HERON SINGLE MEMBER S.A. ENERGY SERVICES

85 Mesogeion Avenue, 115 26 Athens, Greece

General Electronic Commercial Registry No 005805601000

ANNUAL FINANCIAL REPORT

For the year

January 1st to December 31st 2022

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Share capital € 2,416,100
85, Mesogeion Ave., GR-115 26 Athens
General Electronic Commercial Registry (G.E.MI.) No. 5805601000
Societe Anonyme Registration No. 56860/01/B/04/254

Board of Directors

Georgios Kouvaris	Chairman of the Board
Loukas Dimitriou	Member of the Board & General Manager
Styliani Zacharia	Member of the Board
Emmanuel Moustakas	Member of the Board
Penelope Lazaridou	Member of the Board
Panagiotis Pervanas	Member of the Board

Auditing Firm

Grant Thornton Certified Auditors-Accountants and Business Consultants Société Anonyme

ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2022

Dear Shareholders,

According to the provisions of Law 4548/2018 and of the Articles of Association of the Company, we are hereby submitting the Annual Management Report of the Board of Directors for the financial year from 01.01.2022 to 31.12.2022.

This Report discloses financial and non-financial information of the Company HERON SINGLE MEMBER S.A. ENERGY SERVICES, for the year 2022 and the most important events that occurred before and after the financial statements reporting date. In addition, the major risks and uncertainties that the Company may face in 2023 are described and the important transactions between the Company and its related parties are also presented.

(A) Financial Developments and Performance for the Financial Year 2022

Performance of the economy during the year 2022

Despite the challenges presented since the beginning of the year, the Greek economy in 2022 managed to achieve a significant increase, higher than the European average and almost twice the estimates at the beginning of last year (after the start of the war in Ukraine). According to the provisional data of ELSTAT, the Greek economy grew at a rate of 5.9% for 2022 as, despite high inflation, investments supported by the RRF and government measures to deal with high energy prices in households and businesses absorbed significantly its impact on the economy.

More specifically, in the first half of the year, the economy recorded a strong growth rate (+7.5%) supported mainly by private consumption and investments, which recorded a double-digit growth, but also by the lower base level. From the third quarter of the year, however, the rate of expansion slowed as high inflation now appeared to affect consumer spending more, while the higher base level should also be noted.

Investments made a significant contribution in 2022, with the public investment program amounting to 11.0 billion for 2022. Foreign direct investment also noted a historic record in 2022 and amounted to 6.24 billion euro compared to 5.56 billion in 2021. Here it should also be noted the significant contribution of the money from the recovery fund, with the country presenting one of the highest absorption rates in the European Union with 11.4 billion (about 6.4% of GDP) having been distributed in the country from August 2021 until now. Finally, the significantly improved liquidity conditions are noted, with deposits exceeding 180 billion, the highest level since 2011.

The Consumer Price Index according to ELSTAT's latest data for the whole of 2022 was 9.6%, showing a steady deceleration during the last quarter of the year as a result of the decline in energy prices and the higher base rate. In December the index stood at 7.2%, lower than the corresponding index in the Eurozone which was at 9.2%.

Further decline in unemployment had a positive impact on the consumer spending, with the seasonally adjusted unemployment rate in December 2022 reaching 11.6%, compared to 12.9% in December 2021, levels seen before 2010.

In the export sector, tourism recorded a very strong performance with total receipts amounting to 17.6 billion (97% compared to 2019) and visitors reaching 27.8 million (89% compared to 2019). On the other hand, imports also marked a significant improvement due to higher energy prices, resulting to an increase of the current account balance compared to 2021.

In the fiscal sector, according to the latest figures Greece recorded a primary surplus of 0.1% of GDP (or 273 million) for 2022 against the target for a primary deficit of 1.6% following improved tax revenues and higher growth despite measures to support households from inflationary pressures. It should be noted that based on the data of the Ministry of Finance, the Government supported households and businesses against the energy crisis with 10.7 billion in 2022 (not all of them had a fiscal footprint).

The interest rate on the benchmark Greek ten-year bond at the end of December 2022 reached 4.3%, compared to 1.2% at the beginning of the year as a result of the upward cycle of interest rates in global markets, with the spread against German bonds widening by about 50 basis points to 200 points. In total for 2022, the Hellenic Republic borrowed 8.3 billion euro from the markets through bond issuance, while the country's credit rating was upgraded by one notch in 2022 by 3 rating agencies (S&P, DBRS, R&I). Greece is currently one point below investment grade according to Scope, DBRS, S&P and R&I, 2 points below according to Fitch and 3 for Moody's.

Prospects of the Greek Economy

The growth of the Greek economy is expected to continue in 2023, but at lower rates as a result of lower growth in the Eurozone and the inflationary pressures expected to affect private consumption. In addition, the change in monetary policy to a more restrictive one is expected to have a dampening effect on economic activity. However, the effective use of the resources of the long-term EU budget 2021-2027 and the European Recovery and Resilience Mechanism can mitigate the effects of the energy crisis on the economy.

According to the Bank of Greece, the Greek Economy is expected to grow at a rate of 2.2% for 2023, remaining however above the European average (+1.0% according to the Commission and the ECB).

The fall in inflation is expected to gradually moderate the impact on households, supporting consumption along with announced increases in wages and pensions. A positive contribution is also expected from investments with the public scheme amounting to 12 billion for 2023 according to the budget and the utilization of the money from the RRF. Tourism is also expected to move positively for another year. Finally, there have been a number of positive developments for the European economy in recent months, with lower energy prices due to a milder winter and a diversified mix of imports, business and labor market resilience helping the European economy to avoid recession in late 2022 and early 2023.

In the longer term, the outlook for the Greek economy remains positive with the Government in its Medium Term Program (2023-26) predicting growth of 3.0% for 2024 and 2025 (versus 1.6% and 1.6% respectively for the Eurozone based on the ECB) on the condition of de-escalation of the geopolitical crisis and reduction of energy prices, a good course of tourism and implementation of the important investment plans.

Developments in the energy sector and effects of the crisis

Since the Fall of 2021 the global energy system has been under severe disruption, which was further exacerbated in early 2022 with Russia's military attack against Ukraine. The steep rise in energy prices created significant inflationary pressures but also questions regarding energy security.

The energy needs of the country are covered mainly by imports (crude oil and natural gas) and to a lesser extent, by domestic production of solid fuels and renewable energy sources (RES). The dependence index on primary energy imports in Greece amounts to approximately 85% compared to 60% in the EU, indicating the high energy dependence of the country. However, this dependence is partially offset by the country's diversified sources of supply as a result of its geographical location and the investments made in relevant infrastructure.

As a result of this, the country was able to meet its energy needs in 2022 without significant problems. It is worth mentioning that natural gas imports from Russia for internal consumption as well as for export in 2022 decreased by 16% (with the total of demand to increase by 11%) and to be limited to 33% of the total against 45% in 2021.

After a period of particularly low international gas prices, reflecting reduced demand due to the pandemic, prices have shown a strong upward trend since mid-2021. As a result the average import price for Greece increased from 15.2 Euro/MWh in January 2021 to 98.2 Euro/MWh in January 2022, reaching 175.5 Euro/MWh in September 2022. Since then there has been a steadily declining trend following international markets.

The rise in natural gas supply prices dragged along wholesale electricity prices on the Greek energy exchange, which recorded an equally steep rise. In August 2022, wholesale electricity prices including surcharges (for balancing and other ancillary services) reached 454.9 Euro/MWh against 251 Euro/MWh in January before falling to 311.9 Euro/MWh in December. Overall for 2022 the wholesale price amounted to 306.6 Euro/MWh against 132.1 Euro/MWh in 2021. The increase in the price of CO_2 emission rights has also contributed to the increase in electricity prices but their effect on electricity prices is smaller than the effect from the increase in natural gas prices.

Given the increase in the import prices of natural gas and wholesale electricity, the retail prices of natural gas and electricity showed a significant increase, effectively forcing the Government to subsidize energy bills for businesses and households. Overall for the year it is estimated that after the subsidies the burden on households and businesses amounted to 20%-50% (depending on consumption).

In its effort to limit the effects of energy crises, the Greek Government instituted a series of regulated interventions in the energy market to reduce costs for consumers. The most basic of these were:

i) Imposing a ceiling from July 1, 2022 to June 30, 2023 on the compensation of producers of electricity from lignite, natural gas (the ceiling is adjusted monthly based on the international prices of natural gas and CO2), hydroelectric plants and RES. Indicatively for December 2022 the ceiling was 196.5 Euro/MWh for lignite, 326.9 Euro/MWh for natural gas units, 112.0 Euro/MWh for large hydro and 85.0 Euro/MWh for RES portfolios. Thus, the additional revenue from the wholesale electricity market, after compensating producers, is allocated to the Energy Transition Fund and used to subsidize consumers.
ii) Research on excess earnings in the production and trading of electricity and natural gas, with any resulted revenue being allocated to the Energy Transition Fund and used to subsidize consumers.
iii) A fee of 10 Euro/MWh on the price of natural gas used for electricity generation was imposed from November 2022.

Other interventions included changing the pricing of electricity consumers, by removing the readjustment clause, suspending the delignitization program with an increase in lignite production, additional subsidy from the state gas company to consumers.

Overall, it is estimated that Greece allocated one of the highest amounts at European Union level to support the economy against the energy crisis, amounting to approximately 5.0% of GDP.

Electricity production and developments in RES

Electricity consumption in the country for 2022 fell by 3.4% (interconnected system) mainly as a result of reduced demand in the system due to milder temperatures. As a result, natural gas production decreased by 14%, while hydroelectric production decreased by 24.4%, on the contrary, RES production increased by 14.2% as a result of increased installed capacity, while lignite production increased by 4.6 %. Finally, net imports decreased by 6.4%. It is worth noting that the contribution of RES increased to 39% compared to 33% last year, while including large hydroelectric plants, renewable sources covered 47% of the country's total demand, compared to 43% in 2021 and 35% in 2020.

At the end of 2022, the total installed RES capacity in the country stood at 9.9GW compared to 8.8GW at the end of 2021. The total installed capacity of wind parks in the country reached 4,681MW, with the addition of 230MW over the year. Accordingly, the installed capacity of PV parks in the country reached 4,592 (excluding PV on roofs) marking an increase of 922MW. It is worth noting that according to ELETAEN, at the end of 2022 over 840MW of new wind parks were under construction, the vast majority of which are expected to be connected to the grid within the next 18 months. Another 450MW are in the phase of contracts' signing or about to start their construction. As a result, the total wind capacity will reach around 6GW within the next three years.

In September 2022, RAE proceeded to conduct a joint competitive bidding process for RES stations. A total of 524MW of power was auctioned, which was allocated to wind technology at a rate of 30.9% (166.25MW) and to photovoltaic technology at a rate of 69.1% (372.16MW). The weighted average price for photovoltaics rose to 47.98 Euro/MWh and for wind to 57.66 Euro/MWh. It is recalled that in the previous joint tendering process (May 2021) the weighted average price for photovoltaics amounted to 37.6 Euro/MWh with the reservation of 350MW, while there was no wind farm that was selected, resulting in 88MW remaining unallocated.

Recently the Greek Government presented the draft of the new National Energy and Climate Plan (ESEK) using the Repower EU policy package as a reference. The new ESEK aims to:

i) Reduction of greenhouse gas emissions by 55% in 2030, compared to the level of emissions in 1990, and achieving climate neutrality in 2050;
ii) Indicator for RES as a percentage of gross final energy consumption in 2030 equal to 40% (or 45%), accompanied by individual targets per consumption sector (electricity, heating-cooling and transport)
iii) Energy efficiency in 2030 equal to -13%, measured as a percentage change in final energy consumption compared to the 2030 projection of the 2020 Reference Scenario
iv) Targets for blending biofuels (advanced and upper limit in conventional) and renewable gases of non-biological origin as % in transport fuels

In the electricity sector, ESEK (National Energy and Climate Plan) aims to increase the installed RES capacity in the country to 25GW by 2030, with RES covering approximately 80% of the demand for electricity and 45% of the total demand for energy.

Turnover amounts to €2,294,901 thousand versus €1,047,867 thousand in 2021 presenting an increase of 119% compared to the previous year.

Earnings before taxes, interest, depreciation and amortization (EBITDA) amounted to €96.623 thousand compared to loss of €22,388 in 2021.

Earnings before Taxes amounted to €91,768 thousand in compared to loss of €28,282 thousand in 2021.

Earnings after Taxes amounted to €65,152 thousand compared to loss €22,050 thousand in 2021.

Total Assets amounted to €537,446 thousand against €463,199 thousand in 2021.

The Company's Liabilities amounted to €537,446 thousand compared to € 430,879 in 2021.

Investment expenditure for the year 2022 amounted to €1,501 compared to €2,216 euro in 2021.

Cash and Cash Equivalent of the Company amounted to €102,661 thousand and have been placed in bank savings accounts (€ 149,707 thousand in 2021).

HERON ENERGY SA is one of the three major private Electricity Producers and has the same structure as other players in the Energy Market. More specifically, the Company owns an Open Cycle Gas Turbine (OCGT) power plant. It has a Generation License for a nominal capacity of 185 MW and it is located 4 Km south of Thebes, in the Prefecture of Viotia. The plant has a substantial advantage for the Greek Inter-connected Transmission System: immediate combustion and maximum capacity performance within only 20 minutes.

The efficiency of the plant with the use of natural gas is rather high and reaches 40%, in full load operation conditions. The actual average annual efficiency rate, taking into account the start-up and stop cycles, as well as the operation of units in partial load, , reaches 38%.

The Company owns 5 land parcels in the area CHARAINTINI OF THEBES in which the electricity power plant is located.

(B) Significant Events in the period 01.01 – 31.12.2022

a) <u>Litigation with IPTO</u>

1. The Company had filed on 23/11/2016 a lawsuit against IPTO S.A. at the Multimember Court of First Instance of Athens, requesting the payment of unpaid or late payment invoices (as per principal amount) as well as default interest of the above-mentioned invoices, which IPTO owed to the Company. More specifically, the Company raised a claim against IPTO S.A. (Independent Power Transmission Operator) based on the obligations arising from Code of Management of the Power Transmission System (System Management Code of SMC). These invoices were issued from October 2011 to May 2015.
2. The amounts claimed had as follows: €7,851,652.64 for principal and €1,634,691.37 (if the SMC applies) or €1,826,483 (where the Civil Code applies) or 1,647,888 (if the provisions of commercial transactions apply) for default interest and €1,215,461 as compensation for material damage incurred to the Company according to the lawsuit.
3. The decision No 1121/2018 of the Court which was issued on 23/3/2018 and presented to the Company on 29/5/2018 dismissed the Company's lawsuit.
4. The Company filed on 28/6/2018 the Appeal with General Filing No 63282/2018 and Special Filing No 4251/2018 against the above-mentioned Decision.
5. The Company's appeal was heard on 10/10/2019. The Decision 2799/2020 of the Athens Court dismissed the Company's Appeal.
6. On 30.07.2020 the Company filed an appeal against IPTO (ADMIE) SA before the Supreme Court as well as against the decision No. 2799/2020 of the Three-Member Court of Appeal of Athens.

7. Pursuant to the above Judgement No 2799/2020, the Company's appeal for the elimination of the Judgement No 1121/2018 was dismissed. The Appeal was founded on the Company's claim against IPTO for the services the company rendered and for the injection of energy in the system in the context of the provision of these services. The main grounds of the cassation were the following:

   i. The Judgement ruled that IPTO is not considered to be the counterparty and is not obligated to discharge the obligations of the relevant defaulting Participant via its own sources, while it accepted that the Company concluded a Management Transactions Agreement with IPTO.

   ii. The Judgement violated the provisions of Law 4001/2011 as well as of the Electricity System Management Code, given that the said provisions stipulate the self-existent obligation of IPTO to settle the amounts owed to the Participants in the System for the services rendered to it as ordered, without any term or condition and regardless if the other Participants in the System have previously settle the amounts owed by them for the services offered.

   iii. The Judgement was erroneously based on the non-existence of the independent obligation of IPTO in relation to the adjudication of IPTO's default since the said obligation is not conditional upon the prior collection of any amounts owed to it by the defaulting Participants.

   iv. The Judgement refers to the provisions of Law 4425/2016, which however were introduced after the generation of the Company's claims and these provisions introduced a legislative regime which was different than the one introduced by Law 4001/2011.

   v. The Judgement violates the provisions of articles 330, 340, 341 and 342 of the Civil Code, by accepting that there was no *under trial* obligation and thus, no *under trial* debt of IPTO and consequently the latter was not in default.

The above Appeal of the Company was heard on 21.02.2022 before the A1 Department of the Supreme Court and the Decision No. 1589/2022 of the Supreme Court was issued with a ruling "Rejected", which, however, has not yet been notified to the Company.

b) <u>Lawsuit of HERON against HEDNO (Multimember Court of First Instance of Athens)</u>

1. On 9.06.2020 the Company filed a lawsuit in front of the Multimember Court of First Instance of Athens against the company Hellenic Electricity Distribution Network Operator (HEDNO) with the following claims:

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

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

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

3. On 19.10.2020 the parties filed their pleadings and on 3.11.2020 the Addendum to the Pleadings. In the said Addendum, the Company reformed its request to €1,362,751.03 and in any case, not less

than €850,892.49.

4. The case was judged on 10/2/2022 and the Judgement of the Multimember Court of First Instance of Athens is pending, however the issue date cannot be specified with certainty.

c) ***Consequences of the energy crisis***

During the year 2022, one of the most important events at global level, which fundamentally affected the energy markets, was the war in Ukraine and the consequent surge in clearing prices and volatility of energy products, but also the reduced availability of these, especially of natural gas. The energy crisis took on large dimensions, especially in Europe, which can only be compared to the great global oil crisis of the 1970s. The reason was clearly the great dependence of European countries on Russian gas imports, the notable lack of liquefied natural gas' import infrastructure that would allow its immediate replacement by imports from other countries and the delayed reaction at the level of the European Union strategy in view of the winter 2022-23.

In Greece, the crisis manifested itself mainly in the form of a leap in the cost of natural gas supply and the cost of electricity production. Regarding the availability of natural gas supply and the security of energy supply, our country was in a more favorable position than many other European countries, thanks to the possibility of uninterrupted import of liquefied natural gas and the import of natural gas from Azerbaijan through the TAP pipeline. In fact, Greece became an exporter of natural gas to neighbouring countries, especially to Bulgaria, significantly strengthening their energy security.

In this context, the Company was mainly asked to face stability risks of its cash flows, especially during periods of its participation in natural gas imports, which as a rule require prepayment of part or all of the imported quantities. Very important was the effect of the continuous extraordinary changes in the regulatory framework, which were launched and implemented with the aim of extracting financial resources from the direct and horizontal taxation of the revenues of electricity production companies and using them to mitigate the socio-economic consequences of the increase in energy cost. In particular, the following important facts can be identified:

- The imposition of an extraordinary levy on electricity production companies, which for the year 2022 concerned the period January – June 2022.
- The establishment by the Ministry of Environment & Energy of a temporary ceiling (July 8, 2022 to June 1, 2023, which was then extended until September 30, 2023) on producers' revenues from the Day-Ahead Market (Article 122 "Temporary Mechanism of Return Part of Revenue from Day-Ahead Market", Law 4951/2022).
- The extension of the cap a few months later (from October 2022) on producers' revenues from the intraday market and the re-extension of the cap also on producers' revenues from their transactions on the intraday continuously traded market (XBID).
- The imposition of a special levy of 10 Euro for each thermal megawatt-hour consumed by natural gas-fired power plants from November 2022.
- The imposition on the Company of an obligation to maintain a significant safety stock in the form of diesel oil in its tanks during the winter season 2022-23.

Notable developments, in terms of reforming and developing the wholesale natural gas and electricity markets and creating better conditions for optimizing the economic performance of gas-fired power stations, were the launch of the Natural Gas Trading Platform on 21/03/2022 and the Continuous Intraday Transaction (XBID) on 30/11/2022, respectively.

d) ***Significant events after the end of the year and until the preparation of this report***

From 01.01.2023 until the date of approval of the accompanying financial statements, the following important events occurred:

From 01/01/2023 a special levy of 5% was imposed on the basic natural gas configuration index (Title Transfer Facility_Month Ahead - TTF_MA) and the special levy of 10 Euro for each thermal megawatt hour consumed by natural gas-fired power plants ceases to apply that had been imposed from November 2022.

Apart from the above, until the date of this report, no other important event has occurred.

e) <u>Risk factors and Uncertainties</u>

The Company's activity is exposed to various risks and uncertainties, as the recurrence of macroeconomic uncertainty, the market risk, credit risk and liquidity risk, the uncertainty in relation to the effect of extraordinary events (COVID-19) which may have an extended and unanticipated duration.

1. Financial Risks

In order to deal with financial risks, there has been established a management plan which aims at minimizing the negative impact on the financial results of the Company, which derives from the inability to foresee the financial markets and the fluctuation in cost and sales variables.

The financial products used by the Company mostly comprise bank deposits, long-term in principal and secondarily short-term loans, trade debtors and creditors, other accounts receivable and payable. The impact of major risks and uncertainties to which the Company's activities are exposed is analyzed down below.

In order to deal with the effects of the COVID-19 pandemic, the Company has implemented a series of measures having as its main axis the protection of the Company's personnel and the minimization of financial impact from the preventive measures enacted by the Hellenic Republic.

<u>Credit risk</u>

The Company's policy is to seek business activities with customers having a satisfactory credit rating, including customers who minimize risks if necessary. In addition, the Company has insurance for the protection of claims related to some of its retail customers, further to legal and other procedures via third parties. The Company's policy for existing customers, who make a large amount of purchases, requires the use of the credit alert service of TEIRESIA. Any change in the financial data for these large customers comes in immediately, in order to take the necessary drastic actions to reduce the risk of these customers.

Using the SAP dunning program with specific actions per day of delay also enables drastic decisions taken in order to reduce the risk as immediately as possible.

The daily communication with the commercial department for resolving any problems in relation to the Company's customers is the reason for monitoring the customers' financial problems as well.

Finally, continuous efforts are made to reduce the risk concerning the formation of provisions by seeking to have as many payments as possible through fixed bank orders and credit card orders.

<u>Foreign exchange risk</u>

Foreign exchange is the risk that arises when the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in foreign exchange rates. This type of risk may arise from exchange differences in the valuation of financial assets, mainly receivables and financial liabilities, from transactions denominated in a currency other than the Company's operating currency, which is the Euro.

The Company is not exposed to foreign exchange risk as all its financial instruments (receivables and liabilities) are denominated in Euro.

Interest rate risk

The risk of interest rate fluctuations is the probability that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market interest rates.

The Company's short-term borrowing is in Euro with a floating interest rate linked to the euribor. Short-term loans are taken primarily as working capital. The Company's policy is the conversion of these loans into a long-term loans with fixed spread linked to euribor and where necessary given the repayment schedule, and with the aim of applying approved interest rate risk management policies through Interest Rate Swaps.

Market risk analysis

During its activity in the Market, the Company supplies all categories of customers with Electricity. Customers are divided into two major categories, B2C customers and B2B customers. The first category concerns customers of Low Voltage (Household consumers, small and medium-sized companies), who receive a standardized offer for programs that are already posted on the Company's site, while the second concerns customers of all Voltages [Low (store chains), Medium, High], who receive a specialized financial offer, which is based on the analysis of the energy characteristics of the specific facilities.

With regard to the tariffs offered and the charges in the competitive part thereof, based on the decisions taken at the level of the regulatory framework, 2022 should be divided into two time periods. The first time period includes the time period up to the end of July 2022, where the Adjustment Clause is legally suspended, the mechanism of which was described by the RAE decision in the "Guidelines for the transparency and verifiability of charges in the competitive part of HT tariffs" while the other time period, which includes a series of extraordinary measures aimed at mitigating the economic consequences of the energy crisis, is described in article 138 of Law 4951/2022 (Government Gazette A' 129/04.07.2022), regarding the "Establishment of extraordinary transitional arrangements in the supply of electricity to mitigate the economic consequences of the energy crisis", starts from August 1, 2022 and reaches the end of the year, and continues until the end of September 2023, with the possibility of further extension.

Specifically, regarding the period from the beginning of the year until the end of July 2022, for customers belonging to the B2C category (Household consumers, small and medium-sized companies), the Company does not face any risk as the offered prices are linked to an Adjustment Clause, which means that when costs increase, there is a corresponding (incremental) compensation of the Competitive Part of the tariff from the Adjustment Clause, so that the desired profit margin for the Supplier is maintained. Accordingly when costs fall, then the Adjustment Clause acts in such a way that the customer benefits through relevant credits, while the Company also maintains its desired profit margin.

In addition, with regard to B2B customers, who as we mentioned receive a personalized financial offer, which takes into account both the number of their installations and their special energy characteristics, the Company also does not face any risk as the Supply Contracts are indefinite duration, while the charges in the competitive part of the tariffs, is offered through a formula, which captures the individual costs borne by the Supplier during its activity in the Electricity Market plus a reasonable profit margin. In addition and given that these costs may change during the validity duration by the representation of a client, i.e. new ones may be added or even some of them may be removed, a relevant clause has been included in the Supply Contracts which states that, in the event that they are imposed, after the conclusion of the Agreement, new types of additional charges on the supply of electricity, through regulatory or even legislative measures, which are proven and beyond any reasonable doubt to be borne by the Supplier in the context of its operation in the Electricity Market, these new additional charges shall become binding on the Customer and shall equally increase or decrease costs as defined in the formula of the competitive part of tariffs, provided that there is a direct causal link between the regulatory and/or legislative measures and the charges.

Also, regarding the period from August 1, 2022 and until the end thereof, for customers belonging to the B2C category (Household consumers, small and medium-sized companies), the Company owes based on the extraordinary measures as described in article 138 of the law. 4951/2022 (Government Gazette A' 129/04.07.2022), regarding the "Establishment of extraordinary transitional arrangements in the supply of electricity to mitigate the economic consequences of the energy crisis" to post by the twentieth (20th) day of the previous month " M-1" before the month of implementation of "M", the Electricity Supply Charges & Fixed Charge of its commercial plans. In order for the Company to protect itself against the risk of an unforeseeable surge in the prices of the following month "M", since the prices are posted until the 20th of the previous month "M-1" for the month "M" it has switched to hedging of the B2C clientele , so that it is essentially indifferent to risk.

With reference to B2B customers, in article 138 of Law 4951/2022 (Government Gazette A' 129/04.07.2022), regarding the "Establishment of extraordinary transitional arrangements in the supply of electricity to mitigate the economic consequences of the energy crisis" it is stated that types of variable supply tariffs, whose billing terms are adjusted to the consumption characteristics of the customer's installation and to services agreed after negotiation between the customer and the supplier, in accordance with the Code for the Supply of Electricity to Customers, are still offered by the suppliers. Therefore, B2B customers, unlike B2C customers, have the option of either continuing to be billed based on a formula, as before the implementation of the extraordinary measures, effective from 1 August 2022, or receiving on a monthly basis, in the month of "M -1", as well as B2C customers update on the charges of the month "M". All of the Company's B2B customers have chosen to continue to be billed through a formula, which captures the individual costs borne by the Supplier during its activity in the Electricity Market plus a reasonable profit margin, as this option does not incorporate any risk for the Supplier, which it would be translated to the Customer in increased charges for its compensation. Therefore, not even in the B2B customer category does the company present any risk.

Liquidity risk analysis

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

The Company maintains sufficient cash in banks to meet liquidity needs for a period of up to 30 days.

Operational risks

The main risks associated with the development of the Company's business activities could be related to material damage, business interruption, human resources and loss arising from systems or external events. In order to protect itself against operational risks, the Company has entered into agreements with reputed insurance companies for Material Damage Insurance, Suspension of Business Activity and Civil Liability Insurance.

Risks from the current economic conditions prevailing in Greece, but also in the global economy

The report on the Greek economy for the year 2022 was positive, since the achieved growth amounted to 5.9% following the growth of 2021 (8.4%) and according to the existing estimates of the Bank of Greece for 2023 it will amount to 2.2%.

The Greek economy is developing at a faster rate compared to its European counterpart, due to its lower dependence on the ongoing energy crisis, which was augmented by the geopolitical developments in Ukraine. The effect of the reduced supply of natural gas from Russia to the European Union and its substitution with the more expensive solution of liquefied natural gas, negatively affected the electricity produced, resulting in an increase in the prices of the produced products, which fed into the already existing inflationary pressures on the European Union.

As a result of the above, inflation based on the harmonized Consumer Price Index, for the whole of the European Union in 2022, was 9.6%, due to the upward trend of energy needs as well as price increases in food items.

The level of inflation (Harmonized Index of Consumer Prices-E.D.T.K.) for 2023-2024, it is estimated to amount to 5.8% and 3.6% respectively, mainly due to the expected decline in energy prices and the negative effect on the basis of comparison.

The European Central Bank, in its attempt to control inflation, considering that this increase is due to increased demand, proceeded with repeated interest rate increases, where from July 2022 until the date of drafting the Financial Statements, they have risen to 3.5%, with the prospect of increasing even more if required by its plan to achieve the objective of reducing liquidity, so as to reduce demand and, by extension, inflation.

To date, with the existing estimates of the continuation of the energy crisis, as to the duration and intensity of the hostilities in Ukraine, as well as the continued increase in lending rates, which is considered to be the "only solution" to reduce inflation, the operations of the economies and especially of the European Union, are negatively affected resulting in the reduction or even zero growth.

The additional causes of uncertainty regarding the course of economic activity in Greece for the coming years that could work negatively or positively in terms of the achievement of development goals are listed below:

- A possible prolonged political uncertainty.
- The delay in reducing the public debt ratio.
- The continued increase in lending rates, which caused borrowers problems of not being able to repay the installments of the mortgage loans for the first residence and the agricultural land.
- The continued rise in inflation due to higher energy and consumer goods prices, which reduces real disposable income and household purchasing power, will create the need for additional fiscal measures to support vulnerable incomes.
- The reduction in Greek tourism receipts compared to 2022, due to a) the negative geopolitical developments and b) the weakening of the disposable income of many countries of origin of visitors, mainly the European Union.

- The effect of geopolitical developments on foreign direct investment, as increased uncertainty adversely affects the investment risk of a country that has not yet reached investment grade.
- The non-acceleration of structural reforms and the possibility of the Government's inability to disburse European funds on time and any obstacles to the implementation of investment plans.
- The continuing delay in the administration of justice.
- The inability of certain sectors of the Public Administration to overcome the bureaucracy in terms of solving the problems of the Greek economy.

On the contrary in this variable international environment, the development of the Country is significantly enhanced by the contribution of the Recovery and Resilience Fund (RRF) as more than 30 billion Euro are expected to flow into the Greek Economy during the coming years, with Greece to lead the absorption indices of the respective funds as a percentage of GDP. Additionally, the upgrading of the investment grade by the rating agencies for the Greek State is expected to have an additional positive effect, which would mean inflows of more investment funds into the Greek economy with more favorable terms for borrowing the funds required for the implementation of investments.

Despite the new conditions created by the geopolitical changes of the ongoing energy crisis and inflationary pressures, and given that the Company has no activity in Russia, Ukraine and Belarus, the outlook for it remains positive.

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

The decreasing effect of the pandemic resulted in the withdrawal of restrictive measures, among which was the free movement of populations, significantly improving the functioning of economies worldwide, since at the same time the movement of products was exempted from the existing prohibitions, which aimed the non-transfer of the virus from area to area.

The Company's Management continuously monitors and carefully evaluates the situation and its possible effects on the Company's activities by undertaking initiatives that deal with the effects of the pandemic as much as possible. The production of Electricity from Thermal Energy Sources in 2022, continued without particular problems due to COVID-19 and its mutations.

2. Other risks and uncertainties

<u>Geopolitical risk</u>

The ongoing and escalating hostilities between Ukraine and Russia with the indirect involvement of the European Union and the USA through the provision of support to the Ukrainian side resulted in the removal of the possibility of a ceasefire between the warring sides. The adoption of restrictive measures by the European Union and the USA regarding the movement of funds of Russian origin, as well as additional restrictive measures in the same direction (asset freezes, convictions, etc.), as well as bans on the sale of Russian products in the European Union and other countries, have resulted taking countermeasures by Russia against the European Union, including reducing the quantities sold of natural gas while significantly increasing the price, which is the main fuel for electricity generation in many European Union countries, including Greece. The result of this is the very large increase in the selling price of the electricity used, which is finally transferred to the final consumers, creating, among other problems, inflationary pressures in the entire economy.

(Amounts in Euro thousand, unless stated otherwise)

In the effort to satisfy the demand for electricity of the European Union's population, the states were forced to take fiscal measures to support consumers and especially vulnerable households at the expense of their development. At the same time, the European Central Bank, in its attempt to control the inflationary pressures of the economies, as early as the 4th quarter of 2022, has increased lending rates by 3.5% up to the date of drafting the Financial Statements, with the perspective to increase even more if required to achieve the goal of reducing liquidity, so as to reduce demand and, by extension, inflation, creating disincentives in the investment climate.

The Company continuously assesses the geopolitical risks to which it is exposed, having formulated specific policies and procedures, so as to mitigate the risk to the extent possible.

f) Other Operational Ratios & Indicators

Net Debt / (Surplus)

It is a ratio, through which the Management of the Group assesses the cash position of an operating segment at any given time. The ratio is defined as the total liabilities from loans and finance leases less cash and cash equivalents. From the respective ratio if restricted deposits are subtracted and the grants to be returned are added, the "Net Debt/ (Surplus) after restricted deposits and grants to be returned" is concluded.

The ratio is recorded as follows for 2022 and 2021:

	31.12.2022	31.12.2021
Long-term loans (Note 17)	182,500	30,000
Liabilities from bank leases`	0	0
Short-term loans (Note 17)	62,717	12,000
Long-term loan liabilities payable within the next fiscal year	1,618	0
Total Loan Liabilities	**246,835**	**42,000**
Less: Cash and cash equivalent (Note 11)	(102,661)	(49,707)
Net Debt / (Surplus)	**144,174**	**(7,707)**
Less: Restricted bank deposit accounts	0	0
Plus: Approved and collected grants to be returned	0	0
Net Debt/(Surplus) with restricted deposits and grants to be returned	**144,174**	**(7,707)**

EBITDA (Earnings before Interest Taxes, Depreciation & Amortization)

It is a ratio; based on which Group's Management assesses the operational performance of an operating segment. The "EBITDA" ratio is defined as Earnings Before interest and Taxes "EBIT", plus depreciation of fixed assets and amortization, less the fixed assets grants, as presented in the accompanying financial statements.

EBITDA amounted to Euro €96,623 thousand in 2022 and to minus €22,388 thousand in 2021 and is calculated as follows:

(Amounts in Euro thousand, unless stated otherwise)

	31.12.2022	**31.12.2021**
Gross profit	150,687	(3,412)
Administrative and selling expenses	(21,857)	(14,681)
Research and development expenses	0	0
Other income/(expenses) determining EBIT	(27,810)	(8,448)
Earnings before interest and taxes (EBIT)	**(101,020)**	**(26,540)**
Net depreciation for the year	4,397	4,152
EBITDA	**96,623**	**(22,388)**

g) Non-Financial Data Report 2022

Adopting the provisions of Law 4403/2016, a section of non-financial data is established, which relates to the areas with the largest impact on the Company in terms of environmental, social, labor issues and issues related to Human Rights, fight against corruption and bribery.

The Company pursues business excellence and aims at implementing the best practices with responsible development and absolute respect for the environment in which it operates.

(i) Vision and Principles

The Company, based on the principles of Sustainable Development, its effective organizational structure, its insightful business strategy and the significant know-how of its people, excels in important areas of business activity. Its dynamic presence is accompanied by its unwavering support to the local community in which it operates, by absolute respect for the natural environment and by the completion of projects-landmarks that create value for future generations. The Company operates by prioritizing values showing at the same time that ethical and sustainable entrepreneurship are a driver for growth.

These are:

- Respect for humans and the natural environment
- Creating value for its employees, partners and customers
- Honesty and reliability
- The targeted social contribution

(ii) Strategic approach to Corporate Responsibility

The Company is exposed to multiple risks, which are related to a number of external factors that mainly derive from economic conditions in Greece. Additional financial risks affect the financial position of the Company and its decision-making process and the conclusion of strategic partnerships in Greece.

(iii) Responsibility for the environment

Corporate Responsibility is accompanied by a framework of principles, the effective integration of which affects the operation of the Company and guarantees the protection of the environment and optimal management of natural resources as well as the adoption of environment-friendly technologies, thus minimizing the encumbrance by the Company's activity.

The Company recognizes the degree of its impact on the natural environment and to that end, it has set the latter's protection as a priority within its strategy. At a minimum, the Company fully com- plies with the current legislation and the regulatory framework in the environments where it operates and seeks to exceed the minimum requirements.

(iv) Occupational Health and Safety Issues

Through a specific Health and Safety Policy but also a strict Health and Safety Management System, the Company aims at the timely identification and minimization of the risks related to the entirety of its business activities.

The approach followed by the Company is based on the following 5 axes:

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

(v) Labor Issues

Corporate Responsibility is accompanied by a framework of principles, the effective integration of which affects the operation of the Company and guarantees:

- The development and strengthening of human resources
- The strengthening of employees' skills
- Ensuring equality and a fair working environment
- Enhancing know-how and innovation
- Health and Safety
- Ensuring Health and Safety for the employees and associates of the Company and
- Ensuring Health and Safety for the users

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

(Amounts in Euro thousand, unless stated otherwise)

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

h) Transactions with related parties

Transactions, as well as the balances of the Company with the related parties for the period that ended on 31.12.2022 and 31.12.2021 are analyzed as follows:

Financial Year 31.12.2022

Related party	Income	Purchases	Debit balances	Credit balances
Parent company GEK TERNA	258	1,732	27	41,277
HERON II VOIOTIA S.A.	520,300	24,158	3,859	127,526
Other related parties	33,344	24,431	12,989	42,004
Total	**553,902**	**50,322**	**16,875**	**210,807**

Financial Year 31.12.2021

Related party	Income	Purchases	Debit balances	Credit balances
Parent company ENGIE	1,459	41,892	1,421	376
HERON II VOIOTIA S.A.	167,513	1,406	1,403	86,051
Other related parties	13,302	4,462	5,379	30,803
Total	**182,274**	**47,760**	**8,203**	**117,230**

Remuneration of the members of the Board of Directors and senior managers of the Company recognized on December 31st 2022, as well as the respective balances have as follows:

	1.1-31.12.2022	**1.1-31.12.2021**
Services fee	150	470
Payroll	230	141
Total	**380**	**611**
	31.12.2022	31.12.2021
Liabilities	0	0
Receivables	0	0

Athens, 25 April 2023
For the Board of Directors

The Chairman of BoD
Georgios Kouvaris

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Independent Auditor's Report

(This report has been translated from Greek original version)

To the Shareholders of "HERON ENERGY SERVICES SINGLE MEMBER S.A."

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of "HERON ENERGY SERVICES SINGLE MEMBER S.A." (the Company), which comprise the statement of financial position as at December 31st, 2022, the income statement and statements of comprehensive income, changes in equity and cash flows statement for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company "HERON ENERGY SERVICES SINGLE MEMBER S.A." as at December 31st, 2022, and its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for opinion

We performed our audit in accordance with International Standards on Auditing (ISAs) as these have been integrated to the Greek Legislation. Our responsibilities, under those standards are described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. During our audit, we remained independent of the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated in Greek Legislation and the ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our responsibilities in accordance current legislation requirements and the requirements of the aforementioned 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 is included in the Board of Directors Report, also referred to in the section "Report on Other Legal and Regulatory Requirements", the Representations of the Members of the Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 for the financial statements

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

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

Auditor's responsibilities for the audit of financial statements

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

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

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

We communicate with management 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 the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, management is responsible for the preparation of the Board of Directors' Report, the following is to be noted:

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 150, L. 4548/2018, and its content corresponds to the accompanying financial statements for the year ended as at 31/12/2022.
b) Based on the knowledge we obtained from our audit, for the Company "HERON ENERGY SERVICES SINGLE MEMBER S.A." and its environment, we have not identified any material misstatements to the Board of Directors' report.

Athens, 25 April, 2023

The Certified Public Accountant

George Panagopoulos

SOEL Reg. No 36471

Chartered Accountants Management Consultants
58, Katehaki Av., 115 25 Athens, Greece
Registry Number SOEL 127

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ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2022

(January 1st – December 31st 2022)

In accordance with the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of "HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES" (the "Company") on April 25th, 2023 and have been published online at the website of the Company, www.heron.gr , where they will remain available for at least a 5-year period from the date they were prepared and published. It is noted that the attached Financial Statements are subject to the approval of the Annual Ordinary General Meeting of the Shareholders of the Company. The Annual Ordinary General Meeting of the Shareholders of the Company has the authority to amend the attached Financial Statements.

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(Amounts in Euro thousand, unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

December 31st 2022

	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Intangible assets	4	2,114	2,636
Tangible Assets	5	9,598	11,472
Right-of-use assets	6	1,288	466
Receivables from Derivatives	21	14,419	0
Other long-term receivables	7	22,554	17,819
Deferred tax assets	20	12,712	6,677
Total non-current assets		**62,685**	**39,070**
Current assets			
Inventory	8	5,415	2,245
Trade receivables	9	395,366	353,379
Other receivables	10	43,444	10,899
Income tax receivables		0	938
Short-term receivables from derivatives	21	25,350	6,961
Cash and cash equivalents	11	102,661	49,707
Total current assets		**572,236**	**424,129**
TOTAL ASSETS		**634,921**	**463,199**
EQUITY AND LIABILITIES			
Share capital	18	2,416	2,416
Reserves	19	811	808
Retained earnings		94,248	29,096
Total Equity		**97,475**	**32,320**
Non-current Liabilities			
Long-term loans	17	182,500	30,000
Liabilities from leases	16	886	244
Liabilities from derivatives	21	6,959	2,290
Provision for staff retirement indemnities	12	76	51
Other Provisions	13	417	379
Long-term liabilities from contracts with customers		3,697	893
Total non-current liabilities		**194,535**	**33,857**
Current liabilities			
Short-term loans	17	62,717	12,000
Long-term loans payable in the following financial year	17	1,618	0
Short-term part of liabilities from leases	16	423	212
Short-term part of liabilities from derivatives	21	28,991	4,759
Suppliers	14	65,331	115,509
Accrued and other liabilities	15	151,316	264,542
Income tax payable		32,515	0
Total current liabilities		**342,911**	**397,022**
TOTAL EQUITY AND LIABILITIES		**634,921**	**463,199**

The accompanying notes constitute an integral part of the present Annual Financial Statements.

(Amounts in Euro thousand, unless stated otherwise)

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD

January 1st to December 31st 2022

	Note	1.1-31.12.2022	1.1-31.12.2021
Results for the year			
Revenue	22	2,294,901	1,047,867
Cost of goods sold	23	(2,144,214)	(1,051,279)
Gross profit / (loss)		**150,687**	**(3,412)**
Administrative and distribution expenses	23	(21,857)	(14,681)
Other income / (expenses)	26	(27,810)	(8,448)
Financial income / (expenses)	27	(9,252)	(1,741)
Earnings before income tax		**91,768**	**(28,282)**
Income tax	20	(26,616)	6,232
Earnings after income tax		**65,152**	**(22,050)**
Other comprehensive income			
Other comprehensive income not carried forward to FY results of future periods:			
Actuarial gains / (losses)	12	4	(5)
Tax corresponding to the above result	20	(1)	1
		3	**(4)**
TOTAL COMPREHENSIVE INCOME		**65,155**	**(22,054)**

The accompanying notes constitute an integral part of the present Annual Financial Statements.

(Amounts in Euro thousand, unless stated otherwise)

STATEMENT OF CASH FLOWS

January 1st to December 31st 2022

	Note	1.1-31.12.2022	1.1-31.12.2021
Cash flows from operating activities			
Earnings for the period before income tax		**91,768**	**(28,282)**
Adjustments for reconciliation of net cash flows from operating activities			
Depreciation	4, 5, 6	4,397	4,153
Impairment of trade receivables	9	34,784	15,505
Provisions		194	54
Interest and related income	27	0	0
Interest and other financial income	27	13,159	1,653
(Profit)/Loss from derivatives		(3,908)	88
Expenses/(Income) of the period corresponding to payments/collections for derivatives		0	(5,567)
Operating profit before any changes in working capital		**140,394**	**(12,396)**
(Increase)/Decrease in:			
Inventory		(3,170)	2
Trade receivables		(76,771)	(241,473)
Prepayments and other receivables		(37,282)	(796)
Increase /(Decrease) in:			
Suppliers		(50,178)	50,837
Accrued and other liabilities		(109,708)	200,145
Income tax reimbursement/(payments)		(75)	(70)
Net cash flows from operating activities		**(136,790)**	**(3,751)**
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets	4,5	0	8
Purchases of tangible fixed assets	4,5	(1,501)	(2,216)
Interest & related expenses collected		0	0
Cash flows from investing activities		**(1,501)**	**(2,208)**
Cash flows from financing activities			
Collections from issued long-term loans	17	160,000	30,000
Repayment of long-term loans		(7,500)	0
Payment of liabilities from financial leases	16	(469)	(524)
Proceeds from undertaken short-term loans	17	80,000	3,000
Proceeds from hedging derivatives		0	5,567
Repayment of short-term loans		(30,000)	0
Interest & related expenses paid		(10,786)	(1,508)
Cash flows from financing activities		**191,245**	**36,535**
Net increase / (decrease) in cash and cash equivalents		**52,954**	**30,576**
Cash and cash equivalents at the beginning of the period		**49,707**	**19,131**
Cash and cash equivalents at the end of the period		**102,661**	**49,707**

The accompanying notes constitute an integral part of the present Annual Financial Statements.

(Amounts in Euro thousand, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

December 31st 2022

	Share Capital	Reserves	Retained earnings / (losses)	Total
January 1st 2021	**2,416**	**812**	**51,146**	**54,374**
Total comprehensive income	-	(4)	(22,050)	**(22,054)**
December 31st 2021	**2,416**	**808**	**29,096**	**32,320**
January 1st 2022	**2,416**	**808**	**29,096**	**32,320**
Total comprehensive income	-	3	65,152	**65,155**
December 31st 2022	**2,416**	**811**	**94,248**	**97,475**

The accompanying notes constitute an integral part of the present Annual Financial Statements.

NOTES ON THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND COMPANY ACTIVITY

HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES was incorporated in Greece in 2001 at first as a general partnership and it was later transformed into a société anonyme in 2004. Its registered office is in Athens, at 85 Mesogeion Avenue and its duration is set to fifty (50) years.

The Company is registered in the Registry of Sociétés Anonymes with Reg. No 56860/01/B/04/254 and General Commercial Registry (G.E.MI.) No 005805601000. Its main activity is the construction, installation and operation of open-cycle thermoelectric power plants (using gas and fuel oil).

The Company belongs by 100% to GEK TERNA SA, which is listed in the Athens Exchange, Greece, while its financial statements are included in the consolidated financial statements of the parent Company according to the equity method.

2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis for the preparation of the Financial Statements

The attached Financial Statements have been prepared on the basis of the historic cost principle and have been also prepared in compliance with International Financial Reporting Standards (IFRS) which have been issued by the International Accounting Standards Board, as well as with their Interpretations which have been issued by the Standards Interpretations Board, as adopted by the European Union until December 31st, 2022. There are no standards that have been adopted before their effective date.

2.2 Going concern

The Company's management estimates that it has sufficient resources that secure the smooth continuance of its operation as a “Viable Financial Unit” (Going Concern) in the foreseeable future. The health crisis due to the COVID-19 pandemic has led global economy to a period of uncertainty and instability whose consequences are difficult to be assessed based on the available so far information since this is an on-going situation. The financial impact will depend on the duration and strength of the recession as well as on the prospects of a potential economic recovery. The effects of the COVID-19 pandemic are not expected to be material for the Company.

2.3 Basis of measurement

The attached Financial Statements as of December 31, 2022 have been prepared in accordance with the historical cost principle, except for the derivative financial instruments.

2.4 Presentation Currency

The presentation currency is the Euro and all amounts are presented in thousands of Euros unless stated otherwise.

2.5 New standards, amendments of standards and interpretations

The accounting principles applied during the preparation of the Financial Statements are the same as those followed for the preparation of the Financial Statements for the period ended on December 31, 2021, except for the adoption of new standards and interpretations, whose application is mandatory in the European Union for the fiscal years from January 1st 2022 onwards (see Notes 2.b.1, 2.b.2 and 2.b.3.).

2.5.1 New Standards, Interpretations, revisions and amendment of existing Standards which have entered into force and have been adopted by the European Union

The following new Standards, Interpretations and amendments of Standards have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their application is mandatory from 01/01/2022 or at a later date.

- Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, plant and Equipment (Tangible Assets)", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and to the "Annual Improvements 2018 - 2020" (applies for annual periods starting on or after 01/01/2022)

In May 2020, the IASB issued a series of amendments, which include limited purpose amendments to three Standards, as well as the Annual Improvements by the Board. The said amendments provide clarifications in relation to the wording of the Standards or correct minor consequences, omissions or controversies between the Standards' requirements. More specifically:

- The **amendments to the IFRS 3 "Business Combinations"** update a reference of the IFRS 3 to the Conceptual Framework for Financial Reporting without amending the accounting requirements that relate to business combinations.
- The **amendments to the IAS 16 "Property, Plant and Equipment (Tangible Assets)"** dictate to a company to subtract from the fixed assets cost any amounts it received from the sale of assets generated during the preparation of the said fixed assets in order to be rendered ready-to-use. On the contrary, the company recognizes the said sales income and the relevant costs in the Income Statement.
- The **amendments to the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** specify the costs a company must include while assessing if a contract is loss-making.
- The **Annual Improvements to the IFRS – 2018-2020 Cycle** concern minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", to IFRS 9 "Financial Instruments", to IAS 41 "Agriculture" and to the Explanatory Examples (Effects Analysis) accompanying the IFRS 16 "Leases".

The amendments have no impact on the separate Financial Statements.

2.5.2. New Standards, Interpretations, Revisions and Amendments to existing Standards which have not yet entered into force or have not been adopted by the European Union

The following new Standards, Interpretations and amendments to Standards have been issued by the International Accounting Standards Board (IASB), but either have not yet entered into force or have not been adopted by the European Union.

- IFRS 17 "Insurance Contracts" (applicable for annual periods beginning on or after 01/01/2023)

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The purpose of the IASB's work was to develop a single principle-based Standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurance company. A single principle-based Standard will enhance the comparability of financial reporting across financial entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply to the financial information relating to the insurance contracts it issues and reinsurance contracts it holds. In addition, in June 2020, the IASB issued amendments which, however, do not affect the fundamental principles introduced when IFRS 17 was originally issued. The amendments are designed to reduce costs by simplifying certain requirements of the Standard, lead to more easily explainable financial performance, as well as facilitate the transition by postponing the implementation date of the Standard to the year 2023, while providing additional assistance in reducing the effort required when first implementing the Standard. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above has been adopted by the European Union with an effective date of 01/01/2023.

- Amendments to the IAS 1 "Presentation of Financial Statements" (applies for annual periods starting on or after 01/01/2023)

In February 2021, IASB issued limited purpose amendments which relate to the disclosure of accounting policies. The purpose of these amendments is to improve the disclosure of accounting policies so as to provide useful information to investors and other users of the Financial Statements. More specifically, based on these amendments, it is required to disclose important information that relates to the accounting policies, instead of disclosing the significant accounting policies. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above have been adopted by the European Union, with effective date on 01/01/2023.

- Amendments to the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (applies for annual periods starting on or after 01/01/2023)

In February 2021, IASB issued limited purpose amendments that distinguish the difference between changing an accounting estimate and changing an accounting policy. This distinction is important, since the change of an accounting estimate applies only to future transactions and other future events, in contrast with the change in accounting policy which applies retrospectively and applies also to past transactions and other past events. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above have been adopted by the European Union, with effective date on 01/01/2023.

- Amendments to IAS 12 "Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applies for annual periods starting on or after 01/01/2023)

In May 2021, the IASB issued targeted amendments to the IAS 12 in order to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations – transactions in which companies simultaneously recognize assets and liabilities. In specific cases, entities are exempted from the recognition of deferred tax when they recognize assets and liabilities for the first time. The amendments clarify that the said exemption does not apply and companies are required to recognize the deferred tax in these transactions. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above have been adopted by the European Union, with effective date on 01/01/2023.

- Amendments to IFRS 17 "Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information" (applicable for annual periods beginning on or after 01/01/2023)

In December 2021, the IASB issued a limited-purpose amendment to the transition requirements in IFRS 17 to address a significant issue related to temporary accounting mismatches between insurance contract liabilities and financial assets in comparative information in the context of the first application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". The amendment aims to improve the usefulness of the financial information presented in the comparative period for users of the Financial Statements. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above has been adopted by the European Union with an effective date of 01/01/2023.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (applies for annual periods starting on or after 01/01/2024)

In January 2020, the IASB issued amendments to the IAS 1 that affect the requirements on the presentation of liabilities. More specifically, the amendments clarify one of the classification criteria of a liability as non-current, the requirement for an entity to be entitled to defer the liability for at least 12 months after the reporting period. These amendments include: a) clarification that the right of an entity to defer the settlement must have been established by the reporting date, b) clarification that the classification of the liability is not affected by the intentions or expectations of the management in relation to the exercise of the right to defer the settlement, c) explanation of how the borrowing conditions affect the classification, and d) clarification of requirements regarding the classification of the liabilities of an entity which is going to or will possibly conclude a settlement via the issuance of equity instruments. Moreover, in July 2020, the IASB issued an amendment for the deferral by one year of the effective date of the initially issued amendment to the IAS 1, as a result of the outbreak of the COVID-19 pandemic.

However, in October 2022, the IASB issued an additional amendment aimed at improving the information provided by companies about long-term debt obligations. IAS 1 requires a company to classify a loan as non-current only if the company can avoid settling the loan within 12 months after the reporting date. However, a company's ability to do so often depends on compliance with its commitments. The amendments to IAS 1 specify that commitments to be met after the reporting date do not affect the classification of the loan as short-term or long-term at the reporting date. Instead, the amendments to the standard require a company to disclose information about these commitments in the notes to the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2024, while early adoption is also permitted. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback" (applicable for annual periods beginning on or after 01/01/2024)

In September 2022, the IASB issued limited-purpose amendments to IFRS 16 “Leases” which add requirements on how a company accounts for a sale and leaseback after the date of the respective transaction. A sale and leaseback is a transaction in which, a company sells an asset and leases the same asset back for a period of time from the new owner. IFRS 16 includes requirements regarding the accounting treatment of a sale and leaseback at the date when the transaction takes place. However, the

Standard had not specified specify how to measure the transaction after that date. The issued amendments add to the requirements of IFRS 16 regarding sale and leaseback, thus supporting the consistent application of the accounting standard. These amendments will not change the accounting treatment for leases other than those arising from a sale and leaseback transaction. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

I. The main accounting principles adopted during the preparation of the attached financial statements are the following:

a) Intangible Assets

Intangible assets mostly comprise the software sales cost and all expenses realized in order to render the software operational. Depreciations of software are calculated based on the straight-line depreciation method for a period of three (3) years.

b) Tangible Fixed Assets

Fields, buildings, machinery and vehicles are measured at cost less accumulated depreciation and any provisions for impairment.

Repairs and maintenance are booked as expenses during the year in which they are incurred.

Significant improvements are capitalized at the cost of the respective fixed assets provided that they augment the useful economic life, increase the production level or improve the efficiency of the respective fixed assets.

Tangible fixed asset items are eliminated from the balance sheet on disposal or withdrawal or when no further economic benefits are expected from their continued use. Gains or losses resulting from the elimination of an asset from the balance sheet are included in the income statement of the fiscal year in which the fixed asset in question is eliminated.

Depreciation of tangible assets is calculated according to the straight-line method using rates that approximate the relevant useful life of the respective assets. Useful life per category of fixed asset has as follows:

Tangible Assets	Useful life (in years)
Buildings and technical works	5-20
Machinery and technical facilities	5-20
Means of transportation	5
Fixtures and other equipment	1-7

Tangible fixed assets under construction include fixed assets under construction and are depicted at cost. Tangible fixed assets under construction are not depreciated until the fixed asset is completed and put into operation.

c) Leases

The Company as a lessee

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

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

- fixed lease payment (including in-substance fixed payments), less any lease incentives,

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

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

The lease liability is presented as a separate line in the Statement of Financial Position.

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

Where the Company contractually undertakes the obligation to dismantle and remove the underlying asset, restore the site in which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset. The Company did not incur any such costs during the periods presented in these financial statements.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the lease commencement date.

The right-of-use assets are presented as a separate line in the Statement of Financial Position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and consequently they do not constitute a main component of the book value of the right-of-use asset. The relevant payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the sums "Administrative expenses" and "Sales expenses" in the Statement of Income and Other Comprehensive Income.

According to the provisions of the IFRS 16, the Company applied the practical accommodation of IFRS

16, according to which a lessee is not required to separate non-lease components and as such, it accounts for any lease and associated non-lease components as a single agreement.

d) Impairment of Non-Financial Assets

The book values of long-term assets, other than tangible fixed assets with an indefinite life, are reviewed for impairment purposes when facts or changes in circumstances imply that the book value may not be recoverable. When the book value of an asset exceeds its recoverable amount, the respective impairment loss is recorded in the net earnings. The recoverable amount is defined as the largest between the fair value minus the sale cost and the value in use.

The fair value minus the sale cost is the plausible income from the sale of an asset, in which all parties have full knowledge and willingness, after the deduction of each additional direct sales cost for the asset, while the value in use consists of the net present value of future estimated cash flows expected to occur from the continuous use of the asset and from the income expected to arise from its sale at the end of its estimated useful life. In order to determine the impairment, the assets are grouped at the lowest level for which cash flows can be recognized separately.

Reverse entry of an impairment for the value of assets accounted for in previous years, takes place only when there are sufficient indications that such impairment no longer exists or it has been reduced. In these cases the above reversal is treated as income in net profits.

The Company's Management estimates that no impairment of the value of the assets of the Company will occur, consequently it has not calculated any recoverable amounts for its assets.

e) Inventory

Inventory includes spare parts and other material. Inventory is valued at the lower of cost and net realizable value.

A provision for impairment is made if it is deemed necessary.

f) Financial Assets – Trade receivables

I. Recognition and de-recognition

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

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

II. Classification and initial recognition of financial assets

With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.

Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income without recycling cumulative

profit and losses on de-recognition (equity instruments)

Classification of every asset is specified according to:

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

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

III. Subsequent measurement of financial assets

Financial assets at amortized cost

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

(i) Financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows.

(ii) Contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance (“SPPI” criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.

The measurement at amortized cost category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

Financial assets measured at fair value via the results

Financial assets measured at fair value via the results include the financial assets held for trade, the financial assets specified on the initial recognition at the fair value via the results or the financial assets which must mandatorily be measured at their fair value.

Financial assets are classified as held for trade if they are acquired for sale or buy-back purposes in the near future. Derivatives, including incorporated derivatives are also classified as held for trade, unless they are defined as effective hedging instruments.

Financial assets with cash flows that don not only comprise payments for principal amount and interest are classified and measured at their fair value via the results, regardless of the business model.

Financial assets classified at fair value through total income (equity instruments)

Pursuant to the relevant provisions of IFRS 9, at initial recognition, the Group may irrevocably choose to disclose to other profit or loss directly in equity the subsequent changes in the fair value of an equity investment that is not intended for trading purposes.

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

IV. *Impairment of financial assets*

The adoption of the IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit loss.

Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.

The Company recognizes provisions for impairment for expected credit loss for all financial assets except those measured at fair value through profit or loss. The objective of the IFRS 9 impairment provisions is to recognize the expected credit loss over the lifetime of a financial instrument whose credit risk has increased since initial recognition, regardless if the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.

In order to apply the above approach, a distinction is made among:

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

Trade receivables, other receivables and receivables under customers agreements

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

g) Cash and Cash Equivalents

The Company considers time deposits and other highly liquid investments with an initial maturity less than three months, as cash and cash equivalents.

For the compilation of the cash flow statements, cash and cash equivalents consist of cash, banks savings accounts and cash and cash equivalents as defined above.

h) Financial liabilities

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

As the accounting requirements for financial liabilities remained similar to a great extent to those set in IAS 39, the Company's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9.

The Company's financial liabilities include mainly loan obligations under lease agreements, suppliers and other liabilities. Financial liabilities are initially recognized at cost, which is the fair value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Company has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

i) Provision for staff retirement indemnities

According to the replaced provisions of L. 2112/1920 by L. 4093/2012, the Company indemnifies its retiring or dismissed employees and the amount of the relevant indemnification depends on the years of service, the level of wages and the reason for exit from employment (dismissal or retirement).

Liabilities for severance pay/retirement are calculated using the discounted value of future benefits that have accrued at the end of the year, based on the recognition of the employees’ benefit rights during the duration of their expected working years. The above liabilities are calculated based on the financial and actuarial assumptions and are defined using the projected unit method of actuarial valuation.

Net retirement costs for the period are included in the net earnings or the comprehensive income, as the case may be, and consist of the present value of benefits that have accrued during the year, the interest on the benefits’ liability, the cost of prior service, the actuarial profit or loss and any other additional retirement costs. The prior service costs are recognized immediately. The liabilities for retirement benefits are not financed. Actuarial profits and loss are registered in other comprehensive income and are not recycled in the Income Statement.

j) State Pension Plans

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

k) Income Tax (Current and Deferred)

Income tax is calculated based on the earnings of the Company as such are reformed on the company’s tax returns, additional income tax emerging from the Tax Authorities’ tax audits, on deferred income tax based on the enacted tax rates, as well as any possible extraordinary tax contribution calculated on earnings.

Deferred income tax is calculated using the liability method on all temporary differences between the tax base and the book value of assets and liabilities on the date of the financial statements. Deferred tax liabilities are recognized for all taxable provisional differences.

Deferred tax assets are recognized for all deductible provisional differences and tax loss carried forward, to the extent a taxable profit is likely to be available which will be applied against the deductible provisional differences and the unused tax loss carried forward.

The deferred tax liabilities are estimated on each date of the financial statements and are reduced to the degree that it is not considered likely that there will be adequate taxable earnings against which part or the total of receivables from deferred income taxes may be used.

Deferred tax assets and liabilities are calculated according to the tax rates that are expected to be in effect during the fiscal year when the asset will be realized or the liability will be settled, and are based on the tax rates (and tax regulations) that are effective or enacted on the date of the financial statements.

Income tax that relates to items, which have been directly recognized in other comprehensive income, is also recognized in other comprehensive income.

l) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of financial benefits is possible.

m) Revenues recognition

Revenues are recognized to the extent that it is possible that the economic benefits will result for the Company and that the relevant amounts can be accurately measured. The following specific recognition criteria must also be met for the recognition of revenue.

(i) *Revenues from the sale of Electricity & Natural Gas.*

It refers to revenue from contracts with customers arising from performance commitments that are fulfilled over time. Revenues from the sale of Electricity & Natural Gas are considered within the year they are realized. During the preparation of the financial statements, they are considered to be payable non-invoiced revenues from the sale of electricity to the INDEPENDENT POWER TRANSMISSION OPERATOR (IPTO) and the ENERGY EXCHANGE GROUP (ENEX).

In order to reduce its exposure to the changes in energy prices in the specific market, the Company uses derivative instruments described in note o) below. The product of the settlement of these derivatives is included in the income from the sale of electricity.

(ii) *Interest*

Revenues from interest are recognized on an accrual basis.

n) Agreement acquisition cost

According to the IFRS 15, the costs for acquiring an agreement is the cost undertaken by an entity in order to acquire an agreement with a customer. To the extent the entity is expected to recover such costs, they it can recognize an asset and amortize according to the recovery rate of the benefits of the agreement with the customer. In any different case, these costs are entered as expenses in the fiscal year. In performance of the above, the Company capitalizes the agents procurement cost, also known as "Agency costs". More specifically, the Company uses agents/intermediaries in order to promote sales. First-connection success fees are capitalized and amortized with regard to the annual customers-recycling rate. This sum is depicted in the Long-term receivables in the Statement of Financial Position.

o) Derivative financial instruments (derivatives) and hedging accounting

In the context of risk management, the Company uses:

- derivatives for the hedging the risk of electricity and natural gas price changes (electricity options, forward contracts)
- fixed for floating swap contract derivatives for the hedging of risks associated with the future fluctuation of income variables.

These derivatives are initially recognized at their fair value on the date of the contract and are later measured at their fair value. Changes in the derivatives fair value are recognized on each reporting date in the Statement of Comprehensive Income.

On the transaction date, the Company records the ratio between the hedging tool and the hedging object, as well as the purpose of the risk management process and the strategy for implementing hedging transactions.

Derivatives are valuated at their fair value on the reporting date the changes are recognized in the results. The fair value of the said derivatives is mostly specified based on the market value and is confirmed by third independent parties.

A hedging relation is suitable for the hedging accounting when the following criteria are met:

- the hedging relation includes only eligible hedging instruments and eligible hedging assets.
- upon the commencement of the hedging relation, such relation is officially specified and documented, along with the objective of the risk management process of the entity and its strategy for the implementation of hedging. Documentation includes the specification of the hedging instrument, the object subject to hedging, the nature of the risk subject to hedging and the manner in which the entity will evaluate whether and to what extent the hedging relation covers the efficiency requirements (including the analysis on the efficiency sources of the hedging and the manner the hedging rate will be specified).
- The hedging relation meets the entirety of the following efficiency requirements: (a) there is a financial relation between the asset and the instrument of hedging, (b) the effect of credit risk is not higher than the changes in value deriving from this financial relation and (c) the hedging rate of the hedging relation is the same that derives from the quantity of the hedged asset which is actually hedged by the entity and the quantity of the hedging instrument actually used by the entity in order to compensate for the said quantity of the hedged asset.

II. Use of estimates, judgements and assumptions

The Company proceeds to estimates, assumptions and judgments in order to select the most suitable accounting principles in relation to the future progress of events and transactions. The said estimates, assumptions and judgments are periodically reviewed so as to be in line with actual circumstances and reflect the actual risks at the relevant time and are based on past experience of Management in relation to the level/volume of relevant transactions or events. The basic estimates and judgments related to data whose development could affect the items of financial statements over the next 12 months are as follows:

i) Fixed assets depreciation: In order to calculate depreciation, the Company reviews the useful life and residual value of tangible and intangible assets having as criterion the technological, institutional and economic developments as well as its experience from their operation.

(Amounts in Euro thousand, unless stated otherwise)

ii) Assets impairment and reversal: The Company evaluates the technological, institutional and economic developments by looking for indications of any type of impairment of its assets (fixed assets, trade and other receivables, financial assets, etc.) and of their reverse entry.

iii) Provision for staff retirement indemnities: Based on the *IAS 19*, the Company assesses the assumptions according to which the Provision for staff retirement indemnities is calculated in an actuarial manner.

iv) Provision for income tax: Based on *IAS 12*, the Company makes a provision for current and deferred income tax. It also provides, as the case may be, for the additional taxes that may arise from tax audits. The final settlement of income taxes may differ from the relevant amounts that have been registered in the interim and annual financial statements.

4. INTANGIBLE ASSETS

Intangible assets in the attached Financial Statements relate mainly to software whereas their movement is as follows:

Acquisition Cost	**2022**	**2021**
1st January	**5,309**	**4,114**
Additions	0	0
Sales	0	0
Eliminations	0	0
Transfers	736	1,195
31st December	**6,045**	**5,309**
Accumulated amortization and impairments		
1st January	**(2,673)**	**(1,629)**
Amortization	(1,258)	(1,044)
Sales	0	0
Eliminations	0	0
Impairments	0	0
31st December	**(3,931)**	**(2,673)**
Net Book Value 31 December	**2,114**	**2,636**

Amortization in the current financial year has been recognized by €1,253 thousand in the Cost of goods sold and by €5 thousand in the Administrative and Distribution Expenses account €1,042 thousand and €2 thousand respectively for the FY 2021).

5. TANGIBLE ASSETS

The tangible fixed assets of the Company and their movement for the periods January 1 to December 31, 2022 and 2021, in the attached financial statements, are analyzed as follows:

(Amounts in Euro thousand, unless stated otherwise)

	Land-Plots	Buildings	Machinery	Vehicles	Other	Fixed assets under construction	Total
Acquisition cost							
1st January 2022	**2,385**	**16,889**	**52,793**	**22**	**1,913**	**298**	**74,300**
Additions	0	0	0	0	0	1,501	1,501
Transfer from / to tangible fixed assets	0	20	625	0	136	(781)	0
Transfer from / to intangible fixed assets	0	0	0	0	0	(736)	(736)
Transfer from assets under construction	0	0	0	0	0	0	0
Cost of goods sold / tangible assets write-off	0	0	0	0	0	0	0
31st December 2022	**2,385**	**16,909**	**53,418**	**22**	**2,049**	**282**	**75,065**
Accumulated depreciation and impairment							
1st January 2022	**0**	**(15,429)**	**(45,763)**	**(22)**	**(1,614)**	**0**	**(62,828)**
Depreciation	0	(283)	(2,154)	0	(202)	0	**(2,639)**
Impairments	0	0	0	0	0	0	**0**
Termination of contracts	0	0	0	0	0		**0**
31st December 2022	**0**	**(15,712)**	**(47,918)**	**(22)**	**(1,816)**	**0**	**(65,468)**
<u>**Net book value**</u>							
31st December 2022	**2,385**	**1,197**	**5,500**	**0**	**233**	**0**	**9,598**

	Land-Plots	Buildings	Machinery	Vehicles	Other	Fixed assets under construction	Total
Acquisition cost							
1st January 2021	**2,385**	**16,728**	**52,376**	**22**	**1,724**	**52**	**73,287**
Additions	0	0	0	0	0	2,216	**2,216**
Transfer from / to tangible fixed assets	0	161	417	9	189	(776)	**0**
Transfer from / to intangible fixed assets	0	0	0	0	0	(1,195)	**(1,195)**
Transfer from assets under construction	0	0	0	0	0	0	**0**
Cost of goods sold / tangible assets write-off	0	0	0	(9)	0	0	**(9)**
31st December 2021	**2,385**	**16,889**	**52,793**	**22**	**1,913**	**298**	**74,300**

(Amounts in Euro thousand, unless stated otherwise)

Accumulated depreciation and impairment							
1st January 2021	**0**	**(15,159)**	**(43,646)**	**(22)**	**(1,421)**	**0**	**(60,247)**
Depreciation	0	(270)	(2,118)	0	(193)	0	**(2,581)**
Impairments	0	0	0	0	0	0	**0**
Termination of contracts	0	0	0	0	0		**0**
31st December 2021	**0**	**(15,429)**	**(45,763)**	**(22)**	**(1,614)**	**0**	**(62,828)**
Net book value							
31st December 2021	**2,385**	**1,460**	**7,030**	**0**	**299**	**298**	**11,472**

Depreciation for the year 2022 correspond to €2,639 thousand in 2022 (€2,581 thousand for 2021) and have been recorded in the Statement of Comprehensive Income by €2,577 thousand (€2,532 thousand for 2021) in the Cost of goods sold and by €62 thousand (€58 thousand for the year 2021) in the Administrative and Distribution Expenses.

No real encumbrances or mortgages were registered on the above assets for the years 2022 and 2021.

6. RIGHT-OF USE ASSETS

The right-of-use fixed assets and their movement for the periods 1 January to 31 December 2022 and 2021, presented in the attached financial statements, are analyzed as follows:

	Buildings	**Vehicles**	**Other**	**Total**
Acquisition cost				
1st January 2022	**1,137**	**552**	**339**	**2,028**
Additions	1,270	51	0	**1,321**
Termination of contracts	0	0	0	**0**
31st December 2022	**2,407**	**603**	**339**	**3,349**
Accumulated depreciation and impairments				
1st January 2022	**(932)**	**(407)**	**(223)**	**(1,562)**
Depreciation	(332)	(99)	(68)	**(499)**
Termination of contracts	0	0	0	**0**
31st December 2022	**(1,264)**	**(506)**	**(290)**	**(2,061)**
Net book value				
31st December 2022	**1,143**	**97**	**49**	**1,288**

(Amounts in Euro thousand, unless stated otherwise)

	Build-ings	Vehicles	Other	Total
Acquisition cost				
1st January 2021	**1,032**	**528**	**339**	**1,899**
Additions	105	24	0	**129**
Termination of contracts	0	0	0	**0**
31st December 2021	**1,137**	**552**	**339**	**2,028**
Accumulated depreciation and impairments				
1st January 2021	**(603)**	**(276)**	**(155)**	**(1,034)**
Depreciation	(329)	(131)	(68)	**(528)**
Termination of contracts	0	0	0	**0**
31st December 2021	**(932)**	**(407)**	**(223)**	**(1,562)**
Net book value				
31st December 2021	**205**	**145**	**116**	**466**

Depreciation in the financial year 2022 corresponds to €499 thousand (€528 thousand in 2021) and have been recorded in the Statement of Comprehensive Income by € 167 thousand (€199 thousand in 2021) in the Cost of goods sold and by €332 thousand in the Administrative and Distribution Expenses (€329 thousand for 2021).

7. OTHER LONG-TERM RECEIVABLES

The Account "Other Long-term Receivables" is analyzed as follows:

	31.12.2022	31.12.2021
Agents' commission cost	22,456	17,724
Guarantees granted	98	95
Total	**22,554**	**17,819**

The movement of agents' commission cost is presented below:

	2022	2021
Opening balance 01/01	17,724	13,172
Capitalized cost	9,434	7,264
Cost recognized as expenses (see Note 23)	(4,702)	(2,712)
Balance 31/12	**22,456**	**17,724**

(Amounts in Euro thousand, unless stated otherwise)

8. INVENTORY

The Account "Inventory" on December 31st 2022 in the attached financial statements is analyzed as follows:

	31.12.2022	31.12.2021
Fixed assets spare parts	1,704	1,616
Consumables (mainly oil)	3,686	607
Merchandise (natural gas)	25	22
Total	**5,415**	**2,245**

The amount of € 3,079 thousand in "Consumables (mainly oil)" (€ 0 thousand for 2021) concerns oil stock storage in accordance with the amendment of RAE Decision No. 672/2022. The amount of €25 thousand in "Merchandise (natural gas)" (22 thousand for 2021) concerns safety stock of natural gas as a result of a specific obligation set by RAE.

9. TRADE RECEIVABLES

Trade Receivables are analyzed as follows:

	31.12.2022	31.12.2021
Customers– Public Entities (Operators)	26,796	6,023
Customers – Individuals and private companies	285,044	209,270
Post-dated cheques receivable	10,408	8,713
Unbilled receivables - Individuals and private companies	125,384	145,883
Unbilled receivables – Public Entities	15,088	18,301
Impairment loss on trade receivables	(67,354)	(34,811)
Total	**395,366**	**353,379**

The above trade receivables also include receivables from related parties amounting to €8,875 thousand (€8,203 thousand on 31/12/2021).

The receivables, invoiced by public companies include receivables from the Independent Power Transmission Operator (IPTO or ADMIE) of a total value of €788 thousand (€1,597 thousand on 31/12/2021), from the Renewable Energy and Guarantees of Origin Administrator (DAPEEP, former LAGIE) of a total value of € 24,269 thousand (€ 2,263 thousand on 31/12/2021), from the Hellenic Electricity Distribution Network Operator (HEDNO or DEDDIE) of a total value of € 1,585 thousand (€ 455 thousand on 31/12/2021) and receivables from other public entities of a total value of €154 thousand (€1,708 thousand on 31/12/2021). The other receivables concern private customers in the categories of low, medium and high voltage electricity as well as other services.

The Company holds the trade and other receivables aiming at collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Trade and other receivables that are interest free are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, whereas those with a significant financing component are initially recognized at their fair value.

(Amounts in Euro thousand, unless stated otherwise)

Given the application of the simplified approach of the IFRS 9, the Company calculates the expected credit loss always at an amount that represents cash flows shortfalls throughout the lifetime of financial receivables, weighed against the risk of default. Consequently, trade receivables and other short-term receivables are classified either at stage 2 or at stage 3.

To measure the expected credit loss (ECL), trade and other short-term receivables have been grouped based on the credit characteristics and their ageing (days past due) on the reporting date. Measurement of ECL is based on specific credit risk metrics (i.e. Probability of Default-PD, Loss Given Default-LGD), which are calculated based on historical data, existing market conditions as well as forward looking estimates at the end of each reporting period.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit worthiness and solvency and thus to define such customer's credit limits. Credit limits are reviewed on a periodical basis.

There has been no change in the assessment techniques or significant assumptions made for the ECL assessment during the current reporting period.

The following tables depict the credit risk profile of trade receivables and other short-term receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segment, the provision for expected credit loss is based on the days past due status and is not distinguished at a further level.

31 December 2022	**Non-past due balance**	**0-180 days**	**181-365 days**	**365 days and more**	**Total**
Expected credit loss rate	5.07%	16.26%	48.25%	75.66%	14.56%
Expected amount to be collected	307,984	97,214	27,662	29,859	**462,719**
Lifetime Expected credit loss	(15,608)	(15,810)	(13,346)	(22,590)	**(67,354)**
Total	**292,376**	**81,404**	**14,316**	**7,269**	**395,366**

31 December 2021	**Non-past due balance**	**0-180 days**	**181-365 days**	**365 days and more**	**Total**
Expected credit loss rate	4.28%	9.45%	26.27%	67.91%	**8.97%**
Expected amount to be collected	278,950	82,628	7,260	19,354	**388,190**
Lifetime Expected credit loss	(11,951)	(7,810)	(1,907)	(13,143)	**(34,811)**
Total	**266,998**	**74,818**	**5,352**	**6,211**	**353,379**

The Company applies the simplified approach of IFRS 9 in order to calculate the expected credit loss of trade and other short-term receivables, which it classifies either at Stage 2 or at Stage 3.

(Amounts in Euro thousand, unless stated otherwise)

	31.12.2022	
	Stage 2	**Stage 3**
Expected credit loss percentage	10.34%	75.66%
Expected amount to be collected	432,860	29,859
Lifetime Expected credit loss	44,764	22,590

	31.12.2021	
	Stage 2	**Stage 3**
Expected credit loss percentage	5.34%	70.00%
Expected amount to be collected	366,426	21,764
Lifetime Expected credit loss	19,576	15,235

The movement of impairment of trade receivables in the fiscal year is analyzed as follows:

	2022	**2021**
Impairment of trade receivables balance 01/01	**34,811**	**19,306**
Readjusted balance	0	0
Gain / (Loss) from trade receivables impairment (see Note 26)	32,543	15,505
Total impairment 31/12	**67,354**	**34,811**

The Company, in order to safeguard its operations against contingent losses from trade receivables, receives prepayments from its customers. The amount of such prepayments in the year 2022 settled at €19,076 thousand (€140,103 thousand in 2021 - see Note 15).

10. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	31.12.2022	**31.12.2021**
VAT to be refunding	7,528	5,969
Prepaid expenses	6,066	1,707
Other receivables	29,850	3,223
Total	**43,444**	**10,899**

The account Other Receivables mainly include advances paid to suppliers of the amount of €28,472 thousand (€2,678 thousand for 2021).

11. CASH AND CASH EQUIVALENTS

"Other receivables" are analyzed as follows:

(Amounts in Euro thousand, unless stated otherwise)

	31.12.2022	31.12.2021
Cash at hand	14	12
Sight deposits	87,647	49,695
Time deposits	15,000	0
Total	**102,661**	**49,707**

12. PROVISION FOR PERSONNEL INDEMNITIES

According to the Greek labor law, every employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of indemnity depends on the past service time and the salary of the employee on the day of his dismissal or retirement. Employees that resign or are justifiably discharged are not entitled to any indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the amount which would be payable upon dismissal without justifiable cause.

Estimates for staff retirement indemnities were determined through an actuarial study where the Projected Unit Credit Method was used. The tables below present the composition of the expenditure for the relevant provision recognized in the statement of comprehensive income of the year ended on December 31st 2022 and the movement of the relevant provisions account for staff retirement indemnities presented in the attached Statement of Financial Position of the year ended on December 31st, 2022.

The expense for staff retirement indemnities was recognized in the Income Statement and is analyzed as follows:

	2022	2021
Current service cost	29	54
Financial cost (Note 27)	0	0
Cost of terminal benefits	165	0
Recognition of actuarial (profit)/loss	(4)	5
Total	**190**	**59**

The movement of the relevant provision in the Statement of Financial Position is as follows:

	31.12.2022	31.12.2021
Opening Balance	**51**	**37**
Provision recognized in the results for the year	194	54
Provision recognized in other comprehensive income	(4)	5
Benefits paid within the current year	(165)	(45)
Closing Balance	**76**	**51**

The main actuarial assumptions for the fiscal years 2022 and 2021 have as follows:

(Amounts in Euro thousand, unless stated otherwise)

	2022	2021
Discount rate	2.90%	0.60%
Future wage increases	2.50%	1.80%
Inflation	2.80%	1.80%
Movement of salaried / wage-based workers (departure under their own will)	Table 1	Table 1
Mortality	EVK 2000	EVK 2000

Years of Service	Rate of Exit
From 0 to 1 year	1.50%
From 1 to 5 years	1.00%
From 5 to 10 years	0.50%
From 10 years and above	0.00%

13. OTHER PROVISIONS

The Company has formed a provision for the dismantling expenses of the electricity power plant that are expected to occur after the termination of the plant's operation, based on its contractual obligation, the present value of which on 31.12.2022 amounted to €417 thousand (31.12.2021: €379 thousand). The estimated provision is based on the expected cash flows required for fulfilling this obligation at the year end. This provision was increased due to the lapse of one year and there was no change in the amount of the future outflow.

14. SUPPLIERS

The account "Suppliers" is analyzed as follows on December 31st 2022, in the attached financial statements:

	31.12.2022	31.12.2021
Electricity and natural gas suppliers	56,146	110,286
Electricity production suppliers	1,521	1,771
Electricity local portfolio management suppliers	2,504	646
Other suppliers	5,160	2,805
Total	**65,331**	**115,509**

Suppliers mainly include liabilities to the Independent Power Transmission Operator (IPTO or ADMIE) of € 3,535 thousand (€ 7,322 thousand in 2021), the Renewable Energy and Guarantees of Origin Administrator (DAPEEP, former LAGIE) of a total value of € 3,288 thousand (€ 19,584 thousand in 2021), the Athens Stock Exchange Clearing Company SA of a total value of € 1,368 thousand (€ 0 thousand in 2021), the Hellenic Electricity Distribution Network Operator (HEDNO or DEDDIE) of an amount of approximately € 18,445 thousand (€ 39,832 thousand in 2021) and to the Deposits & Loans Fund of an amount of €0 thousand (€1,146 thousand in 2021). Also, the account includes an amount of € 96 thousand that the Company owes to municipalities and which concerns municipal fees, with the corresponding liability of 2021 having settled at € 66,634 thousand. Finally, the account includes an amount of € 23,312 thousand which mainly concerns intra-group liabilities due to a private agreement for the sale of a quantity of Electricity by the Company in accordance with the Hourly Energy Curve for the purposes of hedging the financial risk of participating in the domestic wholesale Electricity market. The above decision was made due to the volatility of settlement prices of the Next Day Market.

(Amounts in Euro thousand, unless stated otherwise)

15. ACCRUED AND OTHER LIABILITIES

The account "Accrued and other Liabilities" is analyzed as follows:

	31.12.2022	**31.12.2021**
Sundry Creditors	37,713	28,770
Customer Advances	19,076	140,103
Other taxes - duties	2,481	2,175
Social security funds	299	262
Unbilled liabilities	0	0
Other short-term payables	2,613	2,211
Accrued Expenses	89,134	91,020
	151,316	**264,542**

“Sundry Creditors” include Municipal duties of €32,768 thousand (€24,226 thousand in 2021) and reciprocal charges paid to ERT of €4,699 thousand (€4,298 thousand in 2021) which the Company collects from low, medium and high voltage customers and pays to Municipalities and ERT respectively It also includes personnel salaries payable of €293 thousand (€293 thousand in 2021) and other various creditors of €47 thousand (€47 thousand in 2021).

Customers Advances include advance payment for the sale of natural gas of €0 thousand (€84,134 thousand in 2021), advance payment from DAPEEP of €0 thousand (€39,172 thousand in 2021) and guarantees received from retail customers of €18,766 thousand (€16,797 thousand in 2021). Accrued Expenses include: Natural Gas accrued cost of €9,454 thousand (€49,319 thousand in 2021), charges from IPTO (ADMIE) of €56,833 thousand (€21,816 thousand in 2021), charges from DAPEEP of €3,467 thousand (€3,854 thousand in 2021), charges from HEDNO (DEDDIE) of €11,844 thousand (€10,814 thousand in 2021), charges from EnExClear (Clearing and Settlement Company) of € 3,891 thousand (€ 2,388 thousand in 2021), charges from agents of €991 thousand (€831 thousand in 2021) and other accrued expenses of €2,529 thousand (€4,386 thousand in 2021).

16. LIABILITIES FROM LEASES

On December 31st 2022 and December 31st 2021, liabilities from leases in the attached financial statements are analyzed as follows:

(Amounts in Euro thousand, unless stated otherwise)

2022	**Long-term part**	**Short-term part**
Balances 01/01	244	212
Liabilities under new contracts	1,322	0
Transfer of short-term part of long-term liabilities	(680)	680
Outflows / (payments) for capital	0	(469)
Interest payments	0	(69)
Interest for the period	0	69
Balances 31/12	**886**	**423**

2021	**Long-term part**	**Short-term part**
Balances 01/01	358	493
Liabilities under new contracts	129	0
Transfer of short-term part of long-term liabilities	(243)	243
Outflows / (payments) for capital	0	(524)
Interest payments	0	(33)
Interest of the period (note 26)	0	33
Balances 31/12	**244**	**212**

The repayment period of the liabilities from financial leases is analyzed in the following table:

	31.12.2022	**31.12.2021**
Up to 1 year	423	212
2-5 years	886	244
Over 5 years	0	0

17. LOAN LIABILITIES

LONG-TERM LOAN LIABILITIES

The Company received within the financial year under consideration, i.e. on July 1st, 2022, a loan of 100 million euros from the affiliated company "HERON II THERMOELECTRIC STATION VOIOTIA SA". There have been already 7 disbursements made, amounting to 5, 20, 20, 10, 25, 10 and 10 million Euros, which took place on July 4, 2022, August 3, 2022, August 8, 2022, August 19, 2022, August 29, 2022, September 1 and September 12, 2022 respectively.

Also, during the financial year, i.e. on February 11, 2022, the Company received a loan of 60 million Euros from "GEK TERNA HOLDING, REAL ESTATE AND CONSTRUCTION COMPANY SOCIETE ANONYME" and "TERNA TOURISM, TECHNICAL AND SHIPPING COMPANY SOCIETE ANONYME". During the financial year, part of the above loan was repaid, i.e. in the amount of € 7.5 million.

(Amounts in Euro thousand, unless stated otherwise)

The following table presents the movement of long-term loans in the period:

	2022	2021
Balances 01/01	**30,000**	**0**
Outflows / (payments) for capital	152,500	30,000
Interest for the period (Note 27)	5,221	110
Payments of interest for the period	(3,602)	0
Transfer from / (to) other short-term liabilities	0	(110)
Balances 31/12	**184,118**	**30,000**

<u>The basic terms and elements of the new loans are summarized as follows:</u>

Intragroup Loan of € 100 million with "HERON II THERMOELECTRIC STATION VOIOTIA LIMITED LIABILITY COMPANY".

1. Maturity of bonds and full repayment of the loan has been set on 31/12/2025 with the option of two six-month extensions.

2. There is a fixed interest rate for the entire duration of the loan set at 4.3%.

3. The interest will be paid every six months.

Intragroup Loan of € 60 million with "GEK TERNA HOLDING, REAL ESTATE AND CONSTRUCTION COMPANY SOCIETE ANONYME" and "TERNA TOURISM, TECHNICAL AND SHIPPING COMPANY SOCIETE ANONYME".

1. Maturity of bonds and full repayment of the loan has been set on 31/12/2024.

2. There is a fixed interest rate for the entire duration of the loan set at 4.3%.

3. The interest will be paid every calendar year

Within March 2023, the Company repaid an intra-group loan of €30 million that it had received within the financial year 2021 from the company "TERNA TOURISM, TECHNICAL AND SHIPPING COMPANY SOCIETE ANONYME".

SHORT-TERM LOAN LIABILITIES

The Company received a new short-term loan of 50 million Euros during the year from a credit institution, with compounding interest period of six months based on a Euribor rate equal to the duration of the compounding interest period, plus a margin of 2.40% with the option of reduction to 2.15%.

Within the financial year 2022, and specifically in September 2022, the Company received a new short-term loan of € 30 million from a credit institution and then the following month the entire amount of € 30 million was duly repaid.

(Amounts in Euro thousand, unless stated otherwise)

The following table presents the movement of short-term loans in the period:

	2022	2021
Balances 01/01	**12,000**	**9,000**
Outflows / (payments) for capital	50,000	3,000
Interest for the period (Note 27)	1,648	541
Payments within the period	(931)	(541)
Transfer from / (to) other short-term liabilities	0	0
Balances 31/12	**62,717**	**12,000**

18. SHARE CAPITAL

The Share Capital of the Company amounts to two million four hundred and sixteen thousand one hundred Euros (€2,416,100.00) and is divided into forty eight thousand three hundred and twenty two (48,322) ordinary registered shares, with a nominal value of 50 Euros (€50.00) per share.

GEK TERNA HOLDINGS, REAL ESTATE, CONSTRUCTIONS S.A., is a listed company in the Athens Exchange, Greece, and holds 100% of the share capital of the Company (48,322 shares).

19. RESERVES

The Company's reserves at the end of the financial year are analyzed to a statutory reserve of amount of €805 thousand (€805 thousand in year 2021) and a reserve from actuarial cases of €6 thousand (€3 thousand, which is the revised amount for the financial year 2021).

	Ordinary Reserve	Reserves of actuarial income / losses from defined benefit plans	Total
1st January 2022	**805**	**3**	**808**
Other comprehensive income	-	3	3
31st December 2022	**805**	**6**	**811**

	Ordinary Reserve	Reserves of actuarial income / losses from defined benefit plans	Total
1st January 2021	**805**	**7**	**812**
Other comprehensive income	0	(4)	(4)
31st December 2021	**805**	**3**	**808**

The formation of statutory reserve is being determined by the Law 4548/2018 and is obligatory up to the level of one third (1/3) of the paid-up share capital. The purpose of this reserve is to offset future losses.

(Amounts in Euro thousand, unless stated otherwise)

The formation of such reserves is recognized by a decision of the annual general meeting based on after-tax profit at a rate of 5%.

20. INCOME TAX

With the enactment of Law 4799/2021 which amended paragraph 1 of article 58 of Law 4172/2013, the tax rate imposed on the income of legal entities in Greece for the year 2022 was set at 22%, which is the same as the previous year 2021.

The effective tax rate is different from the nominal rate. Several factors affect the calculation of the effective tax rate, the most important of which being the non-tax deductibility of certain expenses, changes in income tax rate and the ability of companies to set up tax-free discounts and tax-free reserves.

(α) Income tax expense

The income tax in the statement of comprehensive income is analyzed as follows:

	2022	**2021**
Current income Tax	32,647	0
Tax adjustments of previous years	4	(82)
Deferred Tax	(6,035)	(6,150)
Total	**26,616**	**(6,232)**

The reconciliation of the actual income tax for the year and the accounting profit multiplied by the applicable tax rate is presented below.

	2022	**2021**
Earnings/(loss) before taxes	**91,768**	**(28,282)**
Nominal Tax Rate	**22%**	**22%**
Income Tax Expense / (Income) based on applicable nominal tax rate	**20,189**	**(6,222)**
Adjustments attributed to:		
Expenses not included in the tax calculation	0	0
Tax adjustments of previous years	926	(82)
Effect of net temporary taxable differences for which no Deferred tax is recognized	5,279	0
Effect of permanent tax differences	222	10
Effect of change in the tax rate	0	62
Actual tax expenditure	**26,616**	**(6,232)**
Effective tax rate	29.00%	-22.04%

Tax return statement is submitted annually. The Company has been audited by the tax authorities until the year 2009. Due to POL (Joint Ministerial Decision) 1154/2017, POL 1191/2017, POL 1192/2017, POL

(Amounts in Euro thousand, unless stated otherwise)

1194/2017 and POL 1208/2017, the Governor of the Independent Public Revenue Authority issued directions on the uniform application of what was accepted from the decisions of the Council of the State (CoS) 1738/2017, CoS 2932/2017, CoS 2934/2017 and CoS 2935/2017, as well as the no. 268/2017 Opinion of the State's Legal Council. From the aforementioned decisions a five-year limitation period on the basis of the general rule – is provided for, for the fiscal years from 2012 and onwards, as well as for the fiscal years that the Code of Tax Procedure – CTP (from 2015 onwards), except for the specific exceptions specified in the relevant provisions of CTP.

Consequently, and in accordance with the provisions of POL 1192/2017, the right of the State to charge a tax up to and including the fiscal year 2015 is time-barred unless the specific provisions on 10-year, 15-year and 20-year lapse periods apply.

Tax compliance certificate – Tax compliance report

For the fiscal years 2011-2012-2013, the Company is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 82 par. 5 of L. 2238/1994 (MD 1159/26/7/2011), whereas for the years 2014, 2015, 2016, 2017, 2018, 2019 and 2020 the Company is subject to the tax audit by Certified Auditors Accountants as defined by the provisions of article 65A, par. 1, Law 4174/2014 (Min. Dec. 1124/22/6/2015). Within the fiscal year, the Company received tax audit orders from the competent tax authorities for the fiscal years 2017 and 2018, which is in progress until the date of the Financial Statements. Apart from that, the finalization of the tax audit from the Ministry of Finance is pending for the other fiscal years.

For the years 2021 and 2022, the Company has been subject to the tax audit of the Certified Auditors Accountants provided by the provisions of article 65A, paragraph 1 of Law 4174/2013 (POL 1124/22/6/2015). The 2021 audit is in its final stages of completion while the FY 2022 audit is ongoing and the corresponding tax certificates are expected to be issued after the publication of the respective FY 2022 financial statements.

The Company's tax liabilities for these years have not been finalized and therefore additional contingencies may arise when the relevant tax audits are carried out.

The Management estimates that the taxes which may arise from the audit by the tax authorities will not have a material effect on the Financial Statements.

(b) Deferred tax

Deferred income tax is calculated using all temporary tax differences between the book value and the tax value of assets and liabilities. Deferred income tax is calculated by using the expected applicable tax rate at the time the tax asset/liability will mature.

	31.12.2022	31.12.2021
Net deferred tax asset/(liability)	**12,712**	**6,677**
Opening balance	**6,677**	**527**
(Expense) / Income recognized in the net earnings	6,036	6,148
(Expense) / Income recognized in other comprehensive income	(1)	1

(Amounts in Euro thousand, unless stated otherwise)

Closing Balance	**12,712**	**6,677**

The deferred tax assets and liabilities for the fiscal years 2022 and 2021 are analyzed as follows:

	01/01/2022	Net profit (Debit) / Credit	Other comprehensive income (Debit) / Credit	31/12/2022
Deferred tax asset				
Expensing of intangible fixed assets	130	76	0	206
Recognized tax losses	5,104	(5,104)	0	0
Provision for staff retirement indemnities	10	7	(1)	16
Recognition of restoration provisions	83	0	0	83
Other provisions (accrued income, impairment of receivables)	1,425	5,004	0	6,429
Accrued expenses	1,051	6,487	0	7,538
Leases	3	4	0	7
Difference from valuation of derivatives	19	(860)	0	(841)
Deferred tax liability				
Depreciation differences	(1,148)	422	0	(726)
Net deferred tax asset/(liability)	**6,677**	**6,036**	**(1)**	**12,712**

	01/01/2021	Net profit (Debit) / Credit	Other comprehensive income (Debit) / Credit	31/12/2021
Deferred tax asset				
Expensing of intangible fixed assets	73	57	0	130
Recognized tax losses	0	5,104	0	5,104
Provision for staff retirement indemnities	8	1	1	10
Recognition of restoration provisions	83	0	0	83
Other provisions (accrued income, impairment of receivables)	1,396	29	0	1,425
Accrued expenses	569	482	0	1,051
Leases	6	(3)	0	3
Difference from valuation of derivatives	0	19	0	19
Deferred tax liability				
Depreciation differences	(1,607)	459	0	(1,148)
Net deferred tax asset/(liability)	**527**	**6,148**	**1**	**6,677**

21. ASSETS AND LIABILITIES FROM DERIVATIVES

(Amounts in Euro thousand, unless stated otherwise)

Information on the Company's derivatives on 31.12.2022 and 31.12.2021 is presented below:

	31.12.2022	**31.12.2021**
Receivables from derivatives *- Hedging against fair value change*		
Fixed for floating swap contracts for sale of electricity to TERNA ENERGY (Note 21.1)	13,516	5,392
Fixed for floating swap contracts for sale of electricity to third parties (Note 21.1)	6,346	0
Electricity forward contracts (Note 21.2)	15,659	1,569
Natural gas forward contracts (Note 21.2)	4,248	0
Total Assets from Derivatives	**39,769**	**6,961**
-Long-term receivables from derivatives	*14,419*	*0*
- Short-term receivables from derivatives	*25,350*	*6,961*

	31.12.2022	**31.12.2021**
Liabilities from derivatives		
- Hedging against fair value change		
Fixed for floating swap contracts for sale of electricity to TERNA ENERGY (Note 21.1)	0	228
Fixed for floating swap contracts for sale of electricity to third parties (Note 21.1)	8,253	6,385
Electricity forward contracts (Note 21.2)	13,483	0
Natural gas forward contracts (Note 21.2)	14,214	436
Total Liabilities from Derivatives	**35,950**	**7,049**
-Long-term receivables from derivatives	*6,959*	*2,290*
- Short-term receivables from derivatives	*28,991*	*4,759*

All the above financial instruments are measured at their fair value (see Note 3.I.o).

More specifically within the financial year 2022, from the above derivatives a total loss of €3,908 thousand (31.12.2021: total loss of €88 thousand) was recognized in the Statement of Comprehensive Income due to changes in fair value, which is included in "Net financial income/(expenses)" as analyzed in Note 27 in the line "Valuation result from derivatives". Moreover, the cost for the servicing of derivatives of the amount of €13,168 thousand is depicted in the Revenue of the Statement of Comprehensive Income (31.12.2021: 5,567 thousand).

More analytically:

21.1. Fixed for floating swap contract HERON EN.A with TERNA ENERGY and to third parties / conclusion of long-term power purchase agreements (PPA) with RES producers

On 25/01/2021, the Company, in collaboration with TERNA ENERGY S.A. introduced in the Greek market the plan "HERON EN.A", an integral part of which is the agreement with TERNA ENERGY S.A. to sell the production of Renewable Energy Sources (RES) to HERON ENERGY for 25 years. In addition, on 20/09/2021, HERON ENERGY S.A. started to implement the first RES-generated electricity long-term sale and purchase agreements with final consumers and in this context it concluded with TERNA ENERGY the "HERON EN.A BUSINESS", through which, TERNA ENERGY S.A. has agreed upon the sale of RES output to HERON ENERGY S.A. for 20 years. Based on the above agreements, the Company will be paying fixed cash flows from the EN.A plan to TERNA ENERGY S.A., while it will be receiving floating cash flows (Proxy Market Revenues) from TERNA ENERGY S.A. (fixed for floating swap contract).

Respectively, in the context of the plans "HERON EN.A" and "HERON EN.A BUSINESS", the Company receives from the contracted energy consumers fixed cash flows while it pays to them the floating cash flows (Proxy Market Revenues) it receives under the respective agreements with TERNA ENERGY SA. The Company offers its customers who are under contract in the above programs a fixed energy cost in the form of discounts in their final bill (fixed for floating swap contract). The term of the plan "HERON EN.A" between the Company and the final consumers is set at 20 years, with the Company's option to further extend them, while for "HERON EN.A BUSINESS" plan the relevant agreements between the Company and large energy consumers based on the typical form of virtual power purchase agreements, VPAA) have a suggestive term of 7 years.

At the same time, within the financial year of 2022, the Company proceeded to conclude long-term power purchase agreements (PPA) with third-party RES producers. These agreements concern energy that will be produced by new photovoltaic plants that are to be built and placed into commercial operation within the years 2023 and 2024, with the agreements contributing essentially to the financing of the plants. For the Company, these agreements further strengthen its leading role in the new era of PPAs in the Greek market and ensure the supply of green energy, as well as the related Guarantees of Origin, with predictable fixed costs over a long time horizon that reaches up to 12 years. With regard to the Company, the agreements will form the basis for offering relevant green programs and long-term VPPAs to end consumers in the coming years.

During the year 2022, from the above-mentioned derivatives, a total gain of €12,830 thousand was recognized in Statement of Comprehensive Income from changes in fair value, which is included in "Financial income / (expenses)".

21.2. Natural gas and electricity forward contracts

In the context of its operation in the financial year 2022, the Company has entered into forward contracts for the sale and purchase of natural gas and electricity either for hedging risks from differences in prices in the market or for gaining profit. More specifically, the majority of the relevant contracts concerns hedging risk from differences in price of natural gas and of electricity so as to minimize the relevant financial risk that relates to the purchase cost of natural gas and electricity for the purposes of the procurement and availability of such commodities to final customers. These transactions support either the direct offer of a fixed natural gas and electricity price to final customers who distinctively wish to be protected against the fluctuations of the wholesale market and undertake respective commitments for remaining in relevant fixed price contracts or these transactions take place so as to stabilize and potentially reduce the average wholesale cost for the purchase of energy of the overall supply portfolio, supporting the creation of relevant competitive products for final consumers.

(Amounts in Euro thousand, unless stated otherwise)

From August 2022 onwards, a new regulatory framework was introduced regarding the obligation of suppliers to offer low voltage programs with a predetermined price and a validity of one (1) month, which are publicly announced by the 20th day of the previous month and have superseded the previous price offer mechanism with an adjustment clause. In this context, a number of hedging transactions are carried out by the Company through electricity and natural gas forward contracts, so that the price offered to consumers is as cost-oriented as possible and with the least financial risk for the Company, especially in the event of abrupt or unexpected in international energy prices. To a lesser extent, the conclusion of forward contracts for the purchase and sale of electricity and natural gas supports the activity of electricity trading, allowing the stabilization of the cost of purchasing or selling energy when the Company wishes to submit competitive offers to sell or buy energy respectively.

Within the financial year 2022, from the above-mentioned derivatives, a total valuation loss of €8,921 thousand was recognized in the results of the financial year from changes in fair value, which is included in the item "Net financial income/(expenses)".

22. REVENUE

Analysis per category	**2022**	**2021**
Revenue from electricity trade	1,629,258	744,592
Revenue from electricity production	6,171	23,245
Revenue from natural gas	659,472	280,025
Other Income	0	5
Total	**2,294,901**	**1,047,867**

Breakdown per customer category	**2022**	**2021**
Public entities	747,328	29,238
External customers	1,120,043	837,719
Affiliated companies	427,530	180,910
Total	**2,294,901**	**1,047,867**

The amount of Total Revenue concerns transfer of goods which take place at a given time.

23. COST OF GOODS SOLD, ADMINISTRATIVE AND DISTRIBUTION EXPENSES

On December 31st, 2022, the cost of goods sold, administrative and distribution expenses presented in the attached Financial Statements are analyzed as follows:

Cost of goods sold	**2022**	**2021**
Cost of services and purchase of Electricity	1,445,046	741,162
Electricity trade cost	42,269	6,822
Capitalized agents' costs	4,702	2,712

(Amounts in Euro thousand, unless stated otherwise)

Depreciation	3,998	3,764
Personnel cost	3,792	4,910
Diesel/Natural gas	641,966	290,534
Other expenses	2,442	1,375
Total	**2,144,215**	**1,051,279**

Cost of Services and Purchase of Electricity amounted to €1,445,046 thousand in 2022 and included mostly charges from IPTO for the amount of €60,681 thousand (2021: €29,913 thousand), from DAPEEP for the amount of €42,373 thousand (2021: €47,129 thousand) and from the EnEx for the amount of €1,129,566 thousand (2021: €491,117 thousand). Finally, it included charges from HEDNO (Hellenic Electricity Distribution Network Operator – DEDDIE) for the amount of €163,940 thousand (2021: €171,220 thousand).

Administrative and selling expenses

	2022	**2021**
Professional fees	9,072	6,064
Personnel cost	4,624	1,571
Taxes – duties	53	52
Promotion and advertising expenses	5,461	4,852
Telecom expenses	1,020	1,193
Depreciation	399	389
Auditors' fees	63	41
Other expenses	1,165	519
	21,857	**14,681**

24. PERSONNEL COST

The expenses for personnel on December 31st, 2022, are analyzed as follows:

	2022	**2021**
Personnel salaries and benefits	7,112	5,335
Social security fund contributions	1,274	1,092
Provision for staff retirement indemnities	29	54
Total Expenses	**8,415**	**6,481**

Total personnel cost for the year 2022 amounted to €8,415 thousand (€6,481 thousand in 2021) and is recorded in the Financial Statements by the amount of €3,792 thousand (€4,910 thousand in 2021) in the Cost of goods sold and by the amount of €4,624 thousand (€1,571 thousand in 2021) in the Administrative and Distribution Expenses (see Note 23).

(Amounts in Euro thousand, unless stated otherwise)

25. AUDITORS' FEES

	2022	2021
Fees for statutory audit	43	34
Fees for tax compliance audit	18	18
Fees for eligible non-audit services	2	0
	63	**52**

26. OTHER INCOME/(EXPENSES)

On December 31st 2022, the Other Income/(Expenses) presented in the attached Financial Statements are analyzed as follows:

	2022	2021
Other Income:		
Default interest for delayed customer payments	3,501	1,092
Income from leases	185	145
Other revenues	4,187	6,163
	7,873	7,399
Other Expenses:		
Taxes - duties	(2)	(39)
Provision for doubtful receivables (Note 9)	(34,784)	(15,505)
Other expenses	(897)	(303)
	(35,683)	(15,847)
Total Income /(Expenses)	**(27,810)**	**(8,448)**

27. FINANCIAL INCOME/(EXPENSES)

On December 31st 2022, the Financial Income/(Expenses) presented in the attached Financial Statements are analyzed as follows:

	2022	2021
(A) Financial Income:		
Interest on bank deposits	0	0
	0	**0**

(B) Financial Expenses:	2022	2021
Interest and charges for short-term financing	(1,648)	(431)
Interest and charges for long-term financing	(5,221)	(110)

(Amounts in Euro thousand, unless stated otherwise)

Lease interest	(69)	(33)
Commissions on letters of guarantee and bank expenses	(2,192)	(1,044)
Default interest for delayed customer payments	(3,993)	0
Discounting expense relating to provision for dismantlement of machinery equipment	(37)	(34)
	(13,160)	**(1,652)**
(C) Results from derivatives' valuation:		
Profit from valuation of derivatives at fair value	3,908	0
Losses from valuation of derivatives at fair value	0	(88)
	3,908	**(88)**
Financial income / (expenses) (A) + (B) + (C)	**(9,252)**	**(1,741)**

28. TRANSACTIONS WITH RELATED PARTIES

The Company's Transactions and Balances with related parties for the financial years 2022 and 2021 are analyzed as follows:

2022	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
HERON II VOIOTIA SA (trading of electricity and natural gas)	495,042	0	2,826	983
HERON II VOIOTIA SA (Borrowing)	0	1,618	0	101,618
HERON II VOIOTIA SA (Hedging of risk)	24,416	21,992	0	23,312
HERON II VOIOTIA SA (administrative services)	732	548	908	1,613
HERON II VOIOTIA SA (other services)	55	0	68	0
HERON II VOIOTIA SA (leases)	55	0	57	0
Affiliated company of GEK TERNA Group (trading of electricity and natural gas)	33,495	22,403	12,542	732
Affiliated company of GEK TERNA Group (Borrowing)	0	3,602	0	82,500
Affiliated company of GEK TERNA Group (other services)	107	159	474	49
Total	**553,902**	**50,322**	**16,875**	**210,807**

(Amounts in Euro thousand, unless stated otherwise)

2021	**Sales**	**Purchases**	**Debit balance**	**Credit balance**
Jointly controlling companies- GEK TERNA Group (Electricity Sale)	12,811	4,000	4,491	802
Jointly controlling companies - GEK TERNA Group (administrative support services)	767	424	951	933
Jointly controlling companies - GEK TERNA Group (purchase of other support)	544	352	954	1
Jointly controlling companies - GEK TERNA Group (leases)	53		55	
Jointly controlling companies - GEK TERNA Group (Natural gas and CO_2 emission rights)	166,640	982	331	85,118
Jointly controlling companies - GEK TERNA Group (borrowing)	-	110	-	30,000
Jointly controlling companies - ENGIE Group (administrative support services)		319		47
Jointly controlling companies - ENGIE Group (maintenance services)		33		1
Jointly controlling companies - ENGIE Group (Electricity and CO_2 emission rights)	1,459	41,540	1,421	328
Total	**182,274**	**47,760**	**8,203**	**117,230**

Remuneration paid to the members of the Board of Directors and top executives of the Company: The remuneration paid to the members of the Board of Directors and top executives of the Company which were recognized on December 31st 2022 and 2021 have as follows:

	2022	**2021**
Fees for services received	380	611

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activity is exposed to various risks and uncertainties, such as the macroeconomic uncertainty, the change of the legislative framework with respect to the operation of the energy production plants, market risk, credit risk and liquidity risk, as well as the uncertainty of the effects of extraordinary events (COVID-19) which may have a prolonged and unanticipated duration.

1) Financial risks

In order to deal with financial risks, the Company has established a management plan which aims at mitigating the negative impact on the financial results of the Company which derives from the inability to foresee the course of money markets and the fluctuation in sales cost variables.

The financial products used by the Company mainly consist of bank savings, long-term mostly, but also of short-term loans, trade debtors and creditors, other accounts receivables and accounts payable. The effect of the major risks and uncertainties on the Company's activity is analyzed below.

(Amounts in Euro thousand, unless stated otherwise)

In order to deal with the results of COVID-19 that was an extraordinary event, the Company implemented a band of measures aiming at the protection of the Company's personnel and the minimization of the economic consequences that derived from the preventive measures adopted by the Greek State.

Credit Risk

Almost all trade receivables and other receivables derive from the wider public sector, which represents the major energy authorities. Consequently, the relevant credit risk is deemed to be negligible with respect to the main activity of the Company (electricity generation) and the natural gas and electricity market regulations. The same applies for short-term financial assets (cash), since its counterparties are banks whose credit rating by widely recognized foreign credit rating agencies is deemed satisfactory.

Credit risk for cash, as well as for all other receivables is deemed limited, given that the counterparties are Banks with high quality capital structure, the Hellenic Republic or entities of the wider public sector or strong business Groups.

	31.12.2022	**31.12.2021**
Other long-term receivables – Guarantees granted (Note 7)	98	95
Trade receivables (Note 9)	395,366	353,379
Other receivables (Note 10)	29,850	3,223
Cash and cash equivalents	102,661	49,707
Total	**527,975**	**406,404**

Foreign exchange risk

Foreign exchange risk is the risk that arises when the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in exchange rates. This type of risk may arise from foreign exchange differences in the valuation of financial assets, mainly receivables and financial liabilities, from transactions denominated in a currency other than the Company's operating currency, which is the Euro.

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

Interest rate risk

Interest rate risk is the probability that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market interest rates.

Bank loans are denominated in Euros and are subject to floating interest rates. The Company has not entered into interest rate hedging contracts. Regarding the Subordinated Bond Loan of Shareholders, since it is based on fixed interest rate, there is no risk emanating from interest rate changes. The Company's Management monitors and evaluates the evolution of interest rate fluctuations and every time makes sure that it will take, if necessary, the appropriate measures to minimize the risks.

(Amounts in Euro thousand, unless stated otherwise)

Market risk analysis

During its activity in the market, the Company generates and supplies with Electricity the Market and Energy System Operator (Hellenic Energy Exchange). Fluctuation of the prices of main goods and fundamentals that affect the electricity generation cost is occasionally rather high and directly linked with both the global trends, e.g. gas prices, carbon dioxide option prices, as well as with local-national conditions, such as changes in demand in times of crisis or economic recovery, and are greatly influenced by regulatory changes in market planning. At the same time, the shaping of sale prices of both energy and services for the market operator and for the system administrator, respectively, is dictated by the conditions of market competition, mainly in the context of short-term energy and equilibrium markets. In the context of the futures market, the formation of energy sale prices can take the form of a variable sale price based on the purchase cost plus a bonus or a fixed price. In the above context, the Company analyses its exposure to the ever changing prices of electricity market in relation to the selling prices agreed with its customers and based on the conditions of competition in short-term energy and equilibrium markets, and develops a dynamic risk hedging strategy through the various tools available (indicatively: forward contracts for the sale of energy and the purchase of natural gas at a fixed price for long periods of months or one year, financial dispute agreements for individual market prices/costs, direct participation in the carbon dioxide options market, etc.).

Liquidity risk analysis

The Company manages its liquidity risks by carefully monitoring its financial liabilities as well as the payments taking place on a daily basis. The liquidity needs are monitored in various time zones, on a daily and weekly basis as well as in a rolling 30-day period. The liquidity needs for the following 6 months and the year to follow are specified on a monthly basis.

The Company maintains sufficient cash reserves in banks to cover liquidity needs for a period of up to 30 days.

	0 to 12 months	1st -5th year	After the 5th year
Long-term loans	0	182,500	0
Short-term loans	62,717	0	0
Lease liabilities	423	886	0
Suppliers	65,331	0	0
Accrued and other liabilities	126,847	0	0
Total	**255,318**	**183,386**	**0**

The respective maturity of the financial liabilities on December 31st, 2021 is analyzed as follows:

	0 to 12 months	1st -5th year	After the 5th year
Long-term loans	0	30,000	0
Short-term loans	12,000	0	0
Lease liabilities	212	244	0

(Amounts in Euro thousand, unless stated otherwise)

Suppliers	115,509	0	0
Accrued and other liabilities	119,789	0	0
Total	**247,510**	**30,244**	**0**

30. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

Financial assets and financial liabilities on the date of the Financial Statements can be classified as follows:

	31.12.2022	31.12.2021
Non-current Assets		
Other long-term financial receivables at amortized cost	98	95
Total	**98**	**95**
Current Assets		
Trade receivables at amortized cost	395,366	353,379
Other financial receivables at amortized cost	29,850	3,223
Bank deposits	102,661	49,707
Total	**527,877**	**406,309**
Non-current liabilities		
Long-term Loans	182,500	30,000
Liabilities from leasers at amortized cost	866	244
Total	**183,366**	**30,244**
Current Liabilities		
Suppliers at amortized cost	65,331	115,509
Accrued and other liabilities at amortized cost	126,847	119,789
Short-term loans at amortized cost	62,717	12,000
Liabilities from leases at amortized cost	423	212
Total	**255,318**	**247,510**
Financial liabilities at amortized cost	**438,684**	**277,754**

31. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The objectives of the Company in relation to capital management are the following:

- To ensure its ability to continue its operation (going-concern) and
- To ensure a satisfactory return for its shareholders, by pricing products and services proportionally to the risk level undertaken.

The Company specifies the level of capital proportionally to the risk of activities, monitors developments in the economic environment and their effect on risk characteristics, manages capital structure (debt to equity ratio), the issuance of new shares or the capital repayment to the shareholders, the adjustment of dividends payable and/or the sale of individual assets or groups of assets.

32. EXISTING ENCUMBRANCES AND OTHER LIENS

Contingent liabilities for letter of guarantees assuring the good performance and operation of the Company amount to €78,757 thousand (€49,667 thousand in 2021). There are no liens or other encumbrances written on the Company's assets.

33. COMMITMENTS AND CONTINGENT LIABILITIES

In the context of the performance of its operations, the Company may have to face possible litigations initiated by third parties. According to the Management and the Director of the Legal Department of the Company, any such claims are not expected to materially affect the operation and the financial position of the Company on December 31st, 2022.

A. Litigation with the IPTO – Independent Power Transmission Operator (ADMIE)

8. The Company had filed on 23/11/2016 a lawsuit against IPTO S.A. at the Multimember Court of First Instance of Athens, requesting the payment of unpaid or late payment invoices (as per principal amount) as well as default interest of the above-mentioned invoices, which IPTO owed to the Company. More specifically, the Company raised a claim against IPTO S.A. (Independent Power Transmission Operator) based on the obligations arising from Code of Management of the Power Transmission System (System Management Code of SMC). These invoices were issued from October 2011 to May 2015.
9. The amounts claimed had as follows: €7,851,652.64 for principal and €1,634,691.37 (if the SMC applies) or €1,826,483 (where the Civil Code applies) or 1,647,888 (if the provisions of commercial transactions apply) for default interest and €1,215,461 as compensation for material damage incurred to the Company according to the lawsuit.
10. The decision No 1121/2018 of the Court which was issued on 23/3/2018 and presented to the Company on 29/5/2018 dismissed the Company's lawsuit.
11. The Company filed on 28/6/2018 the Appeal with General Filing No 63282/2018 and Special Filing No 4251/2018 against the above-mentioned Decision.
12. The Company's appeal was heard on 10/10/2019. The Decision 2799/2020 of the Athens Court dismissed the Company's Appeal.
13. On 30.07.2020 the Company filed an appeal against IPTO (ADMIE) SA before the Supreme Court as well as against the decision No. 2799/2020 of the Three-Member Court of Appeal of Athens.
14. Pursuant to the above Judgement No 2799/2020, the Company's appeal for the elimination of the Judgement No 1121/2018 was dismissed. The Appeal was founded on the Company's claim against IPTO for the services the company rendered and for the injection of energy in the system in the context of the provision of these services. The main grounds of the cassation were the following:

vi. The Judgement ruled that IPTO is not considered to be the counterparty and is not obligated to discharge the obligations of the relevant defaulting Participant via its own sources, while it accepted that the Company concluded a Management Transactions Agreement with IPTO.

vii. The Judgement violated the provisions of Law 4001/2011 as well as of the Electricity System Management Code, given that the said provisions stipulate the self-existent obligation of IPTO to settle the amounts owed to the Participants in the System for the services rendered to it as ordered, without any term or condition and regardless if the other Participants in the System have previously settle the amounts owed by them for the services offered.

viii. The Judgement was erroneously based on the non-existence of the independent obligation of IPTO in relation to the adjudication of IPTO's default since the said obligation is not conditional upon the prior collection of any amounts owed to it by the defaulting Participants.

ix. The Judgement refers to the provisions of Law 4425/2016, which however were introduced after the generation of the Company's claims and these provisions introduced a legislative regime which was different than the one introduced by Law 4001/2011.

x. The Judgement violates the provisions of articles 330, 340, 341 and 342 of the Civil Code, by accepting that there was no *under trial* obligation and thus, no *under trial* debt of IPTO and consequently the latter was not in default.

The above Appeal of the Company was heard on 21.02.2022 before the A1 Department of the Supreme Court and the Decision No. 1589/2022 of the Supreme Court was issued with a ruling "Rejected", which, however, has not yet been notified to the Company.

B. Lawsuit of HERON against HEDNO – Hellenic Electricity Distribution Network Operator (Multi-member Court of First Instance of Athens)

1. On 9.06.2020 the Company filed a lawsuit in front of the Multimember Court of First Instance of Athens against the company Hellenic Electricity Distribution Network Operator (HEDNO) with the following claims:

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

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

2. HEDNO proceeded at the invitation of the independent Authority RAE (Regulatory Authority for Energy) and the company IPTO S.A.
3. On 19.10.2020 the parties filed their pleadings and on 3.11.2020 the Addendum to the Pleadings. In the said Addendum, the Company reformed its request to €1,362,751.03 and in any case, not less than €850,892.49.
4. The case was judged on 10/2/2022 and the Judgement of the Multimember Court of First Instance of Athens is pending, however the issue date cannot be specified with certainty.

34. EVENTS AFTER THE REPORTING DATE OF THE STATEMENT OF FINANCIAL POSITION

From 01.01.2022 until the date of approval of the attached financial statements, the following important events occurred:

From 01/01/2023 a special levy of 5% was imposed on the basic natural gas configuration index (Title Transfer Facility_Month Ahead - TTF_MA). On the other hand, the domestic authorities abolished the special levy of 10 euros for each thermal MWh consumed by power generation units with natural gas fuel that had been imposed from November 2022.

Apart from the above, until the date of preparation of this report, no other important event has taken place.

35. ANNEX I – SEGREGATED FINANCIAL STATEMENTS OF THE INTEGRATED COMPANY OF PRODUCTION AND SUPPLY OF ELECTRICITY

HERON ENERGY SOCIETE ANONYME

SEGREGATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY

31/12/2022

(Amounts in € thousand)	ENERGY GENERATION	ENERGY SUPPLY	NATURAL GAS SUPPLY	OTHER	COMPANY TOTAL
ASSETS					
Non-Current Assets	**8,867**	**55,481**	**645**	**- 2,308**	**62,685**
Tangible Assets	8,855	179	216	348	9,598
Intangible Assets	6	1,898	208	2	2,114
Right-of use assets	4	943	64	277	1,288
Receivables from derivatives	0	14,419	-	-	14,419
Other Long-term Receivables	20	22,523	2	9	22,554
Deferred tax assets	(18)	15,519	155	(2,944)	12,712
			-	-	
Current Assets	**4,639**	**547,778**	**191,496**	**- 171,677**	**572,236**
Inventory	5,391	23	-	1	5,415
Trade and Other Receivables	2,770	394,106	28,584	13,350	438,810
Income tax receivables	-	-	-	-	-
Short-term part of receivables from derivatives	-	7,648	- 216	17,918	25,350
Cash and Cash Equivalents	(3,522)	146,001	163,128	(202,946)	102,661
TOTAL ASSETS	**13,506**	**603,259**	**192,141**	**- 173,985**	**634,921**
EQUITY					
Share Capital	1,016	700	700	-	**2,416**
Share premium-based difference paid-up	-	-	-	-	**-**
Reserves	805	5	-	1	**811**
Results carried forward	37,127	33,108	14,598	9,415	**94,248**

(Amounts in Euro thousand, unless stated otherwise)

Total Equity	**38,948**	**33,813**	**15,298**	**9,416**	**97,475**
Capital Contribution per Business Unit	**(29,148)**	**142,565**	**149,907**	**(263,324)**	**-**
LIABILITIES					
Non-current Liabilities	**975**	**138,721**	**10,230**	**44,609**	**194,535**
Liabilities from leases	3	646	44	193	**886**
Provision for staff retirement indemnities	(11)	70	3	14	**76**
Deferred Tax Liabilities	-	-	-	-	**-**
Liabilities from Derivatives	-	6,959	-	-	**6,959**
Other provisions	417	-	-	-	**417**
Long-term liabilities from contracts with customers	-	3,697	-	-	**3,697**
Long-term loans	566	127,349	10,183	44,402	**182,500**
Current Liabilities	**2,731**	**288,160**	**16,706**	**35,314**	**342,911**
Suppliers and Other Liabilities	2,429	191,349	11,256	11,613	**216,647**
Short-term part of liabilities from derivatives	-	28,977	14	-	**28,991**
Short-term part of liabilities from leases	1	346	14	62	**423**
Provisions	-	-	-	-	**-**
Short-term loans	194	43,764	3,500	15,259	**62,717**
Long-term loans payable in the following financial year	5	1,129	90	394	**1,618**
Income tax payable	102	22,595	1,832	7,986	**32,515**
Total Liabilities	**3,706**	**426,881**	**26,936**	**79,923**	**537,446**
TOTAL EQUITY & LIABILITIES	**13,506**	**603,259**	**192,141**	**- 173,985**	**634,921**

HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES
SEGREGATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY
31/12/2021

(Amounts in € thousand)	ENERGY GENERATION	ENERGY SUPPLY	NATURAL GAS SUPPLY	OTHER	COMPANY TOTAL
ASSETS					
Non-Current Assets	**10,267**	**26,927**	**379**	**1,497**	**39,070**
Tangible Assets	10,566	534	50	322	11,472
Intangible Assets	10	2,614	9	3	2,636
Right-of use assets	6	404	8	48	466
Other Long-term Receivables	23	17,785	2	9	17,819
Deferred tax assets	(338)	5,590	310	1,115	6,677
Current Assets	**6,404**	**440,056**	**- 34,699**	**12,368**	**424,129**
Inventory	2,224	20	-	1	2,245
Trade and Other Receivables	1,774	331,244	26,881	4,379	364,278
Income tax receivables	24	655	38	221	938
Short-term part of receivables from derivatives	-	-	-	6,961	6,961
Cash and Cash Equivalents	2,382	108,137	- 61,618	806	49,707
TOTAL ASSETS	**16,671**	**466,983**	**- 34,320**	**13,865**	**463,199**
EQUITY					
Share Capital	1,016	700	700	-	**2,416**
Share premium-based difference paid-up	-	-	-	-	**-**
Reserves	808	-	-	-	**808**
Results carried forward	36,546	(29,404)	16,640	5,314	**29,096**
Total Equity	**38,370**	**(28,704)**	**17,340**	**5,314**	**32,320**
Capital Contribution per Business Unit	**(28,763)**	**87,646**	**(49,464)**	**(9,419)**	**-**
LIABILITIES					
Non-current Liabilities	**1,129**	**22,095**	**1,230**	**9,403**	**33,857**
Liabilities from leases	2	215	4	23	**244**

(Amounts in Euro thousand, unless stated otherwise)

Provision for staff retirement indemnities	(10)	43	3	15	**51**
Deferred Tax Liabilities	-	-	-	-	**-**
Liabilities from Derivatives	-	-	-	2,290	**2,290**
Other provisions	379	-	-	-	**379**
Long-term liabilities from contracts with customers	-	893	-	-	**893**
Long-term loans	758	20,944	1,223	7,075	**30,000**
Current Liabilities	**5,935**	**385,946**	**(3,426)**	**8,567**	**397,022**
Suppliers and Other Liabilities	5,631	377,364	(4,353)	1,409	**380,051**
Short-term part of liabilities from derivatives	-	-	436	4,323	**4,759**
Short-term part of liabilities from leases	1	205	1	5	**212**
Provisions	-	-	-	-	**-**
Borrowings	303	8,377	490	2,830	**12,000**
Income tax liabilities	-	-	-	-	**-**
Total Liabilities	**7,064**	**408,041**	**- 2,196**	**17,970**	**430,879**
TOTAL EQUITY & LIABILITIES	**16,671**	**466,983**	**- 34,320**	**13,865**	**463,199**

HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES
SEGREGATED INCOME STATEMENT OF THE FULLY INTEGRATED COMPANY
31/12/2022

(Amounts in € thousand)	ENERGY GENERATION	ENERGY SUPPLY	NATURAL GAS SUPPLY	OTHER	COMPANY TOTAL
SALES					
Electric Energy Sales - Production	6,534	-	-	-	**6,534**
Electric Energy Sales – Supply	(16)	1,541,644	-	44	**1,541,672**
Natural Gas Sales	-	-	125,592	530,881	**656,473**
Revenue from Utilities	-	8,024	-	-	**8,024**
Revenue from Utilities Charges Consideration	-	-	-	-	**-**
Revenue from Import of Electric Energy	-	22,363	-	14,545	**36,908**
Export of Electric Energy	-	-	-	6,156	**6,156**
Derivatives	-	27,273	2,895	8,536	**38,704**
Other Revenue	592	7,483	42	185	**8,302**
Total Sales	**7,110**	**1,606,787**	**128,530**	**560,347**	**2,302,773**
EXPENSES & PURCHASES					
Natural Gas Cost	(1,618)	-	(110,860)	(505,066)	**(617,545)**
Expenses from Purchases of Electric Energy - Production	(326)	-	0	0	**(326)**
Electric energy Supply	(79)	(1,231,978)	0	(102)	**(1,232,159)**
Electric energy Imports	-	(25,503)	0	(13,326)	**(38,830)**
Natural Gas Imports	(57)	-	(9,877)	(14,808)	**(24,742)**
Expenses from Exports of Electric Energy	-	-	0	(1,332)	**(1,332)**
Derivatives	-	(33,301)	(2,842)	(4,431)	**(40,573)**
Performance of Utility Charges	-	(48,524)	-	-	**(48,524)**
Performance of System Usage Charges	-	(18,712)	-	-	**(18,712)**
Performance of Network Usage Charges	-	(52,323)	-	-	**(52,323)**
Performance of Special Duty of Greenhouse Gas Emissions Reduction (ETMEAP) Charges	-	(43,186)	-	-	**(43,186)**
Emission rights – Purchase of CO2 Rights	(347)	-	-	-	**(347)**

Consumption of Inventory	(106)	(115)	- 0	1	**(220)**
Personnel Fees & Expenses	(16)	(6,964)	(498)	(1,297)	**(8,775)**
Third Party Fees	(90)	(18,856)	(1,429)	(3,711)	**(24,086)**
Repairs & Maintenance	(173)	(14)	(1)	(4)	**(191)**
Other Expenses / (Income)	(2,121)	(7,720)	(194)	(706)	**(10,741)**
Depreciation	(2,311)	(1,903)	(82)	(101)	**(4,397)**
Bad Debt Provision	-	(32,633)	(2,151)	0	**(34,784)**
Financial Expenses	(25)	(9,696)	(308)	815	**(9,214)**
Financial Income	-	0	0	0	**0**
Total Expenses & Purchases	**(7,269)**	**(1,531,427)**	**(128,242)**	**(544,067)**	**(2,211,005)**
PROFIT (LOSS) BEFORE TAXES	**(160)**	**75,360**	**288**	**16,280**	**91,768**

HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES
SEGREGATED INCOME STATEMENT OF THE FULLY INTEGRATED COMPANY
31/12/2021

(Amounts in € thousand)	**ENERGY GENERATION**	**ENERGY SUP-PLY**	**NATURAL GAS SUPPLY**	**OTHER**	**COMPANY TO-TAL**
SALES					
Electric Energy Sales - Produc-tion	22,861	-	-	-	**22,861**
Electric Energy Sales – Supply	16	721,604	-	1,095	**722,715**
Natural Gas Sales	-	-	43,001	235,996	**278,997**
Revenue from Utilities	-	7,394	-	-	**7,394**
Revenue from Utilities Charges Consideration	-	-	-	-	**-**
Export of Electric Energy	-	3,924	-	8,298	**12,223**
Other Revenue	3,783	3,778	49	3,460	**11,071**
Total Sales	**26,660**	**736,700**	**43,051**	**248,849**	**1,055,260**
EXPENSES & PURCHASES					
Natural Gas Cost	(11,666)	-	(35,680)	(196,426)	**(243,772)**
Electric energy Supply	(1,563)	(562,202)	0	0	**(563,765)**
Electric energy Imports	-	(6,545)	0	(7,770)	**(14,315)**
Natural Gas Imports	(1,742)	0	(5,862)	(39,159)	**(46,763)**

(Amounts in Euro thousand, unless stated otherwise)

Performance of Utility Charges	(2)	(49,255)	0	0	**(49,257)**
Performance of System Usage Charges	0	(15,100)	0	0	**(15,100)**
Performance of Network Usage Charges	-	(51,350)	0	0	**(51,350)**
Performance of Special Duty of Greenhouse Gas Emissions Reduction (ETMEAP) Charges	-	(46,255)	0	0	**(46,255)**
Emission rights – Purchase of CO2 Rights	(3,259)	-	0	0	**(3,259)**
Consumption of Inventory	(436)	(132)	(0)	(0)	**(568)**
Personnel Fees & Expenses	(43)	(6,034)	(277)	(399)	**(6,752)**
Third Party Fees	(197)	(9,355)	(928)	(1,530)	**(12,011)**
Repairs & Maintenance	(82)	(14)	(1)	(4)	**(101)**
Other Expenses / (Income)	(3,824)	(6,164)	3,137	(2,147)	**(8,997)**
Depreciation	(2,288)	(1,725)	(47)	(93)	**(4,153)**
Bad Debt Provision	-	(14,897)	(608)	0	**(15,505)**
Financial Expenses	(25)	(1,267)	(91)	(235)	**(1,619)**
Financial Income	0	0	0	0	**0**
Total Expenses & Purchases	**(25,127)**	**(770,294)**	**(40,357)**	**(247,764)**	**(1,083,542)**
PROFIT (LOSS) BEFORE TAXES	**1,533**	**(33,594)**	**2,694**	**1,085**	**(28,282)**

A. Introduction

According to the provisions of Directive 2009/72/EC No 31 and of article 141 of Law 4001/2011, as currently in force, Integrated Electricity Companies:

i. Shall keep segregated accounts for each of the activities of generation, transmission, distribution, supply to eligible customers and supply to non-eligible customers and the provision of services of general interest, precisely as they would be required to do if these activities were carried out by different undertakings, with a view to avoiding discrimination, cross-subsidization and distortion of competition. These accounts must clearly show the revenue from ownership of the transmission system (Hellenic Electricity Transmission System (HETS) or ESMIE) and distribution system (Hellenic Electricity Distribution Network Operation (HEDNO) or EDDIE).
ii. These undertakings shall keep consolidated accounts for other, non-electricity activities.
iii. Integrated undertakings shall clarify the rules for allocating assets and liabilities and income and expenditure used to prepare the segregated accounts mentioned in the previous paragraph.

RAE approves the principles and rules of allocation, which apply to these companies, as well as the amendment thereof, in order to ensure non-discrimination, cross-subsidization and distortion of competition.

Based on the above, the Company HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES (hereinafter the "Company" or "HERON") must keep segregated accounts for each of its electricity-related activities, Production and Supply.

B. Rules and Principles for the Allocation of Assets - Liabilities, Expenses - Income

1. General Principles and Methodology

The Company prepares, submits for audit and publishes according to the IFRS[1] annual financial statements in accordance with the relevant provisions of C.L. 4548/2018 and Laws 3229/2004 and 3301/2004. The Company, being an integrated company took into account the provisions of Law 4001/2011 as amended and the Directive 2009/72/EC, no. 31 on the separation of the accounts of Integrated Electricity Companies and maintains segregated accounts, Balance Sheet and Income Statement, for the activity of Generation and Supply (Trading) in the Electricity Market in Select Customers and for the activity of Supply of Utilities Services. The remaining Company activities, besides Electricity, are kept in consolidated accounts (Others).

At the end of the financial year, the Company prepares and publishes in conformity with the IFRS, its segregated Balance Sheet and Income Statement (Profit and Loss Account) per activity. The sum of the segregated accounts are equal and in agreement with the Balance Sheet and Income Statement of the Company that have been prepared under the IFRS as adopted by the European Union, with the exemption of Income Tax, since the segregated Financial Statements are presented in the pretax stage. The above statements are contained in the notes of the annual financial statements of the Company, which are approved and signed according to the law and include a certificate by the auditors, where reference is made to the rules which are approved by RAE, as mentioned in Article 141, paragraph 4 of Law 4001/2011.

[1] International Financial Reporting Standards

2. Methods and Rules of Allocation

Methods and accounting rules applied by the Company are dictated by the general accounting principles and the IFRS, which the Company must mandatorily comply with. The reporting of segregated accounts and the preparation of segregated financial statements (income statement and balance sheet) per activity, is supported by the Company's Internal Planning System (SAP) which it operates. More specifically, the mandatory recording of all accounting entries per Business Area (in SAP) is applied, and the Business Areas defined are:

(a) Business Area / Activities

- Electricity generation
- Electricity supply
- Other activities apart from electricity (Other).

(b) Business Area not activities

- Management

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

The annual segregated Financial Statements of each activity includes the Company's transactions with third parties.

In particular, each activity includes the following:

a) Electricity Generation

This activity includes Income, Expenditure and Assets and Liabilities, which are derived solely from the operation of the power plant. Specifically, income from the operation of the Plant in Thebes, Viotia, with a nominal power capacity of 147 MW, with combustible natural gas, as they are cleared and priced by the Independent Power Transmission Operator S.A. (IPTO) and the Electricity Market Operator S.A. (LAGIE). Also it includes expenses relating to the above income, and mainly the following: purchase of natural gas, purchase of diesel, pollutant markets, third party and personnel fees and expenses, maintenance and operational costs, usage of spare parts, other production expenses and depreciation, as well as financial costs.

b) Supply of electricity

This activity includes Income, Expenditure and Assets and Liabilities, which derive from the wholesale and retail sales of electricity. More specifically, purchases concern the procurement of Electricity from LAGIE and domestic and foreign companies, the rights to import and export Electricity and other services rendered from ADMIE and, the network usage from Hellenic Electricity Distribution Network Operator S.A. (HEDNO). Expenses mainly relate to personnel fees and costs, third party fees, financial and miscellaneous expenses.

c) Activities other than electricity

These activities include income from related activities. Expenses include fees, expenditure, depreciation, financial and extraordinary results or losses which relate to the other activities of the Company besides the Electricity Generation and Supply, as these are mentioned above.

3. Segregated Income Statement

3.1 Direct Income and Expenses

Tax documents and transactions which solely relate to one of the Company's activities or separately mention amounts per activity, immediately update upon entry the segregated accounts of each Activity/Business Area (a).

3.2 Indirect Income and Expenses

Tax documents and transactions that do not separately set out the activity to which they relate, update upon entry the Business Area (b) management account.

At the end of each month, the balance of the Business Area (b), "Management" account is allocated on a cost-plus basis to each of Activity/Business Area (a) with allocation key being the participation percentage of each of them to the total income of the Company during the relevant financial year.

Following, the Company prepares the annual income statement for each financial year per activity.

4. Segregated Balance Sheet

The entries updating the Assets and Liabilities Accounts, such as fixed assets, reserves, customers, other receivables, suppliers, liabilities and loans, are allocated to the respective activity. At the end of each financial year, the Equity total is allocated based on the difference of Assets and Liabilities of each activity, which is designated as “capital allocation to business units”.

Based on the above “capital allocation”, as well as the general accounting principles, the following Assets and Liabilities are also allocated by each Activity:

i. Cash
ii. Financial products
iii. Tax assets and liabilities
iv. Provisions
v. Deferred tax

C. Verification of Regulatory Information

RAE may proceed into extraordinary inspections in order to ascertain the implementation by the Integrated Company "HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES" and/or auditors engaged by it, of the provisions of Article 141 of Law 4001/2011 regarding the obligation to maintain distinct Balance Sheet and Income Statement accounts for each activity and the proper application of the Rules and Principles for the Allocation of Assets and Liabilities, Income and Expenses for the preparation of these segregated accounts.

To this end, RAE has access to the accounts of the Integrated Undertaking, as well as the right to request from the auditors of this undertaking to provide additional explanations or clarifications on their reports, as well as additional financial information regarding issues contained in these reports. For this purpose, the Company shall endeavor to legally ensure that possibility, so as RAE may perform these tasks in relation to the above obligations arising hereunder.

The Rules and Principles for the Allocation of Assets and Liabilities, Income and Expenses that apply to the preparation of the segregated accounts of each of the Company's business activities are fixed and may be amended upon RAE's approval upon a justified request from the Company.

D. Publication of Segregated Financial Statements

The Company communicates to RAE, within fifteen (15) business days from the approval of the financial statements from the General Meeting of its Shareholders, the Annual Financial Statements which include the segregated Financial Statements along with the Auditor's Certificate and all explanatory notes as well as the auditor's report which relate to the application of the Rules and Principles for the Allocation of Assets and Liabilities, Income and Expenses.

E. Annexes

The Annexes of the Rules and Principles for the Allocation of Assets and Liabilities, Expenses and Income for the Preparation of Segregated Annual Accounts of the Activities of the Integrated Undertaking "HERON SINGLE MEMBER SOCIÉTÉ ANONYME ENERGY SERVICES" constitute an integral part therewith and are amended via the same process.

CHAIRMAN OF THE BoD	**MEMBER OF THE BoD**
GEORGIOS KOUVARIS	LOUKAS DIMITRIOU
CHIEF FINANCIAL OFFICER	**HEAD OF THE ACCOUNTING DEPARTMENT**
EMMANOUIL FAFALIOS	AVRAAM VASILEIADIS