor regarding its tax obligations for the first fiscal year 2019. Management does not expect any significant tax liabilities to arise, other than those recorded and presented in the Financial Statements, both at Company level and at Group level. It is noted that pursuant to the relevant tax provisions on December 31, 2020, the years up to 2014 are considered statute-barred.

For the fiscal year 2020, the Group's companies have been subject to the optional tax audit of the Certified Public Accountants. This audit for the issuance of Tax Compliance Report for the year 2020 is in progress and expected to be completed after the publication of the attached financial statements. The Tax Compliance Report will be received upon final submission of the Certified Public Accountants to the tax authorities. Upon completion of the tax audit, Management does not expect significant tax obligations to arise other than those recorded and disclosed in the Financial Statements of the Group and the Company.

Tax losses, to the extent that they are accepted by the tax authorities, can be used to offset future profits for a period of five years since the year in which they occurred.

Pursuant to Article 22 of Law 4646/2019, the tax rate applicable to income earned from 2020 onwards is 24%.

The following is an analysis for the Group and the Company and a reconciliation between the tax and the result of the accounting profit multiplied by the nominal rate:

	Group		**Company**	
	01/01/2020 31/12/2020	**01/01/2019 31/12/2019**	**01/01/2020 31/12/2020**	**01/01/2019 31/12/2019**
Profits before tax	**115.013**	**136.927**	**113.881**	**133.389**
Nominal tax rate	24%	24%	24%	24%
Tax calculated at nominal tax rate	**27.603**	**32.862**	**27.331**	**32.013**
Effect of change in tax rate	-	(5.588)	-	(5.588)
Non-deductible expenses	2.473	4.169	2.402	4.169
Borrowing costs	-	(209)	-	(209)
Other	-	99	-	90
Income tax	**30.075**	**31.333**	**29.733**	**30.475**
Effective tax rate	**26%**	**23%**	**26%**	**23%**

Deferred tax assets and liabilities are further analysed as follows:

(In thousand euro unless otherwise stated)

	Group		Company	
	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Deferred tax assets				
Impairment of trade and other receivables	5.085	5.814	5.075	5.805
Impairment of inventories	4.379	4.335	4.379	4.335
Other provisions for risks and expenses	5.367	7.651	5.367	7.651
Subsidies	18.544	16.177	18.544	16.177
Employee benefits	4.185	4.802	4.185	4.802
Deferred tax assets	**37.560**	**38.779**	**37.549**	**38.771**

	Group		Company	
Deferred tax liabilities	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Revaluation of tangible and intangible assets	(233.993)	(234.750)	(233.991)	(234.750)
Contracting revenue	50	(121)	50	(121)
Loans' issuance costs	-	(708)	-	(708)
Deferred tax liabilities	**(233.943)**	**(235.579)**	**(233.942)**	**(235.579)**

The net deferred tax movement is listed below:

	Group		Company	
	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Opening balance	**196.800**	**126.824**	**196.809**	**126.824**
Charged to income statement	(988)	(2.168)	(990)	(2.173)
Effect on other comprehensive income	571	72.145	573	72.158
Closing balance	**196.383**	**196.800**	**196.392**	**196.809**

The Debit / (credit) for deferred tax is analyzed as follows:

	Group		Company	
	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Revaluation & depreciation of tangible and intangible assets	(758)	(7.423)	(759)	(7.428)
Impairment of trade and other receivables	728	367	730	367
Impairment of inventories	(43)	153	(43)	153
Subsidies and customer's contributions	(2.367)	(2.138)	(2.367)	(2.138)
Loans' issuance costs	(708)	(247)	(708)	(247)
Other provisions for risks and expenses	2.284	1.968	2.284	1.968
Employee benefits	46	5.214	44	5.214
Contracting revenue	(170)	(63)	(170)	(63)
Total	**(988)**	**(2.168)**	**(990)**	**(2.173)**

(In thousand euro unless otherwise stated)

13. TANGIBLE ASSETS

	Group						
	Land	Buildings - Technical Works	Machinery & equipment	Transportation	Fixtures and Furniture	Construction in Progress	Total
Carrying amount 01/01/2019	**190.461**	**76.582**	**1.071.754**	**5.551**	**7.018**	**312.932**	**1.664.299**
Additions	-	-	-	-	2	249.295	**249.297**
Depreciation	-	(5.479)	(71.436)	(718)	(1.909)	-	**(79.541)**
Disposals/ write-offs	-	-	(11)	-	(26)	-	**(37)**
Revaluation of fixed assets	10.053	6.767	274.006	128	661	-	**291.615**
Transfers from construction in progress	28	15.571	45.091	-	2.739	(65.924)	**(2.495)**
Transfers to contracting cost	-	-	-	-	-	(1.452)	**(1.452)**
Reclassification in special projects' cost	(13)	(633)	(426)	-	-	-	**(1.072)**
Transfers/write offs	-	-	(2.044)	-	-	(2.464)	**(4.508)**
Other movements	-	1.238	2.104	-	6	(3.538)	**(190)**
Carrying amount 31/12/2019	**200.529**	**94.046**	**1.319.038**	**4.961**	**8.489**	**488.848**	**2.115.914**
Carrying amount 01/01/2020	**200.529**	**94.046**	**1.319.038**	**4.961**	**8.489**	**488.848**	**2.115.914**
Additions	-	4	508	-	16	451.576	**452.103**
Depreciation	-	(4.307)	(89.837)	(689)	(2.334)	-	**(97.166)**
Disposals/ write-offs	-	-	(1)	-	(11)	-	**(12)**
Transfers from construction in progress	4.326	17.138	451.482	-	7.149	(484.844)	**(4.749)**
Transfers to contracting cost	-	-	-	-	-	(510)	**(510)**
Transfers/write offs	-	-	9.415	-	-	(9.691)	**(276)**
Carrying amount 31/12/2020	**204.856**	**107.575**	**1.683.956**	**4.273**	**13.381**	**451.262**	**2.465.304**

	Company						
	Land	Buildings & Technical Works	Machinery & equipment	Transportation	Fixtures and Furniture	Construction in Progress	Total
Carrying amount 01/01/2019	**190.461**	**76.582**	**1.071.754**	**5.551**	**7.018**	**312.932**	**1.664.299**
Additions	-	-	-	-	-	249.295	**249.295**
Depreciation	-	(5.479)	(71.436)	(718)	(1.909)	-	**(79.541)**
Disposals/ write-offs	-	-	(11)	-	(26)	-	**(37)**
Revaluation of fixed assets	10.053	6.767	274.006	128	661	-	**291.615**
Transfers from construction in progress	28	15.571	45.091	-	2.739	(65.924)	**(2.495)**
Transfers to contracting cost	-	-	-	-	-	(1.452)	**(1.452)**
Reclassification in special projects' cost	(13)	(633)	(426)	-	-	-	**(1.072)**
Transfers to other expenses (restated amount)	-	-	(2.044)	-	-	(2.464)	**(4.508)**
Other movements	-	1.238	2.104	-	6	(3.538)	**(190)**
Carrying amount 31/12/2019	**200.529**	**94.046**	**1.319.038**	**4.961**	**8.489**	**488.848**	**2.115.911**

(In thousand euro unless otherwise stated)

Carrying amount 01/01/2020	**200.529**	**94.046**	**1.319.038**	**4.961**	**8.488**	**488.848**	**2.115.911**
Additions	-	-	-	-	-	451.577	**451.577**
Depreciation	-	(4.307)	(89.837)	(689)	(2.327)	-	**(97.159)**
Disposals/ write-offs	-	-	(1)	-	(11)	-	**(12)**
Increase/(Decrease) in value of fixed assets due to valuation	-	-	-	-	-	-	**-**
Transfers from construction in progress	4.326	17.138	451.482	-	7.149	(484.844)	**(4.750)**
Transfers to contracting cost	-	-	-	-	-	(510)	**(510)**
Reclassification in special projects' cost	-	694	(6.647)	0	72	5.881	**-**
Transfers/write offs	-	-	9.415	-	-	(9.691)	**(276)**
Carrying amount 31/12/2020	**204.856**	**107.571**	**1.683.448**	**4.273**	**13.371**	**451.262**	**2.464.781**

Additions for constructions in progress include capitalisation of the payroll cost mainly of the New Transmission Project Department amounting to Euro 12.250 (2019: Euro 12.320) and other expenses and consumables amounting to Euro 19.024 (2019: Euro 22.098) incurred for the construction of new projects.

During the year, the Company recognized a total revenue of Euro 541 under IFRS 11 for the construction of third-party projects (Note 5). The total contracting cost for the year ended 31 December 2020 amounts to Euro 510.

Ownership of Property: The Company as the ultimate successor of PPC's General Transmission Department owns according to article 98 Law 4001/2011 all the relevant property of PPC's General Transmission Department. The registration of Spin-off Contract No. 34815/10-11-2011 with the relevant land registry office has been completed. The company is in the process of recording its real estate in detail and creating a real estate registry for all its property in the competent land registries, in order to be able to obtain the relevant certificates and excerpts.

Insurance Coverage: The Group and the Company have no insurance coverage against the usual risks related to fixed assets. This is primarily due to estimated high costs associated with fixed assets insurance compared to repairment costs in case of usual risks occurrence.

Encumbrances on tangible assets: Tangible assets are held free from encumbrances**.**

Revaluation of Tangible Fixed Assets

Subsequent to the initial recognition tangible assets (excluding assets under construction valued at cost less any impairment) are measured at fair value less accumulated depreciation and impairment losses. Estimates of fair values are performed periodically by independent appraisers (three to five years) using level three assumptions of hierarchy provided under IFRS 13 and the method of residual replacement costs, in order to ensure that fair value does not differ significantly from amortized cost. During prior year, a valuation of tangible fixed assets was made by independent appraisers with reference date on 31/12/2019.

(In thousand euro unless otherwise stated)

14. INTANGIBLE ASSETS

The total amount of intangible assets relates to software.

Software value for the Group and the Company is analysed as follows:

	Group	Company
Carrying amount 01/01/2019	**948**	**948**
Additions	2.495	2.495
Amortisation	(791)	(791)
Other movements	190	190
Carrying amount 31/12/2019	**2.843**	**2.843**
Carrying amount 01/01/2020	**2.843**	**2.843**
Additions	4.832	-
Amortisation	(1.079)	(1.070)
Carrying amount 01/01/2020	**6.596**	**6.522**

The increase in intangible assets is mainly software implementation of the Target mode.

15. RIGHT OF USE ASSET

The movement in rights of use assets is presented below:

	Group 31/12/2020			Company 31/12/2020		
	Cars	Real estate	Total	Cars	Real estate	Total
Cost						
Balance as at 01/01/2019	**78**	**614**	**692**	**78**	**614**	**692**
Additions	97	153	250	97	153	250
Balance as at 31/12/2019	**175**	**767**	**942**	**175**	**767**	**942**
Balance as at 01/01/2020	**175**	**767**	**942**	**175**	**767**	**942**
Additions	260	69	329	260	69	329
Balance as at 31/12/2020	**435**	**836**	**1.271**	**435**	**836**	**1.271**
Depreciation						
Balance as at 01/01/2019	**-**	**-**	**-**	**-**	**-**	**-**
Additions	(56)	(33)	(89)	(56)	(33)	(89)
Balance as at 31/12/2019	**(56)**	**(33)**	**(89)**	**(56)**	**(33)**	**(89)**
Balance as at 01/01/2020	**(56)**	**(33)**	**(89)**	**(56)**	**(33)**	**(89)**
Additions	(63)	(48)	(110)	(63)	(48)	(110)
Balance as at 31/12/2020	**(119)**	**(81)**	**(199)**	**(119)**	**(81)**	**(199)**
Net book value as at 31/12/2019	**119**	**734**	**853**	**119**	**734**	**853**
Net book value as at 31/12/2020	**316**	**755**	**1.072**	**316**	**755**	**1.072**

(In thousand euro unless otherwise stated)

The Group's lease payments are mainly related to lease of land, building facilities (offices) and cars.

16. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are presented below:

Subsidiary	Location	% participation	Operation	Consolidation method	31/12/2020	31/12/2019
Ariadne Interconnection	Athens	100	Special purpose company (construction)	Full	200.000	200.000
Grid Telecom	Athens	100	Electronic communications	Full	1.800	300
Total					**201.800**	**200.300**

Changes in the book value of the Company's investments in subsidiaries are as follows:

	Company	
	31/12/2020	31/12/2019
At the beginning of the year	**200.300**	**200.000**
Additions	1500	300
At the end of the year	**201.800**	**200.300**

The movement for the year 2020 concerns the share capital increase of the subsidiary Grid Telecom amounting to Euro 1,5 million. The share capital was fully paid on July 29, 2020.

17. INVESTMENTS IN ASSOCIATES

Investments in associates are presented below:

Name	Location	% participation	Operation	Consolidation method
EnEx Group	Athens	20	Energy market Administrator	Equity
SELENE CC SA	Thessaloniki	25	Regional Security Coordinator	Equity

(In thousand euro unless otherwise stated)

Changes in the book value of investments in associates of the parent company are presented below:

	EnEx Group	SELENE CC SA	Total
	20%	25%	
Opening Balance 01/01/2019	**1.000**	**-**	**1.000**
Total comprehensive income attributable to the reporting period	21	-	21
Balance at 31/12/2019	**1.021**	**-**	**1.021**
Opening Balance 01/01/2020	**1.021**	**-**	**1.021**
Share capital increase	-	50	50
Gain/(Loss) attributable to the reporting period	171	1	172
Other comprehensive income attributable to the reporting period	(4)	-	(4)
Balance at 31/12/2020	**1.188**	**51**	**1.239**

The following tables present concise financial information for the Group's associates (amounts in Euro):

	30/06/2020	31/12/2020	31/12/2019
Total accounts per Associate	**EnEx Group**	**SELENE CC AE**	**EnEx Group**
Assets	49.675.520	263.594	73.419.912
Liabilities	43.733.942	61.440	67.764.704
Turnover	2.208.598	108.200	5.077.528
(losses)/ Profit	286.369	2.153	570.052
Comprehensive income after tax	-	-	(18.442)

Financial position items	**EnEx Group**		**SELENE CC SA**
(amounts in Euro)	**30/06/2020**	**31/12/2019**	**31/12/2020**
Non-current assets	2.210.626	2.366.797	24.828
Current assets	47.464.894	71.053.115	238.766
Total assets	**49.675.520**	**73.419.912**	**263.594**
Long-term Liabilities	636.757	666.396	
Short-term Liabilities	43.097.185	67.098.308	61.440
Total liabilities	**43.733.942**	**67.764.704**	**61.440**
Equity	**5.941.578**	**5.655.208**	**202.153**
Company Participation in associates equity	**1.188.316**	**1.131.042**	**50.538**

(In thousand euro unless otherwise stated)

Comprehensive income items	EnEx Group		SELENE CC SA
(amounts in Euro)	30/06/2020	31/12/2019	31/12/2020
Revenue	2.208.598	5.077.528	108.200
Net (losses) / profit for the year	**286.369**	**570.052**	**2.153**
Other comprehensive income (after taxes)	-	(18.442)	-
Total comprehensive income	**286.369**	**551.610**	**2.153**
Company participation in profit after tax	**57.274**	**110.322**	**538**

Group's investments included in the Investments in associates, amount of Euro 1.239 thousand are accounted for using the equity method and concern a) the 20% holding of the Company in the share capital of the Hellenic Energy Exchange SA (Henex SA) and b) the 25% holding of the Company in the share capital of the company “Southeast Electricity Network Coordination Center” (SEleNe CC).

Pursuant to Law 4512/2018, the Hellenic Energy Exchange SA was established with the competence to manage the Energy Markets and the Energy Financial Markets in accordance with the provisions of the law and its delegated acts.

Its shareholding structure is (in brackets share percentage):

- DAPEEP SA (22%)
- Athens Exchange (ATHEX) (21%)
- IPTO SA (20%)
- European Bank for Reconstruction and Development (EBRD) (20%)
- CSE (10%)
- DESFA SA (7%)

The Hellenic Energy Exchange is the successor of the LAGIE Market Operator and as of November 1, undertook energy trading, i.e. consists the market where energy producers and traders will trade. According to the new model, 4 different markets created where transactions are made for different products: Day-Ahead Market, Intraday Market, Forward Market and Balancing Market. Henex SA is responsible for trading on the forward, Day-Ahead and Intra-day markets, while the balancing market operates by IPTO S.A.

Regarding the holding in “Southeast Electricity Network Coordination Center” (SEleNe CC), Regional Security Coordinators – RSCs are companies established and owned by Transmission System Operators, such as IPTO SA, with main objective to maintain the operational security of Electric Power System at a European level.

In this context, on May 22/2020, four European Transmission System Operators, IPTO SA (Greece), ESO-EAD (Bulgaria), TERNA SpA (Italy) and Transelectrica (Romania), founded RSC under the name of SEleNe CC (Southeast Electricity Network Coordination Center). The headquarters of the company and the energy center of Southeastern Europe and the Greek-Italian border is located in Thessaloniki.

(In thousand euro unless otherwise stated)

18. FINANCIAL ASSETS AT AMORTIZED COST

Unlisted securities - Bonds

Changes in the book value of the Bonds are presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening Balance	**4.000**	**4.000**	**4.000**	**4.000**
Less: impairment loss	(64)	(244)	(64)	(244)
Balance at the beginning after impairment	**3.936**	**3.756**	**3.936**	**3.756**
Accrued income from coupons	130	-	130	-
Impairment (loss)/ release	(31)	180	(31)	180
Balance at the end after impairment	**4.035**	**3.936**	**4.035**	**3.936**

The Company, on June 15, under Decision No. 99/2018 of the Board of Directors, decided to purchase 200 Bonds with a nominal value of 10.000 Euros each, as a capital investment in Subordinated Bonds of the Cooperative Bank of Chania with a 7 year maturity and an annual return of 4,75%, paying the amount of Euro Two million (Euro 2.000.000) On 31/12/2020 the Company identified the total impairment loss of the aforementioned Bond at Euro 44 thousand (31/12/2019: 31 thousand), recognizing in the Income Statement a loss of Euro 13 thousand.

Also, on December 19, the Company under Decision No. 161/2018 of the Board of Directors, decided to participate via private placement in the simple subordinated bond of the Pancretan Cooperative Bank with a 7 year maturity and a return of 6,50%, paying the amount of Euro Two million (Euro 2.000.000) in total. On 31/12/2020 the Company identified the impairment loss of the aforementioned Bond at Euro 50 thousand (31/12/2019: 32 thousand), recognizing in the income statement loss of Euro 18 thousand.

The valuation / amortization of the Bonds is made using the effective interest method.

Lease receivables

Finance leases mainly concern the Company’s (lessor) leased part of the optical fiber network, "Dark fiber" type, to the subsidiary company "GRID TELECOM S.M.S.A." with a duration of 15 years. The subsidiary "GRID TELECOM S.M.S.A." (lessee) operating as sub-lessor, subleased the "Dark fiber" to WIND HELLAS for the same period.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Long-term portion of finance lease receivables	3.912	4.109	2.763	2.882
Short-term portion of finance lease receivables	190	176	119	109
Total	**4.103**	**4.285**	**2.882**	**2.991**
Provisions against expected credit losses	(44)	(55)	-	-
Total	**4.059**	**4.230**	**2.882**	**2.991**

Maturity dates of long-term receivables analyzed as follows:

(In thousand euro unless otherwise stated)

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1 to 2 years	206	197	266	247
2 to 5 years	1.002	928	673	623
>5 years	2.704	2.985	1.823	2.012
Total	**3.912**	**4.110**	**2.763**	**2.882**

At Company level, the finance lease receivables concern the lease of optical fibers to the subsidiary "GRID TELECOM S.M.S.A."

19. OTHER LONG TERM RECEIVABLES

In the context of the of Target Model commencement on 1st November 2020, IPTO concluded an agreement of assignment of clearing operations of balancing transactions (the “Agreement”) with Energy Exchange Clearing Company SA (“EnExClear”). Based on the Agreement and the Regulation of clearing balancing positions (the “Regulation”), IPTO has paid to EnExClear, before the operational commencement the amount of Euro 7.451 as Pre-financed financial resources.

The Pre-financed financial resources (the “Resources”) are covered by the cash collections of the Non-Compliance Charges Account of the article 110 of the Regulation, which IPTO is receiving from monthly settlement invoicing and, as HETS’s Administrator, sets at the disposal of EnExClear. EnExClear, as the Clearing Agent, could use these resources for covering potential losses in cases of an overdue balance of a Clearing Member which exceed the losses which are covered by the insurances provided by the Clearing Member in overdue, and the Clearing Fund, as set by the articles 2.32 and 2.33 of the Regulation.

The duration of the Agreement is in force for three (3) years from the date of the Operational Commencement of the Target Model. The Agreement will be renewed automatically for consecutive periods of three (3) years, unless it is terminated at any time by any Contracting Party with six (6) months’ notice.

20. INVENTORIES

The stock analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Materials, spare parts and consumables	70.498	72.471	70.498	72.471
Advance payments for purchases	826	728	826	728
Provision for impairment of materials and spare parts	(18.244)	(18.064)	(18.244)	(18.064)
Total	**53.080**	**55.135**	**53.080**	**55.135**

The impairment provision of materials and spare parts is is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance	**18.064**	**17.955**	**18.064**	**17.955**
Additional provision	180	109	180	109
Closing balance	**18.244**	**18.064**	**18.244**	**18.064**

Inventories are held free of encumbrances.

(In thousand euro unless otherwise stated)

21. TRADE RECEIVABLES

Trade receivables analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Receivables from «Electricity Market» transactions	126.990	168.028	126.990	168.036
Receivables from PPC contracting works	15.200	17.741	15.200	17.741
Contractual assets	1.986	55.736	1.936	55.742
Advance payments	647	329	647	329
Total receivables from customers without delay and impairment	**144.823**	**241.834**	**144.773**	**241.848**
Total receivables from customers with delay and impairment	25.572	24.369	25.572	24.314
Less: provision for impairment of receivables	(10.428)	(12.134)	(10.353)	(12.079)
Total	**159.966**	**254.069**	**159.992**	**254.083**

With the implementation of Target Model from November 1st, EnEx Clear SA took over the management of a part of clearing services conducted by the Company as Operator of the Energy Market with largest the Uplift Accounting service - Recovery of variable production unit costs. Consequently these services are invoiced directly by EnEx Clear SA to Participants. In addition, the Company for the months of November and December, issued invoices against clearing services for these months. The result of these two factors was to reduce the amounts of the transitional receivables account, to the item Contractual assets of trade receivables by the amount of approximately Euro 54 million. Respectively, suppliers and producers of Electricity market issued invoices against the same period, and as a result the amounts of accrued and other liabilities account were reduced by the amount of approximately Euro 34 million (Note 34).

The movement of the impairment provision is as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance 01/01/2019	**12.134**	**10.411**	**12.079**	**10.411**
Impairment provision based on IFRS 9	73	1.723	73	1.668
Release of provision	(1.799)	-	(1.799)	-
Closing balance 31/12/2019	**10.428**	**12.134**	**10.353**	**12.079**

Overdues more than one year are mainly included.

(In thousand euro unless otherwise stated)

22. OTHER RECEIVABLES

Other receivables analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Receivables from the Greek State	101.013	37.024	100.716	36.865
Optical fiber rents	-	-	539	539
Receivables from Wind	762	1.384	175	545
Enex Clear blocked accounts	1.560	-	1.560	-
Receivables from employees	664	717	664	717
Receivables from contracts	2.286	3.017	2.286	3.017
Other	26.365	28.776	27.229	28.965
Total trade receivables without delay and impairment	**132.649**	**70.917**	**133.169**	**70.649**
Less provision for bad debts	(1.887)	(1.887)	(1.887)	(1.887)
Total	**130.763**	**69.030**	**131.282**	**68.762**

Receivables from Greek State on December 31,2020 mainly concern VAT receivable amounting to Euro 80.552 (2019: Euro 36.852). The increase in VAT receivables is mainly due to the initiation of the Company's largest project construction, "Interconnection between Crete and Attica" which is subject to a VAT rate of 24% and the fact that the Company's revenues are subject to a VAT rate of 6%.

The Company has taken actions to collect the respective amount within the following period.

In addition, "Other Receivables" mainly concern contractors receivable and advance payments which amounted to Euro 22.189.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Cash in hand	5	-	5	-
Cash at bank	246.463	423.159	159.344	222.340
Time deposits	2.010	2.011	2.010	2.011
Total	**248.478**	**425.170**	**161.359**	**224.351**

All cash are presented in Euros, in Greek banks and there are no commitments on them.

The Company, as at December 31, 2020, maintains the amount of Euro 52 million (31/12/2019: approx. 166 million) in the Bank of Greece pursuant to the provisions of Article 15 paragraph 1 of Law 2469/97 as it applies to the Common Capital, which is included in the above Cash. The cash balances of General Government entities are deposited in the Bank of Greece and used by the Public Debt Management Agency for short-term liquidity management operations and more specifically agreements for purchase and resale of Greek Government Treasury bills. In this way, the transferred funds are fully secured and are available to the operators directly or within a matter of days, while through the above-mentioned short-term operations, attractive returns are ensured for the operators, which for 2020 reached on average 1,84% (2019: 2,38%). Annuity of these funds was recognized in the Income Statement, in financial income (note 11.2).

(In thousand euro unless otherwise stated)

The following table presents the deposits per credit rating class by Moody's on December 31, 2020 and 2019:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
rating (Moody's)				
Caa1	194.181	188.557	107.109	52.992
Caa2	153	68.373	106	3.118
Caa3	2.183	2.169	2.183	2.169
N/A	51.960	166.072	51.960	166.072
Total	**248.478**	**425.170**	**161.359**	**224.351**

Deposits with no credit rating are deposits to the Bank of Greece.

24. SHARE CAPITAL

(Amounts in Euro)

The Share Capital of the Company on December 31, 2020 amounts to Euro 38.444.193,00 consisting of 38.444.193 registered shares, with a nominal value of Euro 1,00 each.

At the Annual Ordinary General Meeting of Shareholders it was decided the dividend distribution of Euro 51,45 million from the net profit of the year 2019.

Dividends

Pursuant to Greek commercial law, companies are obliged to distribute annually dividends corresponding to at least 35% of profits after taxes and after deduction of the legal reserve and Other credit figure in Income Statement, which are not derived from realized profits. The non-distribution of dividend is possible following a shareholders assembly, in which shareholders representing half (1/2) of the paid-up capital are present or represented, and obtained by the majority of eighty per cent (80%) of the represented share capital.

In addition, the Greek commercial legislation requires certain conditions to be met for the dividends distribution. In particular, any distribution to shareholders is not allowed if, on the expiry date of the last use, the company's total equity is or, after a dividend distribution, will be lower than the amount of the share capital, plus: (a) the reserves, the distribution of which is prohibited by law or the statutes, (b) non distributable credit funds of equity, and (c) the credit amounts of Income statement, which do not constitute realized profits. The amount of the capital shall be decreased by the amount of not paid capital, when it is not presented on the balance sheet assets.

According to article 31 of the Codified Article of Association, the distributed to the shareholders dividends will amount to fifty per cent (50%) of the Company's net annual profits.

The Company's Board of Directors approved the Financial Statements for the year 2020 on March 31, 2021 and proposed to the Ordinary General Meeting of Shareholders the dividend distribution of Euro 42,07 million from the net profit of the year.

(In thousand euro unless otherwise stated)

25. LEGAL RESERVE

According to the Greek commercial law, each year at least the one twentieth (1/20) of net profits are withheld for the formation of a legal reserve. Once the reserve reaches one third (1/3) of the share capital the withholding ceases to be mandatory. The legal reserve is used to offset any debit balance of the income statement, before any dividend distribution.

Within 2020, the Company did not form legal reserve, since as at 2013 the mandatory amount of third (1/3) of the share capital had been covered. Thus, the Company's legal reserve as at December 31, 2020 amounts to Euro 12.815 (2019: Euro 12.815), while at Group level, the amount of Euro 149 was formed by the subsidiary ARIADNE INTERCONNECTION S.P.L.C and Euro 50,4 by the subsidiary GRID TELECOM SMSA.

26. RESERVES

26.1. OTHER RESERVES

The analysis of Other reserves is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Redundancy compensation reserve	2.227	1.623	2.227	1.623
Actuarial results reserve for reduced electricity tariff	8.970	11.261	8.970	11.261
Redundancy compensation reserve of Associate	4	-	-	-
Total	**11.201**	**12.884**	**11.197**	**12.884**

26.2. REVALUATION RESERVE

The analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening Balance	**886.163**	**650.939**	**886.163**	**650.939**
Effect of tax rate change in reserve	-	817	-	817
Fixed assets valuation	-	308.430	-	308.430
Tax attributable to valuation reserve	-	(74.023)	-	(74.023)
Closing Balance	**886.163**	**886.163**	**886.163**	**886.163**

The latest revaluation of fixed assets held on 31.12.2019 (Note 13).

(In thousand euro unless otherwise stated)

27. LOANS

The amount of loan interest capitalized for the year ended December 31, 2020 is included in tangible assets(Note 13) in the Statement of Financial Position while the remaining amount is included in financial expenses in the Income Statement(note 11.1). The total borrowing of the Company is presented in euro.

Below is presented an analysis of Group's and Company's long-term borrowings:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Bank Loans	445.867	424.778	445.867	424.778
Bonds payable	310.000	203.469	310.000	203.469
Unamortized portion of loan issuance fees	(3.948)	(2.951)	(1.788)	(2.951)
Total borrowings	**751.919**	**625.296**	**754.079**	**625.296**
	-	-	-	-
Less short term portion:				
Bank Loans	7.833	46.556	7.833	46.556
Bonds payable	25.000	40.000	25.000	40.000
Unamortized portion of loan issuance fees	(294)	(893)	(294)	(893)
Total short-term borrowings	**32.540**	**85.663**	**32.540**	**85.663**
Long term borrowings	**719.379**	**539.633**	**721.539**	**539.633**

*The amounts of prior year have been reclassified (Note 3.3.22).

European Investment Bank's (EIB) loans, amounted to Euro 445,8 million at December 31, 2020, are guaranteed by the Greek State.

During 2020, the Company proceeded to the refinance of two existing syndicated loans achieving more favorable interest rate terms. Furthermore, on September 2020, the Company signed a contract for the issuance of a Syndicated Bond loan of Euro 400 million with a consortium of Banks achieving more favorable interest rate terms and a longer payment period. At the same month, the Series A bonds were issued amounting to Euro 310 million, for the prepayment of the two existing syndicated loans with total outstanding balance of Euro 316,1 million approximately.

In particular, according to the new terms of the Syndicated Bond Loan:

- The loan has a duration of 6 years, 3 years more in relation to the remaining duration of the refinanced loans.
- The repayment plan consists of 11 unequal semi-annual installments plus a balloon installment of Euro 93 million.
- The interest rate is semi-annual Euribor + 2.10% for the first 3 years and semi-annual Euribor + 2.00% for the remaining term of the loan.

Pursuant to the provisions of IFRS 9, the Company proceeded to evaluate all quantitative and qualitative characteristics of the new loan agreement compared to previous ones and concluded that the new terms constitute de-recognition of previous loan agreements with simultaneous recognition of a new one.

This resulted in the recognition of financial expenses of Euro 3.023 in the Income Statement, of which the amount of Euro 2.951 concerns the unamortized balance of previous loans issuance costs.

(In thousand euro unless otherwise stated)

The total loan repayments for the period ended on December 31, 2020 amounted to Euro 50.580 (2019: Euro 64.221). The total borrowing of the Company does not include conversion terms.

In July 2020, the subsidiary ARIADNE signed a loan agreement for the issuance of a bond loan of up to Euro 400 million.

The breakdown of loans in fixed and floating rates on December 31, 2020 and 2019 is as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Floating rate:				
Bank loans and bonds	310.000	358.247	310.000	358.247
Fixed rate:				
European Investment Bank	445.867	270.000	445.867	270.000
Total	**755.867**	**628.247**	**755.867**	**628.247**

Loan movement is as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance	**625.296**	**688.647**	**625.296**	**688.647**
New loans	178.200	-	178.200	-
Repayment	(50.580)	(64.221)	(50.580)	(64.221)
Loan issuance fees	(4.020)	-	(1.860)	-
Depreciation of loan issuance fees	3.023	870	3.023	870
Closing balance	**751.919**	**625.296**	**754.079**	**625.296**

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance of Liability interest	**1.537**	**1.749**	**1.537**	**1.749**
Accrued interest and other bank charges	13.688	17.355	13.688	17.355
Payment of interests and other expenses	(12.726)	(17.567)	(12.726)	(17.567)
Accrued expenses closing balance (note 30)	**2.498**	**1.537**	**2.498**	**1.537**

28. PROVISION FOR EMPLOYEE BENEFITS

The PPC Group provides all employees and pensioners with electricity at a reduced tariff. Pursuant to Law 4001/2011, the Company's employees receive the benefit, as it retains all rights held as staff of the parent company before the spin-off. The reduced tariff is recognized as a liability and is calculated as the present value of future benefits considered accrued by the end of the year based on the employee benefit rights accumulated during their service and are calculated on the basis of economic and actuarial assumptions. The net cost of the year is included in personnel fees in the Statement of Income and is related to the present value of benefits recognized during the year less the amount of benefits offered to employees and pensioners. These benefits are not funded.

(In thousand euro unless otherwise stated)

The Group is also obliged, according to Law. 2112/1920 for staff retirement compensation.

On December 31, 2020, actuarial estimates for both the provision of reduced tariff and the obligation to compensate staff due to retirement, were made by independent actuaries. The present value of the obligation was calculated with the «projected unit credit method».

The results of the actuarial studies regarding the staff retirement compensation for the reduced electricity for the year ended December 31, 2020 and changes in net liability are as follows:

	Group		Company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
Net liability on January 1st	**9.961**	**28.605**	**9.961**	**28.605**
Benefits paid	(295)	(1.731)	(295)	(1.731)
Prior experience recognition cost	-	(15.710)	-	(15.710)
Expense to be charged in the income statement	216	788	216	788
Actuarial (Income) / expense to be charged in the other comprehensive income	(3.182)	(1.992)	(3.182)	(1.992)
Net liability on December 31st	**6.699**	**9.961**	**6.699**	**9.961**

The basic assumptions of the actuarial obligation to compensate to employees are as follows:

31/12/2020	**Actuarial liability change**	**Actuarial liability change rate**
Increase in discount rate by 0,5%	-462	-6,90%
Decrease in discount rate by 0,5%	516	7,70%
31/12/2019	**Actuarial liability change**	**Actuarial liability change rate**
Increase in discount rate by 0,5%	-707	-7,10%
Decrease in discount rate by 0,5%	797	8,00%

Evaluation Date 31/12/2020	**Discount Rate**	**Margin Rate**
	0,51%	8,4% 2021
Retired employees	1.874	10,1% 2022
Active employees	1.212	14,0% 2023
		15,8% 2024+
31/12/2019 Number of beneficiaries:	**Discount Rate**	**Margin rate**
	0,70%	1 % 2020
Retired employees	1.932	5,6% 2021
Active employees	1.223	

According to law 4643/2019, as of 01.01.2020 the provision of the reduced electricity tariff to the retirees of the Group has changed.

Specifically, according to Article 11 of the aforementioned law: "A special electricity consumption tariff can be applied to the staff and retirees of PPC SA, its subsidiaries and IPTO S.A. for the pricing exclusively of electricity consumption where commission fees apply. The discount in the charge of electricity consumption applicable to the above special tariff may not exceed thirty percent (30%). For assessing the effect of this change on employer's obligations, the individual data provided by the PPC Group included an estimate of the cost reduction for providing reduced tariff on individual electricity consumption according to Article 11 of Law 4643/19 in 2019. Considering these data, it was estimated, on 31.12.2019, the reduction in the actuarial liability, due to the change in the provision of a reduced tariff, to be equal to Euro 15.710.This change is considered as negative past service cost, which according to IAS 19, was recognized in 2019 Income Statement.

(In thousand euro unless otherwise stated)

The results of the actuarial studies regarding the staff retirement compensation for the year ended December 31, 2020 and changes in net liability are as follows:

Provision for staff compensation	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net liability on January 1st	**10.047**	**11.456**	**10.047**	**11.456**
Benefits paid	(654)	(2.830)	(654)	(2.830)
Expense to be charged in the income statement	550	637	550	637
Actuarial (Income) / expense to be charged in the other comprehensive income	794	784	794	784
Net liability on December 31st	**10.737**	**10.047**	**10.737**	**10.047**

The basic assumptions of the actuarial compensation liability for the staff is as follows:

Financial assumptions	31/12/2020	31/12/2019
Discounting rate	0,60%	1,15%
Expected Future salary increase	2,00%	2,00%
Inflation	1,50%	1,50%

Demographic assumptions	Valuation Date	
	31/12/2020	31/12/2019
Mortality	EVK 2000	EVK 2000
Inability	50% EVK 2000	50% EVK 2000
Retirement Age Limits	As determined by the main insurance institution of each employee	
Retirement percentage (Turnover)	0,00%	0,00%

The average life of the personnel benefit is up to 11,09 years.

A sensitivity analysis of results based on the changes of significant percentage assumptions is presented below:

(In thousand euro unless otherwise stated)

31/12/2020	Actuarial Liability	Percentage change
Increase in discount rate by 0,5%	10.166.642	-5,00%
Decrease in discount rate by 0,5%	11.351.175	6,00%
Increase of expected wages increase by 0.5%	10.796.268	1,00%
Decrease of expected wages increase by 0.5%	10.658.315	-1,00%
31/12/2020	**Normal cost for next year**	**Percentage change**
Increase in discount rate by 0,5%	78.503	-11,00%
Decrease in discount rate by 0,5%	99.600	13,00%
Increase of expected wages increase by 0.5%	94.214	7,00%
Decrease of expected wages increase by 0.5%	82.343	-7,00%

29. OTHER PROVISIONS

Other provisions concern third party lawsuits against the Company and estimation of total charge for the property registration fee.

The reporting period movement is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Lawsuits from third parties	19.337	26.501	19.337	26.501
Provision for registration fee	3.026	4.877	3.026	4.877
Total provisions	**22.363**	**31.379**	**22.363**	**31.379**

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Opening balance	**31.379**	**37.744**	**31.379**	**37.744**
Additional provision for third party lawsuits	859	7.551	859	**7.551**
Use of provision	(2.512)	(1.417)	(2.512)	**(1.417)**
Release of balance for third party lawsuits	(7.362)	(12.499)	(7.362)	**(12.499)**
Closing balance	**22.363**	**31.379**	**22.363**	**31.379**

On December 31, 2020, the total amount claimed by third parties amounts to Euro 165.588 (2019: Euro 156.032), as analyzed below:

1. *Claims of Contractors / Suppliers and Other Claims:* A number of third parties and suppliers / contractors have raised claims that are either pending in court or amid arbitration and / or conciliation procedures. The total amount is Euro 78.890 (2019: Euro 60.913). In most cases the Company raises counterclaims that are not reflected in the accounting records until the moment of collection. Against the above amount, the Company has formed a provision of Euro 9.300 on December 31, 2020.

(In thousand euro unless otherwise stated)

2. *Environmental Claims:* A number of individuals has raised claims for losses that are allegedly caused by fires or environmental interventions at the Company's fault, as well as municipalities' claims for payment of municipal fees, amounting to Euro 57.005 (2019: Euro 57.934). Against the above amount, the Company has formed a provision of Euro 5.369 on December 31, 2020.

3. *Employee Claims:* Employees have raised claims amounting to Euro 5.707 (2019: Euro 13.144) for benefits and allowances which, according to the employees, should have been paid to them. Against the above amount, the Company has formed a provision of Euro 1.698 on December 31, 2020.

4. *Miscellaneous Claims:* A number of companies have raised claims for compensation due to non-granting of connection terms. In addition, lawsuits for automobile accidents have been raised against the Company. The above claims amount to Euro 23.986 (2019: Euro 24.041). Against the above amount, the Company has formed a provision of Euro 2.970 on December 31, 2020.

Against all the above amounts, a provision has been formed on December 31, 2020 amounting to Euro 19.337 (2019: Euro 26.501)

The release of the provision of Euro 5.690 is mainly due to the decision of the Athens Court to reject the lawsuit of HERON II Voiotia Thermal Power Plant SA

Other Provisions include a provision of Euro 3.026 (2019: Euro 4.877) from an estimate for the registration cost in the Cadaster of rights of easements, plots and parcels, which was calculated according to a relevant study carried out by the Technical Services of the Company in 2016, to reach the total amount of Euro 6,8 million approximately. During 2020 this provision was impaired approximately by the amount of Euro 1.851 (2019: Euro 1.417), which was paid for cadastral fees.

30. SUBSIDIES

The movement in subsidies is presented in the table below:

	Group	Company
Balance as at 1st January 2019	**282.894**	**282.894**
Additions	18.565	18.565
Amortization of subsidies	(7.873)	(7.873)
Balance as at 31st December 2019	**293.586**	**293.586**
Additions	41.577	41.577
Amortization of subsidies	(9.876)	(9.876)
Balance as at 31th December 2020	**325.287**	**325.287**

The Group's subsidies consist of the Company's subsidies, as the subsidiaries did not receive such amounts within the reporting period. The majority of the additions, Euro 23.282, concern the granting for Cyclades interconnection project (2019: Euro 12.962), while the amount of Euro 11.282 concerns the granting of Interconnection Peloponnese – Crete (2019: Euro 456).

(In thousand euro unless otherwise stated)

31. LEASE LIABILITIES

Lease liabilities for the Group are analyzed in the tables below:

	31/12/2020	31/12/2019
Long-term portion of finance lease liabilities	958	801
Short-term portion of finance lease liabilities	150	82
	1.109	**883**

Termination dates of long-term loans, analyzed as follows:

Amounts in Euro:	31/12/2019	31/12/2019
1 to 2 years	139	66
2 to 5 years	206	99
>5 years	613	636
	958	**801**

Finance lease liabilities current value, analyzed as follows:

Amounts in Euro:	31/12/2019	31/12/2019
Up to 1 year	150	82
1 to 5 years	345	164
>5 years	613	636
	1.109	**883**

Finance leases

Amounts in Euro

Finance lease's liabilities-minimum rentals	31/12/2019	31/12/2019
Up to 1 year	182	107
1 to 5 years	434	248
>5 years	1.025	1.067
Totals	**1.641**	**1.422**
Minus: future financial charges of finance leases	(532)	(540)
Current value of finance lease's liabilities	**1.109**	**883**

32. CONCESSION AGREEMENT LIABILITY

This item includes liabilities from construction services of the subsidiary Ariadne Interconnection based on the agreement signed on 10/04/2020.

The Attica - Crete interconnection project has been designated as a Project of Major Importance. Based on the Regulated Revenue calculation methodology, IPTO does not receive revenue for this asset during its construction. According to the Concession Agreement between IPTO and Ariadne Interconnection, it is provided that:

“During the Operation Period, IPTO will pay Ariadne Interconnection the Monthly Revenue received by the Project and these amounts will be credited against the Invoices issued during the Construction Period”

Therefore, construction invoices are a long-term liability that will begin to be settled by the electrification of the project (estimated year 2023).

(In thousand euro unless otherwise stated)

33. TRADE AND OTHER PAYABLES

Trade and other payable analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Liabilities from «Electricity Market» transactions	129.650	134.711	129.650	134.711
Other suppliers and contractors	14.660	41.588	917	41.593
Customer advance payments	19.331	22.923	19.331	22.923
Other payable taxes	5.377	4.736	7.759	4.686
Social security contributions, payable	2.282	2.245	2.188	2.210
Other creditors	28.860	18.550	28.340	18.564
Total	**200.160**	**224.753**	**188.185**	**224.687**

The above obligations are interest free and short-term.

34. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Accrued interest on loans	2.498	1.587	2.498	1.537
Project Polymotamus remaining, for approval	-	5.652	-	5.652
Accrued expenses energy clearance	4.072	38.082	4.072	38.082
Subsidiaries expenses payable-ARIADNE	-	-	1.575	798
Other accrued expenses	-	18	-	-
Personnel day off, overtime and leaves	6.824	6.651	6.824	6.651
Total	**13.395**	**51.991**	**14.969**	**52.720**

*The amounts of prior year have been reclassified (Note 3.3.22).

With the implementation of Target Model from November 1st, EnEx Clear SA took over the management of part of clearing services conducted by the Company as Operator of the Energy Market with the largest one being the Uplift Accounting service Recovery of variable production unit costs. Consequently these services are invoiced directly by EnEx Clear SA to Participants. In addition, the Company for the months of November and December, issued invoices against clearing services for these months. The result of these two factors was to reduce amounts of the transitional receivables account, to the item Contractual assets of trade receivables by an amount of approximately Euro 54 million (Note 21). Respectively, suppliers and producers of Electricity market issued invoices against the same period, and as a result the amounts of accrued and other liabilities account for electric power clearing were reduced by an amount of approximately Euro 34 million.

The above obligations are interest free and short-term.

(In thousand euro unless otherwise stated)

35. SPECIAL ACCOUNTS (RESERVES)

Special accounts (reserves) analysis is presented below:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Interconnection rights	68.797	101.720	68.797	101.720
Non-compliance charges	60.082	37.402	60.082	37.402
Extraordinary surplus of energy Imports L-B	1.924	1.716	1.924	1.716
Transitional duty of security of supplying / interruptible Load (L.4203/19)	2.979	1.410	2.979	1.410
Other deferred income	3.411	2.570	2.845	2.584
Total	**137.192**	**144.818**	**136.626**	**144.832**

Interconnection rights, concern the reserve formed by the Company from monthly settlement invoicing, under Article 178 of the HETS Management Code, to reduce the annual Transmission System Rent or for the funding of interconnection projects with neighboring countries after RAE's decision. During 2020, the company used the amount of Euro 68,1 million (2019: 37,9 million) Based on 1650/2020 Rae's decision to reduce the annual Transmission System Rent .

Non-Compliance charges concern the reserve formed by the Company from monthly settlement invoicing and is intended to cover overdue receivables according to Article 164 of the HETS Operation Code. These amounts do not relate to Company's revenue but are mainly available to cover losses from insolvent providers following Management's decision.

Extraordinary Surplus of Energy Imports refer to the Company's inventory of monthly settlement invoicing under Article 178 par.8 of the HETS Operation Code. The utilization of this reserve is determined by RAE's decision upon the recommendation of the Transmission System Operator.

Pursuant to Law 4203/13 with effect from January 1, 2016, a special reserve account is maintained for the charging of a Transitional Supply Security Fee and the return to interruptible customers. According to law, any difference is attributed to the recipients of interruptible load (industries) after the final settlement. The rest of the amount that has not been paid so far, is expected to be paid during the next years, after the issuance of final settlements.

Other deferred Income refers to downstream utilization revenues from contractual projects mainly with the PPC.

36. CONTRACTING COST

During the year, the Company proceeded to recognition of total revenue under IFRS 15 for the construction of third party projects amounting to Euro 541 (see Note 5). The constructing cost of these projects for the year ended December 31, 2020 amounts to Euro 501 (see Note 13).

37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(Amounts in Euro)

The Group is controlled by the Greek State indirectly through ADMIE HOLDING S.A. which owns 51% of its paid-up share capital and the PUBLIC HOLDING COMPANY ADMIE SA. (PHC ADMIE SA), which controls 25% of its paid-up share capital. Moreover, PHC ADMIE SA, holds 51,12% of ADMIE HOLDING SA. and is the Parent company. In the ordinary course of business, the Company and the aforementioned companies have had the following transactions during the reporting period, while there are no material transactions that have not been carried out under normal market conditions.

(In thousand euro unless otherwise stated)

Related parties of the Group is presented in the analysis below:

Company	Relation
ADMIE HOLDING SA	Shareholder
PHC ADMIE SA	Shareholder
STATE GRID LTD	Shareholder
ARIADNE INTERCONNECTION S.P.S.A	Subsidiary
GRID TELECOM SMSA	Subsidiary
EnEx Clearing House S.A	Associate
HELLENIC ENERGY EXCHANGE S.A.	Associate
SEleNe CC SA	Associate

The Company in the ordinary course of business conducted, the following transactions, the balances (Receivables, liabilities and revenues and expenses) of which on December 31, 2020 are as follows:

	31/12/2020		31/12/2019	
Amounts in Euro	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
ARIADNE INTERCONNECTION S.P.S.A	169.480	133.478.931	126.517	1.586.155
GRID TELECOM SMSA	3.462.887	-	3.565.669	-
ADMIE HOLDING SA	29.032	3.720	9.324	-
EnEx Clearing House S.A	8.822.491	64.230	-	-
HELLENIC ENERGY EXCHANGE S.A.	124.096	1.612	-	-
PHC ADMIE SA	-	-	-	-
STATE GRID LTD	-	-	-	-
SEleNe CC SA	-	-	-	-
Total	**12.607.986**	**133.548.493**	**3.701.510**	**1.586.155**

	01/01/2020- 31/12/2020		01/01/2019- 31/12/2019	
Amounts in Euro	**Revenues**	**Expenses**	**Revenues**	**Expenses**
ARIADNE INTERCONNECTION S.P.S.A	291.159	1.574.745	211.055	797.572
GRID TELECOM SMSA	352.319	-	359.139	-
ADMIE HOLDING SA	27.829	3.000	8.812	-
EnEx Clearing House S.A	13.721.856	14.646.131	-	-
HELLENIC ENERGY EXCHANGE S.A.	312.562	16.885	-	-
PHC ADMIE SA	-	-	-	-
STATE GRID LTD	-	-	-	-
SELENE CC SA	-	-	-	-
Total	**14.705.725**	**16.240.761**	**579.006**	**797.572**

The Company's liabilities towards its subsidiary "ARIADNE INTERCONNECTION SPSA" include an amount of Euro 130.939.620, which mainly concerns assets under construction, included in the project of the Crete-Attica interconnection. The Company's receivables from "GRID TELECOM SPSA" concern financial leases of optical fibers.

Revenue transactions are mainly related to revenues from a) provision of services such as the recharge of common expenses , b) sale of fixed assets and c) financial income according to IFRS 16. Respectively, the nature and balances of the receivables related to the above revenues, concern the balances that are due on 31.12.2020 from the transactions mentioned.

In the context of the Company's concession agreement with the subsidiary ARIADNE INTERCONNECTION S.P.L.C, cost transactions concern expenses and remaining liability concern both expenses and cost of property under construction respectively, which were pending by the 31.12.2020.

A Moreover, there are transactions with companies in which the Greek State participates, such as PPC S.A., DAPEEP (previous LAGIE), HELPE and ELPEDISON. All these transactions are made on commercial terms and are not disclosed.

Management remuneration

The Board of Directors' members and the Directors' remuneration (representation expenses and social security contributions inclusive), for the year ended on December 31, 2020 for the Group amounts to Euro 1.191 thousand, compared to Euro 1.040 thousand in 2019, while for the Company amounts to Euro 1.104 thousand, compared to Euro 1.030 thousand in 2019.

The executives of the Group have not received compensations for retirement during the period of 01/01–31/12/2020 and the corresponding prior year.

38. COMMITMENTS AND CONTINGENCIES

38.1 COMMITMENTS

38.1.1 Ownership of property

The Company, according to the provisions of article 98 of Law 4001/2011 has, among others, been subrogated as a kind of an ultimate successor, to all the real rights of the sector of the PPC General Electricity Transmission Department irrespective of their time of generation, from the date of registration of the decision approving the spin-off (Deed No. 34815/10-11-2011 of Notary Public Chr. Steiros-GG TAE-EPE 12292/22-11-2011) and contribution of the respective branch to IPTO SA. Although these rights have been legally acquired and the relevant deed has been registered free of charge with the competent Land Registries, their registration has not yet been completed at the local land registration offices and cadastral offices. It should be noted that according to article 98 of Law 4001/2011, the transfer of real rights in real estate, cars and other movables is automatically effected by the registration of the spin-off in the Registry of Sociétés Anonymes and their transcription or registration, according to the Provisions are purely for the sake of completeness.

The total cost to complete the registration of all rights in Greece's land registry offices cannot be reliably estimated by both the Management and the Legal Department of the company at this stage and until the completion of the procedure. However, according to a relevant study carried out in 2016 by the Company's technical services, the cost from the registration of the rights to third-party property is estimated to reach up to Euro 6.8 million, for which an equal provision was formed. This provision impaired due to payment of land registration fees and the balance at December 31, 2020 amounted to Euro 3.026 and it's included in the item Other provisions.

38.1.2 Environmental obligations

The basic parameters that may affect the final amount of environmental investments required to be made in the next decade, include the following:

1. Strategic Environmental Assessment for the TYNDP, planning inclusion of new projects in the HETS.
2. Environmental Studies for new and under construction Transmission Projects, for the purpose of their licensing, the issuance of Decisions of Environmental Terms Approval and their inclusion to the new projects in the Hellenic Transmission System. The above Environmental Impact Assessments are submitted to the Ministry of Environment and Energy for approval.
3. Preparation of Access Zone Studies and Plant Restoration Studies, and subsequently implementation in the framework of the Transmission Projects.
4. The Transmission Projects are cited after a very detailed study and control of all parameters related to environmental criteria, which concern the man-made environment, the protected areas, the visual noise, the sites of archaeological interest etc. All the above will burden the final construction cost of the Transmission Projects.
5. During the operation of the Transmission System (Transmission Lines, Substations and HVC) there is no electromagnetic radiation, but two separate fields, the electric one and the magnetic. In the areas within the reach of the public and the Company's employees, the values of these fields are well below the threshold values established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), in cooperation with the World Health Organization (WHO). These thresholds are included in a European Union Directive that has been incorporated into Greek legislation. It should be made clear that the thresholds of the electric and magnetic fields in the regulations do not constitute danger thresholds but contain high safety factors to cover any uncertainty about the limited knowledge of the effect of the fields and to meet the requirement to prevent possible adverse effects.

As per the above, Management assumes that the conditions for the recognition of provisions for environmental liabilities of the company do not exist.

38.2 COMMITMENTS FROM THE COMPLETION OF PROJECT CONSTRUCTION

Brief description of the most important projects

Cyclades Interconnection

Cyclades interconnection project has been designated as a project of "major importance for the country's economy". The project aims on the one hand to increase the reliability of power supply of the interconnected Islands and on the other hand to reduce production costs (oil substitution with other energy sources, depending on the evolution of the power generation mix in the mainland).

The project design was formed with a view to minimizing environmental disturbance on the islands. In this regard, the new substations on the islands have been located near the seashore to prevent the construction of overhead transmission lines on the islands, while the interconnection of the islands with the Continental System is planned through submarine cable connections. According to the above, IPTO is implementing the project in phases:

Phase A

The implementation of Phase A was completed in the first months of 2018.

Phase A includes the connection of Syros with Lavrio, as well as with the Islands of Paros, Mykonos and Tinos. After its completion, the units of the autonomous power stations were put in reserve for emergencies and the loads of the Islands are now supplied by HETS (the loads of Andros - Tinos are already supplied by HETS through the transmission line which connects South Evia with Andros).

The project, budgeted at Euro 264,3 million (including preliminary expenses), was co-financed by the European Union and NSRF 2007-2013 and 2014-2020 and was funded by the European Investment Bank.

Phase B

Phase B of the Cycladesinterconnection was completed in September 2020. It includes the following sub-projects:

- Connection of Paros - Naxos with a submarine tripolar alternative current cable 150 kV with a nominal capacity of 140 MVA, length 7.6 km.
- Connection of Naxos – Mykonos with a submarine tripolar alternative current cable 150 kV with a nominal capacity of 140 MVA, length40 km.
- Construction of a new GIS S/S on Naxos, as well as the required connection projects at the Paros and Mykonos substations.

In parallel with Phase B, the upgrade of the existing cable connection between Andros - Livadi (Southern Evia) with a length of 14,5 km and Andros - Tinos with a length of 4km were planned with the installation of new submarine cables with alternative current XLPE 150 kV with a nominal capacity of 200 MVA, replacing existing oil cables. The upgrade work was completed in early 2020.

The Phase B project with a budget of Euro 47,3 million and the project of upgrading the existing cable connection Andros - Livadi with a budget of Euro 22,2 are co-financed by the European Union and the NSRF 2014-2020.

Phase C

Phase C of the Cyclades interconnection includes the completion of the interconnection with the launch of the second cable between Lavrio – Syros, as well as with the required connection works (shunt reactors and bays) in Lavrio and Syros.

The aim of Phase C is to ensure the required reliability for all operating conditions, depending on the evolution of the demand of the interconnected Islands. Upon completion of the Phase C, full reliability of power supply of the Cyclades complex is ensured for the foreseen time horizon of operation of the project. In any case, even after the construction of all phases of the project, production capacity should be maintained in the islands, so that it is possible to deal with emergencies.

Phase C with a budget of Euro 122,3 million was set in normal operation with temporary connection in Syros in October 2020 (the rest connection works of shunt reactors and bays in Syros for the permanent connection will be completed within 2021) and is co-financed by the European Union and the NSRF 2014-2020.

Phase D

The last Phase, Phase D, of Cyclades interconnection is expected to launch within 2021 amounting to Euro 386 million, which includes the interconnection of Santorini, Milos, Folegandros, and Serifos islands with the Continental System. The tender process for Santorini interconnection has started in December 2020 while the respective tenders for Folegandros, Milos and Serifos will be realised in 2021. The submarine route of Santorini is expected to be electrified within first semester of 2023 while the rest islands are expected to be electrified within first semester of 2024. The completion of Cyclades interconnection will enable the development of RES of 332 MW Power in the islands in accordance with the Ten-Year Network Development Plan 2021- 2030 achieving one more stable, green and economic energy mixture for the islandic complex.

The project has been designated as a Project of Major Importance (PMI).

Crete Interconnection

The System of Crete is characterized by:

- Very high variable production costs due to the use of oil in local power stations, which is reflected in a very significant burden on consumers to cover Public Service Obligations (PSOs).
- High annual rate of increase of the island's load. It is noted that the load during the summer months is marginally covered by the local Stations.
- The great difficulty or even the impossibility of finding spaces and ensuring licenses to strengthen the local Stations or develop new ones.
- The growing interest in exploiting the rich local RES potential, the penetration of which into the island power mixture is limited due to technical limitations (mainly important stability issues that can be created by the high penetration of RES in an autonomous electrical system such as that of Crete).

- Low level of supply reliability, particularly in cases of damage to the power system.

The above characteristics enable the interconnection of Crete with HETS a necessary project in terms of the feasibility of its implementation.

Interconnection of Crete with the Peloponnese

Crete - Peloponnese Interconnection constitutes the first phase of Crete's interconnection with HETS. The Crete-Peloponnese interconnection of alternative current can be implemented with 2 circuits of alternative current 150 kV, with a nominal capacity of 200 MVA each one. After a thorough investigation into the operation and power adequacy of the electrical system of Crete, it emerged that the power, which can be safely transmitted through this Alternative Current connection, ranges from 150 MW to 180 MW, depending on the operating conditions.

In the case of alternative current power cables, the minimization of submarine routing is sought not only for cost reduction purposes, but also for reactive compensation requirements, which are significant anyway. Thus, the wider area of Neapoli has been chosen as a connection point in the Peloponnese.

In addition, the installation of a STATCOM system of reactive power compensation will be required in the electrical system of Crete to regulate the voltages and ensure the stability of the network in normal and in disturbed conditions.

Within 2020 the substations in Peloponnese and Chania, the underground cable lines in Crete and Peloponnese, the first submarine cable line and almost the overall works of the overhead lines in Peloponnese were completed and as a result, the successful electrification of the interconnection was taken place in December 2020. The second submarine cable line, the final arrangements of the overhead lines in Peloponnese and STATCOM will be completed in the upcoming period, so that the interconnection will be operational before the summer 2021. The project, budgeted at Euro 356, 4 million (including preliminary expenses), was co-financed by the European Union and NSRF 2014-2020 and was funded by the European Investment Bank.

The Crete-Peloponnese interconnection is called the "interconnection of records" as it is:

- The longest alternating current cable interconnection worldwide (174 km.)
- The longest underwater high-voltage cable interconnection with tripolar XLPE cable insulation technology worldwide (132 km).
- The deepest high voltage underwater cable connection with tripolar XLPE cable insulation technology worldwide (1,000 meters deep).

Crete- Attica Interconnection (Phase II of Crete Interconnection)

This project is the natural continuation of the project of the small interconnection of Crete - Peloponnese. It serves the same purposes by further strengthening the island's security of power supply along with the need to increase the ability to absorb generation of electrical power from RES. At the same time, a further significant reduction in the Public Utilities (YKO) charges is expected for all consumers of the system in the Greek Territory.

This project will be carried out by the 100% subsidiary of IPTO, “ARIADNE INTERCONNECTION SPSA", which was established based on the decisions of RAE 816/2018 and 838/2018 as an implementing body, and whose sole purpose is the construction and financing of the project. In addition, it has been assigned the selection of companies that will enter into contracts with IPTO and will be in charge of maintaining the system for 10 years, for which IPTO will be responsible. The property, ownership, operation of the cable and the technical specifications provided to the contractors for the cable construction are the responsibility of IPTO (as manager and owner of HETS). So, throughout the project implementation by Ariadne, the fixed assets belong to IPTO and are reflected respectively in the financial statements of IPTO and after its electrification, the project is integrated in HETS, the ownership and management of which belong exclusively to IPTO.

This project consists of two sub-projects: The first concerns the "Study, Supply and Installation of cables and electrode stations for the electrical interconnection of direct current between Crete and Attica (2 x 500 MW)" and the second in "Study, Supply and Installation of two Conversion Stations and a Substation for the Electrical Interconnection of direct current, between Crete and Attica (2 x 500 MW)".

In May 2020, the contracts for the four cable sections of the project were signed. Within the same month, the contract for the two conversion stations and one substation in Crete was signed as well. The works for the design - construction have already started and the first invoices have been issued since summer 2020, taking into account at all times the implementation of the project within the planned timeframe.

In terms of project financing, budgeted to Euro 1,1 billion the subsidiary has entered into loan agreements under very competitive and favorable terms, of a total funding line up to Euro 400 million with the possibility of raising additional Euro 100 million, in case of exceeding the project budget, so that it may continue its work without any problem throughout the construction period. At the same time within 2021 the project is expected to be included for co-financing, in the Operational Program "Competitiveness, Entrepreneurship and Innovation" under the NSRF, drawing significant resources and reducing, to a large extent, the cost of a project of major importance for the Greek consumer.

System extension 400 kV to the Peloponnese

The expansion of the 400 kV system to Megalopolis (with the subsequent creation of a 400 kV loop Patras - Megalopolis - Corinth) dramatically increases the ability to transmit to and from the Peloponnese, enables the development of RES and thermal power stations, significantly improves the margin of stability of voltages for the Southern System and ensures the Peloponnese in any combination of power generation and load conditions. In addition, it strongly connects the power station of Megalopolis with the high load areas (Attica and Patras area) and contributes to the achievement of isobaric development of the Power Generation and Transmission Systems in the Southern Complex. Finally, it should be emphasized that the development of the 400 kV system towards the Peloponnese contributes to the reduction of the total losses of HETS.
Megalopolis project co-financed by NSRF 2007-2013 and part was funded by the European Investment Bank.

West Corridor (Megalopolis - Patras - West Sterea)

The construction of a new high voltage center in Megalopolis is important for the Peloponnese region. The high-voltage center of Megalopolis, which was fully operational in 2014, was needed to connect the new production unit in Megalopolis ("Megalopolis V" unit), to increase penetration by RES in the Peloponnese and to support voltages at high load hours.

The interconnection of the high voltage center of Megalopolis with the 400 kV circuits on the Antirio side is carried out with a new transmission line of 400 kV double circuit, consisting of overhead, underground and submarine sections, as well as the corresponding compensation inductions.

The projects of the Western Corridor have been completed, except a small part of the overhead line (2 pylons) due to reactions from an adjacent monastery.

The total budget of projects amounts to Euro 163,7 million.

East Corridor (Megalopolis - Corinth - Attica)

The main hub of the Eastern Corridor is the high voltage center of Corinth, which is planned to be connected to the 400 kV system as follows:

- In the first stage, with the Megalopolis Extra High Voltage Substation through a new 400 kV double-circuit overhead transmission line.

- In a next stage, with the Koumoundourou Extra High Voltage Substation through a new 400 kV double-circuit overhead transmission line.

The projects of the Eastern Corridor are in progress and are expected to be completed by 2024 (the section from the high voltage center of Megalopolis to the high voltage center of Corinth will be completed within 2021).

The total budget of projects amounts to Euro 95,6 million.

Ten-Year Network Development Plan (TYNDP) of the Hellenic Electricity Transmission System (HETS)

2020-2029

IPTO submitted the second (2nd) revised TYNDP 2020 - 2029 to RAE for approval on April 18, 2019, which according to RAE's decision (1097/2019) must be updated and re-submitted. The third (3rd) revised TYNDP 2020 – 2029 was submitted to RAE for approval on 10th June, 2020 and has been set to public consultation by the Authority from June 23 to July 24, 2020.

2021-2030

IPTO put the TYND Preliminary Plan 2021 - 2030, on public consultation from December 31, 2019 to January 31, 2020. IPTO considering the comments submitted during the public consultation, prepared the final draft of the TYNDP 2021-2030, which was submitted for RAE's approval on March 31, 2020 and was set to public consultation by the Authority from November 2 to December 2,2020.

2022-2031

In December 2020, the Preliminary draft TYNDP 2022-2031 was finalized and was set to public consultation by IPTO until February 5, 2021. The final Plan will be submitted to RAE on March 31, 2021.

38.3 CONTINGENT LIABILITIES

The Company, as the energy transmission system operator under the current legislation, acts as an intermediary for the clearance of the energy charges between the parties responsible for paying these amounts and rendering them to the beneficiaries, and therefore no burden of the Financial Position of the Company is expected. However, participants in the electricity market have also turned against the Company for delays in payment of their claims.

According to the Company's legal department, on the basis of the court rulings and RAE decisions issued to date, the only case in which the Company could be held liable is the generation of secondary liabilities for compensation due to an unjustifiable breach of its obligations under the Contract of the Operator's Transactions, which would although be limited to compensation for the damage that is reasonably connected with the breach of the Company's obligation. Management believes that in all cases the Company has performed its responsibilities as an energy transmission system operator in accordance with the applicable legislation and therefore no negative outcome is expected for the Company.

38.3.1 Tax Liabilities

Pursuant to par. 5 art. 82 of Law 2238/1994 and art. 65A of Law 4174/2013, for fiscal years 2011 to 2015, Greek Société Anonyme whose annual financial statements are compulsorily audited by statutory auditors, were obliged to tax audit by the same statutory Auditor or audit firm that audited their annual financial statements and received "Tax Compliance Report". For fiscal years 2016 onwards, the tax audit and the issuance of a "Tax Compliance Report" are valid on an optional basis.

The Company has chosen to continue the tax audit by the statutory auditors which is now based on voluntarily basis. In this context, the Company has been audited and received "Tax Compliance Report" for fiscal years 2015 to 2019 with no findings.

The Company's tax liabilities have not yet been audited by the tax authorities for the years 2011 onwards, resulting in a possibility of additional taxes and penalties at the time they will be examined and the obligations of these fiscal years will be finalized. Therefore, the tax results of these years have not been finalized. The Company has not made any assessment of additional taxes and penalties which may be charged against a future tax audit and no provision has been recognized for this contingent liability. According to the current legislation, the Company's management considers that the fiscal years 2011-2014 have expired and no additional tax liabilities are expected to arise.

For the year ended December 31, 2020, the tax audit of the Company's management is already carried out by Ernst & Young (Hellas) Certified Auditors Accountants SA. Upon completion of the tax audit, the Company does not expect significant tax liabilities to arise other than those recorded and depicted in the financial statements.

Regarding the Group's subsidiaries, the company "ARIADNE INTERCONNECTION S.P.L.C" has received tax compliance report without qualification by the statutory auditor with respect to the tax obligations during the first fiscal year 2018 and 2019 while the subsidiary "Grid Telecom S.M.S.A has received a tax compliance report without qualification from its statutory auditor regarding its tax obligations for the first fiscal year 2019.. For the year 2020, the companies "ARIADNE INTERCONNECTION S.P.L.C" and "GRID TELECOM S.M.S.A" are subject to optional tax audit. The audit for the receipt of Tax Compliance Report of both subsidiaries for the year 2020, is in progress by the auditing firm "ASSOCIATED CERTIFIED PUBLIC ACCOUNTANTS ". However, the Group's management does not expect significant tax obligations to arise beyond those disclosed and presented in the financial statements.

39 HOLDINGS IN OTHER COMPANIES

Apart from its holding in subsidiaries ARIADNE INTERCONNECTION S.P.L.C and GRID TELECOM S.M.S.A and in associates Hellenic Energy Exchange SA and "SEleNe CC SA" the Company participates with a 5% stake in Joint Allocation Office S.A. and has paid Euro 65 by December 31, 2020 (2019: Euro 65). However, due to the unexpected return on this investment, the Company has fully impaired it.

The Company also participates with a 12.5% stake in COORDINATED AUCTION OFFICE (CAO) IN SOUTH EAST EUROPE D.O.O. and has paid Euro 40 by December 31, 2020 (2019: Euro 40). This participation due to the unexpected return on investment is presented in other receivables in the statement of financial position .

The Company has not issued guarantees or letters of guarantee for any of its above holdings.

40 SEPARATE FINANCIAL STATEMENTS

According to RAE's decision and the relevant European Directive, Energy Companies should publish, along with the Annual Financial Statements, separate accounting financial statements for the system's operation , the market operation and other activities. The Company intends to prepare the above statements after the methodology approval from RAE and publish them separately from the Annual Financial Statements.

41 AUDIT FEES FOR FINANCIAL STATEMENTS AND OTHER ASSURANCE SERVICES

The auditors' fees for the statutory and tax audit of the fiscal year 2020 amounted to Euro 99 thousand (2019: 99 thousand).

42 SUBSEQUENT EVENTS

There are no subsequent events in addition to those already disclosed in the above notes which require disclosure or adjustment of the attached Financial Statements.