



**ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2020**

According to the International Financial Reporting Standards

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A. Management Report by the Board of Directors

**MANAGEMENT REPORT
BY THE BOARD OF DIRECTORS OF “FULGOR S.A.”
ON THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020**

Dear Shareholders,

Based on the provisions of Article 150 of Law 4548/2018 we hereby submit you the Annual Report of the Board of Directors for the current year ended on 31.12.2020.

1. Financial performance overview for 2020

2020, despite being an extremely difficult year for humanity with the Covid-19 pandemic claiming globally more than 2.5 million lives until now and changing fundamentally most of our everyday life, has proven to be a year of very positive developments for Fulgor S.A. (hereinafter the “Company” or “Fulgor”). The Company succeeded in providing effective solutions for challenging energy transfer projects and retained its high capacity utilisation for second consecutive year.

During the year, all key financial objectives set for 2020 were realised, despite the unprecedented global health and economic crisis. Fulgor demonstrated its ability to create value and recorded the highest operational profitability over the last decade.

Company’s turnover amounted to EUR 382.5 million for 2020 compared to EUR 321.3 million in 2019, i.e. a 19% increase. This increase is mainly due to the offshore projects executed during 2020, and overall due to higher sales volumes (total sales in 2020: 81,244 tons compared to 73,818 tons in 2019).

Company's gross profit amounted to EUR 48.9 million compared to EUR 37.8 million in 2019, while earnings before interest, taxes, depreciation and amortisation (EBITDA) were equal to EUR 45.1 million compared to EUR 35.9 million in 2019. In 2020, the Company managed to further increase pre-tax earnings by 42% and in particular recorded the highest pre-tax profits ever achieved in its recent history. More specifically, pre-tax profits amounted to EUR 29.3 million compared to EUR 20.6 million in 2019. The high capacity utilisation rates of Company’s plant coupled with the successful implementation of the projects undertaken during the last few years were the key drivers enabling the Company to record high profits in 2020.

During the year, Fulgor succeeded in completing the submarine interconnection of Skiathos island with the mainland energy transmission system, while the project is expected to be delivered earlier than initially planned. In addition, the production for phase A of Hollandse Kust Zuid project in the Netherlands was completed with the delivery of the two 220kV subsea cables.

Furthermore, a second significant project was officially delivered in Greece, with the completion of Phase B of the Cyclades interconnection, consisting of Paros-Naxos and Naxos-Mykonos interconnections. At the same time, the Crete-Peloponnese project ran in full pace throughout 2020, as the production of all cables was completed and the installation phases of the project progressed significantly.

Moreover, the production of submarine cables for the Hollandse Kust Beta project in the Netherlands and for medium-voltage inter-array submarine cables on behalf of the parent company Hellenic Cables S.A. (hereinafter “Hellenic Cables”) started in 2020.

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It is worth noting here that, despite the implementation of several restrictions in the free flow of people and goods globally due to Covid-19, Fulgor accomplished on-time delivery of the above complicated projects. Such success is fully attributable to the Company's strict adherence not only to external mandates, but also to internal safety protocols and procedures and continuous coordination with clients and supply chain partners.

The Company's plant remained fully operational throughout the Covid-19 crisis, since an action plan was immediately put in place from mid-March 2020 onwards to adapt to stricter health and safety standards, secure an undisrupted supply chain and mitigate any financial impact with top priority given to liquidity preservation so as to ensure smooth execution of the projects undertaken by the Company.

In 2020, despite the outbreak of the pandemic, the Company continued to undertake initiatives in order to improve its competitiveness and reduce production costs. These initiatives focus on increasing the efficiency of its production plants by reducing costs per unit of output and reducing the cost of raw materials used to produce the Company's products. The award and successful performance of the major projects cited above illustrate the Company's position as one of the leading manufacturers of submarine cables in the offshore energy industry since the above initiatives have enabled the Company and its parent company to provide leading-edge products for highly demanding energy projects.

During 2020, investments amounting to EUR 41 million were carried out mainly in the plant at Soussaki, Corinth, which concerned the upgrade of Fulgor's production capacity of inter-array cables so that the Company and its Group can supply offshore wind developers worldwide with a wide range of cables. Such investments have as primary goal to enable the Company to meet the expected high demand in the sector of energy projects as part of "green" and sustainable development in Europe and other geographical areas.

The funding for such investments and the required working capital for the ongoing contracts derived both from the cash inflows generated by the Company and bank loans. In 2020, the Company continued its efforts to reprofile its debt structure and optimise its capital structure by taking various actions such as:

- obtaining lower interest rates;
- issuing a new bond loan of EUR 20 million; and
- making use of the provisions of article 35(3) of Law 4548/2018, based on which the Extraordinary General Meeting of December 31, 2020 decided to offset prior-year losses of EUR 19,286,278.79 with an equal amount included in share premium.

At 31 December 2020, the Company's current liabilities amounted to EUR 206.5 million (2019: EUR 198.6 million) while short-term receivables amounted to EUR 165.1 million (2019: EUR 148.7 million). However, this fact does not raise any concern because the parent company Hellenic Cables S.A. has provided assurance that it will continue providing financial support to Fulgor. Moreover, as it also became evident during the year, the Company is now able to generate robust operating cash flows to meet its needs through its high operational profitability.

2. Ratios and Alternative Performance Measures

The Company's Management has adopted, monitors and reports internally and externally financial ratios and Alternative Performance Measures (APM). These APMs allow meaningful comparisons of the Company's performance and constitute the base for decision making by Management.

Liquidity ratio: This ratio is an indicator of how current liabilities are met by current receivables and is calculated by the ratio of current assets to current liabilities. The figures are drawn from the Statement of Financial Position. Liquidity ratio is as follows for the current and the comparable periods:

Liquidity ratio	2020	2019
Current assets / Current liabilities	0.80	0.75

Gearing ratio: This is an indicator of Company's financial leverage and is calculated as the ratio of total equity to debt. The figures are drawn from the Statement of Financial Position. Gearing ratio is as follows for the current and the comparable periods:

Gearing ratio	2020	2019
Equity / Debt	0.41	0.28

Return on capital employed (ROCE): It is a ratio that measures the efficiency with which capital is employed and is measured by the ratio of operating results to debt plus equity. The figures used for the calculation derive from the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income (OCI). ROCE is as follows for the current and the comparable periods:

Return on capital employed	2020	2019
Operating results / (Equity + Debt)	18.8%	17.1%

Return on equity (ROE): It measures the efficiency of the use of Company's equity and is measured by the net profit / (losses) after tax for the period to total equity at the end of each reporting period.

The amounts are drawn from the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income (OCI). ROE is as follows for the current and the comparable periods:

Return on equity	2020	2019
Profits after tax / Equity	37.5%	40.4%

Profitability:

	2020	2019
Gross Profit Margin (Gross profit / Sales)	12.8%	11.8%
Net Profit Margin (Net profit after tax / Sales)	5.8%	4.7%

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	2020	2019
EBITDA*	45,138,870	35,865,527
EBITDA margin* (EBITDA / Sales)	11.8%	11.2%
a-EBITDA**	47,432,914	37,304,652
a-EBITDA margin** (a-EBITDA / Sales)	12.4%	11.6%

*EBITDA: It measures Company profitability before interest, taxes, depreciation and amortisation. It is calculated by adjusting depreciation and amortisation in operating profit as indicated in the Statement of Profit or Loss and OCI.

	2020	2019
Profit/(Loss) before tax	29,311,072	20,595,618
<i>Adjustments for:</i>		
+Depreciation & amortisation of property, plant & equipment, right of use assets and intangible assets	7,463,031	7,280,467
- Amortisation of grants	(623,737)	(313,308)
- Interest income	(2,150)	(7,774)
+ Interest expenses and related costs	8,990,654	8,310,524
EBITDA	45,138,870	35,865,527

**a-EBITDA: adjusted EBITDA measure an entity's profitability after adjustment for:

- Metal price lag,
- Restructuring expenses
- Exceptional idle costs,
- Impairment of fixed assets & investments
- Gains or losses from sale of fixed assets
- Other extraordinary income/expenses

	2020	2019
EBITDA	45,138,870	35,865,527
<i>Adjustments for:</i>		
+ / - Metal price lag ¹	1,886,948	1,413,061
Incremental coronavirus costs	407,096	-
+ Impairment of investment property	-	26,220
+ (Profit) / losses from the sale of tangible assets	-	(156)
a-EBITDA	47,432,914	37,304,652

(1) Metal price lag originates from:

1. The period of time between the pricing of purchases of metal, holding and processing the metal, and the pricing of the sale.
2. The effect of the inventory opening balance (which in turn is affected by metal prices of previous periods) on the cost of sales, due to the costing method used which is weighted average method.
3. Certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when the sales price is fixed and the sale actually occurs.

Fulgor uses derivatives to minimise the effect of metal price fluctuations. However, there will always be some impact (positive or negative) on Profit or Loss due to the unhedged safety inventory that is held.

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(2) The line “Incremental coronavirus costs” includes all incremental costs incurred due to the coronavirus outbreak. Such costs are directly attributable to the coronavirus outbreak and are incremental to costs incurred prior to the outbreak and not expected to recur once the crisis has subsided and operations return to normal, while they are clearly separable from normal operations.

3. Objectives and Outlook for 2021

As the world lives through a third wave of the Covid-19 pandemic, the prediction of the full extent and duration of its business and economic impact remains challenging. Consequently, the extent of the pandemic’s impact on the operational and financial performance of Fulgor is uncertain and will depend on several factors outside its control. These factors depend largely on the duration of the pandemic, the application of pandemic controls and restrictions, as well as on the availability and effectiveness of treatments and vaccines worldwide. The range of potential outcomes for the global economy are difficult to predict and the outlook for 2021 is itself subject to the manner the pandemic will continue to impact different geographical areas around the world.

Despite the above, given the existing backlog and the nature of projects assigned to the Company and based on currently available data and information, the impact from Covid-19 on long term business and on short-term financial results of Fulgor is expected to be limited. Considering the strong forecast of new projects and the potential of expanding to new markets of both the Company and its parent company, the secured orders and the growth potential of the offshore cables sector, the overall outlook for Fulgor remains positive for 2021. The ‘European Green Deal’, EU’s roadmap for sustainable development and climate neutrality by 2050, the promising emerging offshore wind market in the USA and the projects already announced in the Mediterranean area create a favourable environment for projects business, continuing to drive the Company's profitability in the future. Fulgor’s plant is expected to retain its high capacity utilisation throughout 2021. Moreover, in 2021 the main focus will be again on successful execution of existing projects.

Therefore, the Company remains optimistic regarding 2021 despite the volatile business environment due to the pandemic.

Management assesses the prevailing situation in the markets in which the Company operates on an ongoing basis in order to secure that all necessary actions are timely taken to secure the Company’s smooth operation and profitability.

The initiatives taken the last few years have focused on developing a competitive sales network and also on increasing productivity and reducing production cost. Furthermore, through the investments made the last few years, the Company is in a position to seize emerging opportunities worldwide and rival the top companies of the industry. Finally, as a further proof of the strong commitment of both the Company and its parent company in the developing offshore wind energy market, the Company plans to expand the inter-array cables production capacity in its Corinth-based plant in the following years in order to supply offshore wind developers worldwide with a wide range of cables.

4. Non-Financial Information

Fulgor S.A. is a wholly-owned subsidiary of Hellenic Cables S.A. The Non-Financial Report of Hellenic Cables S.A., which is part of the 2020 Annual Report of the parent company, includes the respective information on Fulgor S.A., as well.

The non-financial ratios for 2020 which are presented in this report comply with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI-Standards). Such ratios were chosen strictly on the basis of their relevance to the business, in accordance with the materiality analysis conducted by both the Company and its parent company.

Details on the performance in terms of sustainable development, and the actions of social and operational responsibility of the Company, its parent company Hellenic Cables S.A. and its affiliated Icme Ecab are also set forth in the 2020 Sustainability Report of Hellenic Cables Companies. Hellenic Cables companies consist of Hellenic Cables S.A. with its subsidiary Fulgor S.A. which operate in Greece, as well as Icme Ecab S.A. which operates in Romania. Hellenic Cables Companies represent the cable manufacturing segment of Cenergy Holdings S.A., a company listed on Euronext Brussels and the Athens Stock Exchange. The Sustainability Report is considered as a significant tool reflecting the way in which the Hellenic Cables Companies respond to major issues and to the expectations of all their stakeholders.

All Sustainability Reports (in accordance with the GRI Guidelines), which have been published since 2010 to date, are available on the website (<http://www.cablel.com/>).

5. Main risks and uncertainties

The main risks facing the Company are identified upon mapping risks across all functions of the organisation and analysing them as a whole, taking into account the likelihood to occur, the evaluation of their impact on the Company's strategic goals, as well as the action plans in place to mitigate/avoid risks such as processes design, safeguards, controls and risk transfer to third parties, when and where this is possible.

The risks faced by the Company are classified into two major categories:

- Financial and
- Business risks

The former includes different types of market risk affecting the Company's activities (e.g. exchange rates, interest rates, commodity prices and overall macroeconomic environment) as well as credit risk, counterparty risk and liquidity risk.

The Business Risks family is broader: it is defined as all risks that do not concern directly the Company's financials and its financial position. Business Risks are further broken down into sub-categories, to help better understand and respond adequately to the different events included in each risk category:

- A. Operational and technology risks are defined as the risk of loss resulting from inadequate or failed processes or systems, acts of natural persons or from external events. Operational risks comprise all risks associated with the day-to-day operations of the Company's production plant such as Health & Safety, environmental issues, legal risk (as it refers to processes) but not strategic or reputational risks.
- B. Compliance and Reputational risks include possible negative impacts (economic – fines, penalties, etc. and other – exclusion from markets, etc.) from non-compliance with existing regulations and standards. Also included are potential impacts on the Company's brand image and business reputation¹, as well as accounting risk².
- C. Strategic risks include risks related to the wider business environment (e.g. the macroeconomic environment, the sector / industry conditions, etc.), the market and the competition, as well as medium to long-term decision making that may have an impact on business continuity and profitability.

Company risk management policies are implemented to recognise and analyse risks faced by the Company and to set risk assumption limits and implement checks and controls relating to them. The risk management policies and relevant systems are reviewed on a periodic basis to take into account any changes in the market and the Company's activities.

The implementation of risk management policies and procedures is supervised by the Internal Audit department of Viohalco S.A. (ultimate shareholder), which performs ordinary and extraordinary audits relating to the implementation of procedures, whereas the results of such audits are notified to the Board of Directors.

A brief business risk taxonomy for the Company is presented below together with the actions taken to identify, measure, react, control and monitor them.

¹ The set of perceptions about the Company by the different stakeholders with whom it interacts, both internal and external.

² The risk which concerns the proper and fair economic and financial reflection of the Company's figures and circumstances, as well as compliance with all related regulations (IFRS, tax laws etc.).

Business risks**Operations and technology*****Procurement risk***

Smooth supply of energy, metals and other primary raw materials and components is a key prerequisite for the Company to manufacture quality products at competitive prices on a timely basis. Therefore, the Company takes relevant measures to reduce such risks (e.g. a diverse supplier base, alternate material lists, Service Level Agreements (SLA) with key vendors, lower spot market exposure) and monitors the development of the supply chain by reviewing the relevant indicators at regular intervals.

Operation interruption risk

Apart from the unexpected unavailability of raw materials or other crucial resources, a lack of skilled labour, a delay in adapting to new technologies and/or the danger for equipment breakdowns may threaten the Company's capacity to continue operations. Consequently, the Company uses specialised maintenance departments to minimise the latter, upgrade plant equipment and production lines to reduce obsolescence risk and constantly monitor safety stock levels. Moreover, the Company has prepared and regularly reviews a relevant business continuity study to reflect any financial losses and focus its actions on the areas in which the risks with the highest financial impact are identified. Any residual risk is mitigated through business interruption insurance policies,

Product failure risk

Faulty or non-performing products may expose companies to penalties, complaints, claims and returns, which lead to loss of revenues, market share and business reputation. To proactively mitigate such risk, the Company follows rigorous quality management systems at its plant and maintains appropriate insurance coverage against such claims as well as product liability insurance. Quality control includes, among others, batch or item sample testing, defect capturing monitoring systems spread out in production phases, end-to-end traceability systems, etc.

Channel effectiveness risk

Poorly performing or positioned distribution channels may threaten the Company's capacity to effectively and efficiently access current and potential customers and end users, so in turn, the Company manages it through experienced commercial executives per market and per project / tender. Periodic financial reviews by the Company's Management serve as the main monitoring tool of this risk.

Information Technology (IT) and cyber-security risk

IT and cyber-security risk is defined as the likelihood of occurrence of a particular threat which may be accidentally triggered or by having an IT vulnerability intentionally exploited by third parties and the resulting impact of such an occurrence. The Company is capital intensive and relies heavily on IT systems to manage and optimise its production. IT equipment failure, human errors and/or the unauthorised use, disclosure, modification or destruction of information, pose serious risks to the company's operation and profitability. Any eventual breaches of network and IT security threaten the Company's data integrity, sensitive information and smooth operation of its business activities. Such an eventual breach could have a negative impact on the Company's reputation and competitive position.

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Moreover, an eventual court ruling granting indemnities, imposition of fines or loss of activities (including restoration cost) could have a significant negative effect on the Company's financial position and operating results. Finally, the management of cyber-security breaches may require major capital expenditure and the investment of time by Management.

Hence, the continuous identification and application of appropriate and proportional controls that limit exposure against the aforementioned threats is vital to the integrity of IT systems in the Company as well as against legal requirements.

Furthermore, the Company complies with 2016/679 EU General Data Protection Regulation (GDPR), taking this opportunity to evaluate and ameliorate its overall IT and cyber-security risk posture, beyond regulatory requirements.

Compliance and reputation risks***Compliance Risk***

Laws and regulations apply to many aspects of the Company's operations including but not limited to, labour laws, Health & Safety, environmental regulations, building and operational permits, etc.

The Company has elaborated policies helping the same to abide by all laws and regulations, whether at the local, European or international level, regarding Health and Safety in the production plants, labour and human rights, the protection of the environment, the combat against corruption, bribery and financial fraud.

Additional details about this particular topic are given in the Non-Financial Report of Hellenic Cables S.A. in the Annual Financial Report and the 2020 Sustainable Development Report of the parent company, which includes such reporting on Fulgor S.A.

Strategic risks***Country risk***

Political risk of countries where the Company is active, commercially or in production, may threaten the supply chain and cash flows. The main answer to that risk is geographical diversification of both the supply chain and the commercial portfolio either directly or through contracts assigned by the parent Company.

The availability and prices of basic raw materials, such as copper and aluminium follow international markets and, therefore, are not affected by developments in any particular country. Finally, for a further analysis of the risks arising from the broader macroeconomic environment, please refer to the "Macroeconomic environment" paragraph in "Financial Risks".

Industry risk

Industry risk of the Company related to the specific sector it operates in, is mainly associated with the cyclicity of demand or the substitution rate of some of their products. The former is mitigated by expanding into global markets, so that the cycle effects are differentiated away across geographical areas. As for the latter, substitution risk is addressed through the differentiation of product mix, shifting for example into lower substitution rate products.

Competitor risk

Strategic issues regarding competition are assessed as part of the Company's annual budget process and its strategic plan. Daily management of competitor risk, on the other hand, is captured through daily review of market information and mitigated by a strong commitment to quality, a competitive pricing policy in commodity products and a targeting on high-margin products.

Technological innovation risk

In a world of rapidly changing technology, not following the technology wave in an efficient manner or not investing in the necessary IT infrastructure may seriously affect current and future business results of the Company. Alternatively, companies that do not leverage such technology advancements to extend their competitive advantage may suffer a severe blow from competition and be placed out of the market. The Company manages this strategic risk primarily through the establishment of technical assistance and know-how transfer agreements with global leaders in their sectors, as well as through extensive investments in Research & Development (R&D). As described in detail in section “6. Research and Development”, among other actions, the Company cooperates with scientific bodies and prominent international research centres while R&D is a vital department of the Company.

Financial risks**Credit Risk**

Credit risk concerns the risk of incurred losses for the Company in case a client or other third party involved in a transaction on a financial instrument fails to fulfil its obligations according to the terms and conditions laid down in the relevant contract. Credit risk is mainly associated with receivables from customers and investments in securities.

Trade and other receivables

Company’s exposure to credit risk is mainly affected by the characteristics of each customer, the demographics of the company’s clientele including the risk of default specific to this market and the country in which customers operate. During 2020, the Company’s sales were performed in their majority towards affiliated companies – and specifically mainly to Hellenic Cables and Icme Ecab S.A. (subsidiary of Cenergy Holdings S.A., parent company of Hellenic Cables) – or to public utilities and wind park operators, and thus it is considered that there is no particular risk of default.

The Board of Directors has adopted a credit policy which requires that all new customers are scrutinised individually as regards their creditworthiness before normal payment terms are proposed to them. The credit control performed by the Company includes an examination of information from banking sources and other third party credit rating sources, when available. Credit lines are set for every customer, and they are re-examined in the light of current circumstances and, if required, the relevant sales and payment terms are readjusted accordingly.

Customer credit lines are normally determined based on the insurance limits obtained for them from insurance companies and then receivables are insured based on such credit lines.

In order to monitor customer credit risk, customers are grouped based on their credit characteristics, their receivables’ ageing profile and the existence of any possible previous difficulties in collecting receivables. Any customers characterised as being of “high risk” are included in a special list of customers and future sales are performed with cash advances and approved by the Board of Directors. Depending on the background of the customer and its financial capacity, the Company demands collaterals or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company records impairment for credit losses, which represent its estimated losses pertaining to customers, contract assets and other receivables based on the expected credit losses from each individual counterparty. The above provision includes mainly impairment losses relating to specific receivables which, based on given conditions, are expected to be incurred, but the outcome is not finalised yet.

Guarantees

The Company's policy requires that no financial guarantees are provided. By way of exception, however, such guarantees may be provided solely to subsidiaries and affiliates based on a resolution of the Board of Directors. No such guarantees were granted at 31.12.2020.

Liquidity risk

Liquidity risk is the risk that the Company will fail to fulfil its financial liabilities upon maturity. Company's approach to liquidity management is to secure that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances, by holding necessary cash and adequate available credit lines from collaborating banks.

In order to mitigate liquidity risk, the Company performs a cash flow provision for the following year when preparing the annual budget and a monthly rolling provision for three months to ensure that it has adequate cash to cover its operating needs, including coverage of its financial obligations. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

Market risk

Market risk is the risk of a change in raw material prices, exchange rates and interest rates, which affect the Company's results or the value of its financial instruments. Market risk management is aimed at controlling the exposure of the Company to such risks within a framework of acceptable parameters, in parallel with optimisation of performance.

The Company uses transactions on derivative financial instruments in order to hedge part of market risks.

Metal Raw Material Fluctuation Risk (copper, aluminium, other metals)

The Company bases both its purchases and sales on stock prices/indices linked to the prices of copper and other metals which are used by the Company and included in its products. The risk from the fluctuation of metal prices is covered by hedging instruments (futures on London Metal Exchange-LME). The Company, however, does not use hedging instruments for the entire basic stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through inventories depreciation.

Exchange rate risk

The Company is exposed to foreign exchange risk in connection with its sales and purchases, and loans taken out in a currency other than its functional currency, which is Euro. The currencies used for such transactions are mainly the US dollar and pound sterling.

The Company hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated purchases and the liabilities in foreign currency.

The Company mainly enters into foreign currency futures with its foreign counterparties in order to hedge the risk of exchange rate changes, which primarily mature in less than one year from the Financial Statements date. When necessary, such futures are renewed upon expiry. On a per-case basis, foreign exchange risk may also be hedged by obtaining loans in the respective currencies.

Loan interest is in the same currency as that used in the cash flows arising from the company's operating activities, which is mainly Euro.

Interest rate risk

The Company obtains funds for its investments and its working capital through bank and bond loans, and thus debit interest is charged to its results. Any upward trend of interest rates will have a negative effect on results since the Company will bear additional borrowing costs.

The interest rate risk is mitigated as part of the Company's loans is obtained based on fixed interest rates.

Capital management

The Board of Directors' policy is to maintain a robust capital base, in order to keep the Company trustworthy among investors, creditors and market players, and enable the future development of the Company's operations. The Board of Directors monitors capital performance, which is defined by the Company as the net results divided by the total net worth.

The Board of Directors tries to maintain a balance between the higher performance levels which would have been attained through increased loans and the advantages and security offered by a robust and healthy capital basis.

There have been no changes in the approach adopted by the Company concerning capital management during the fiscal year.

Macroeconomic environment

The Company and the Group of which it is part follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on their operations.

Covid-19

The progress of the coronavirus pandemic had a negative impact on the economic circumstances around the world. Fulgor responded promptly to this challenge, setting as priority the health and safety of its human resources, suppliers and partners, by taking measures that secured production continuity with the least possible impact, based on the recommendations of competent authorities and suggestions of international protocols on how to deal with the pandemic. Company's expenses directly attributable to the outbreak of the pandemic amounted to EUR 407 thousand. Such expenditure incurred in order to take measures and purchase additional personal protective equipment in accordance with the experts' recommendations and such expenditure had an adverse impact on Company's results.

Overall, the Company's profitability was not affected significantly by the pandemic as it relies primarily on the execution of energy projects the progress of which was not disturbed, as already indicated. Nevertheless, the lockdown measures and the drop in demand for cable products noted in the second quarter of the year had a negative impact on the shipments of aluminium and copper foundries throughout that period. However, the situation was smoothed out later on in the year, thus resulting in higher sales volumes compared to last year.

The Company increased its provisions for "Impairment of receivables and contract assets" in respect of expected credit losses (IFRS 9), by adopting a conservative approach to the application of the model so as to reflect the new short-term circumstances in the global market.

It is worth noting that Fulgor makes sales to companies with long-standing commercial bonds, which are active in local markets and do not face any particular risks involving the macroeconomic environment. In addition, an impairment test was carried out, having regard to the new market circumstances in respect of the Company's main assets and showed that no impairment was necessary.

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Nevertheless, Management assesses individual parameters and their eventual implications on an ongoing basis to ensure that all necessary and possible measures and actions are taken to minimise any effect on the Company's operations.

Despite the restrictions in global economy and the lockdowns, the investment plans were carried out without any delays while the smooth operation of the production plants amid the pandemic was a competitive advantage compared to some European competitors. The availability and prices of key raw materials follow and are determined by the international market and, thus, are not affected by the circumstances in any particular country. Yet, the extended lockdowns imposed in many economies temporarily reduced the availability of copper scrap during the first half of 2020 while disruption was noted on a temporary basis in the shipment of raw materials at certain key ports. Fulgor tackled effectively any disruptions in the supply chain as it has available many alternative sources of raw materials and acted proactively by increasing safety inventories of vital materials, especially during the second and third quarters of the year.

Brexit

On 31 December 2020 the transitional period for the United Kingdom to leave the European Union has expired. The final agreement that was reached includes customs controls but does not include any tariffs or quotas. Despite the initial customs difficulties that arose from bureaucratic procedures, Fulgor does not expect any significant effects on its sales due to such agreement. It is worth noting that Fulgor products are high added value products that the domestic production of the United Kingdom is unable to meet. Moreover, the Company has already undertaken energy projects in the United Kingdom through its parent company Hellenic Cables (Doggerbank A&B and Seagreen wind parks) while making arrangements with end customers, which means that no Brexit-related issue is expected to arise in the orders already assumed. Finally, it is worth noting that most of our major competitors operate within the Eurozone and are expected to react accordingly to any currency fluctuation or any formal bureaucratic difficulties that may arise in the initial implementation phase of the agreement.

Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Company.

6. Research and Development

Innovation is a key area of focus for the Company with the aim of providing its customers with more efficient solutions. The establishment of a stronger research and development ('R&D') function is an important enabler to maintain technological effectiveness in the cables segment. A team of highly skilled R&D engineers, supported by advanced software tools and modern testing facilities, are dedicated to supplying customers with tailored, high-quality, cost-efficient solutions.

The R&D department pursues core research focusing on the following:

- Product development and focus on their compliance with new regulations, international standards and specific customers' requirements;
- Innovation focused on the development of new materials, new product designs and new manufacturing processes;
- Redesign and optimisation of products in order to improve competitiveness that will advance the Company's financial goals;
- Technical support to manufacturing process that aims to improve productivity and quality.

The core focus of the R&D department is to support the market share growth strategy of the Company by developing high added value and reliable products for different applications such as AC/DC submarine cables for deep water and long distances, as well as telecom/data cables. As a result, several new products have been successfully developed over the last few years.

During the last few years, the Company and its parent Hellenic Cables have been awarded several important projects as their capability enabled them to offer reliable designs and carry out successfully necessary qualification plans. Among the most notable projects are the Rio-Antirio submarine interconnection (400 kV), Crete – Peloponnese submarine interconnection (150 kV), Skiathos - Evia submarine interconnection (150 kV) and the interconnection of Hollandse Kust Alpha & Beta and Seamade (220 kV) wind farms. These projects underline the competitive capabilities and the strong market position of both the Company and the Group in the high-voltage and extra high-voltage segment. At the same time, the Company is engaged in ongoing initiatives to develop next-level DC power cables featuring different materials and with reduced loss of power.

R&D also ensured full compliance with new regulations and customer requirements.

The Company trains and empowers its people, recognising that the quality and expertise of human resources is what essentially leads to the success of any research effort. The Company's R&D department is staffed by highly educated and specialised scientific personnel who participate in educational and lifelong learning programmes.

In 2020, capital expenditure for trademarks, licences and development projects carried out during the year amounted to EUR 4.5 million and total expenses for new product research recognised as expenditure for 2020 amounted to EUR 1.4 million (2019: EUR 2.0 million).

7. Company's Branches

The Company has no branches.

8. Subsequent events

There are no subsequent significant events in 2021 that could affect the Company's financial position.

9. Conclusions

This report presented Management's view for 2020 performance, the risks and how they are managed, and the prospects and development of the Company for 2021.

Athens, 29 April 2021

The Chairman of the Board of Directors

Board of Directors member

Ioannis Batsolas

Ioannis Theonas

B. Financial Statements



**ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020**

Athens Tower, Building B, 2-4 Mesogheion Ave.,
GR-11527, Athens

www.fulgor.gr

General Commercial Registry No.: 240101000

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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020
Statement of Profit or Loss and Other Comprehensive Income

<i>Amounts in Euro</i>	Note	2020	2019
Revenue	5	382,500,272	321,283,697
Cost of Sales	6	(333,585,184)	(283,433,981)
Gross Profit		48,915,088	37,849,717
Other income	7	1,227,822	1,194,320
Selling and distribution expenses	6	(3,416,082)	(2,515,205)
Administrative expenses	6	(6,787,652)	(6,294,923)
Reversal of / (Impairment loss) on receivables and contract assets		(170,961)	40,640
Other expenses	8	(1,468,639)	(1,376,182)
Operating profit		38,299,576	28,898,368
Finance income	9	2,150	7,774
Finance costs	10	(8,990,654)	(8,310,524)
Profit before tax		29,311,072	20,595,618
Income tax	11	(7,176,485)	(5,496,970)
Profit after tax		22,134,587	15,098,648
Other comprehensive income			
<u>Items that will never be reclassified to profit or loss:</u>			
Remeasurements of defined benefit liability	12	(171,975)	(348,302)
Related tax		41,274	82,731
		(130,701)	(265,571)
<u>Items that are or may be reclassified to profit or loss:</u>			
Cash flow hedges – effective portion of changes in fair value		(906,541)	(474,595)
Cash flow hedges – reclassified to profit or loss		474,595	490,330
Related tax		103,667	(23,390)
		(328,279)	(7,655)
Other comprehensive income after tax		(458,980)	(273,226)
Total comprehensive income after tax		21,675,607	14,825,422

The attached notes on pages 27 to 74 are an integral part of these Financial Statements.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020
Statement of Financial Position
Amounts in Euro
ASSETS

	Note	2020	2019
Property, plant & equipment	14	197,409,202	165,995,414
Right of use assets	15	545,678	581,831
Intangible assets	16	6,207,715	3,914,766
Investment property	17	609,154	609,154
Contract costs	13	161,247	55,165
Other receivables		307,253	330,984
Non-current assets		205,240,249	171,487,313
Inventories	19	54,061,020	37,074,027
Trade and other receivables	20	45,545,533	66,511,113
Contract assets	13	30,698,861	5,714,332
Contract costs	13	211,220	76,916
Cash and cash equivalents	21	34,571,039	39,350,506
Total current assets		165,087,673	148,726,894
Total assets		370,327,922	320,214,207

EQUITY & LIABILITIES
EQUITY

Share capital	22	11,373,822	11,373,822
Share premium	22	26,206,523	45,492,801
Reserves	23	12,607,660	12,935,939
Retained earnings/(losses)		8,875,697	(32,414,468)
Total equity		59,063,702	37,388,094

LIABILITIES

Loans and borrowings	24	74,230,161	61,443,043
Lease liabilities	15	355,605	399,268
Employee benefits	12	2,008,532	1,607,134
Grants	27	12,843,614	10,322,722
Deferred tax liabilities	11	15,093,957	8,254,176
Other long-term liabilities	25	216,935	2,169,855
Non-current liabilities		104,748,803	84,196,198
Loans and borrowings	24	70,261,319	70,379,253
Lease liabilities	15	203,520	191,711
Trade and other payables	26	127,913,304	99,486,670
Contract liabilities	13	7,087,799	28,097,687
Derivatives	28.5	1,049,475	474,595
Current liabilities		206,515,418	198,629,915
Total liabilities		311,264,220	282,826,113
Total equity and liabilities		370,327,922	320,214,207

The attached notes on pages 27 to 74 are an integral part of these Financial Statements.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Statement of Changes in Equity

<i>Amounts in Euro</i>	Share Capital and Share premium	Fair value reserves	Other reserves	Retained earnings/(losses)	Total equity
Balance on 1 January 2019	56,866,623	(353,037)	13,296,631	(47,247,545)	22,562,672
Profit for the period	-	-	-	15,098,648	15,098,648
Other comprehensive income	-	(7,655)	-	(265,571)	(273,226)
Total comprehensive income	-	(7,655)	-	14,833,077	14,825,422
Balance at 31 December 2019	56,866,623	(360,692)	13,296,631	(32,414,468)	37,388,094
Balance at 1 January 2020	56,866,623	(360,692)	13,296,631	(32,414,468)	37,388,094
Profit for the period	-	-	-	22,134,587	22,134,587
Other comprehensive income	-	(328,279)	-	(130,701)	(458,980)
Total comprehensive income	-	(328,279)	-	22,003,886	21,675,607
<u>Transactions with owners of the company</u>					
Transfer of reserves	(19,286,279)	-	-	19,286,279	-
Total transactions with owners of the company	(19,286,279)	-	-	19,286,279	-
Balance at 31 December 2020	37,580,345	(688,971)	13,296,631	8,875,697	59,063,701

The attached notes on pages 27 to 74 are an integral part of these Financial Statements.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020
Statement of Cash Flows
Amounts in Euro
Cash flows from operating activities:

	Note	2020	2019
Profit before tax		29,311,072	20,595,618
<i>Plus / less adjustments for:</i>			
Depreciation of fixed assets & right-of-use assets	14, 16	7,471,518	7,286,125
Grants amortisation	7	(623,737)	(313,308)
Unrealised (Gains)/ loss from valuation of derivatives	8	142,934	(10,641)
Interest income	9	(2,150)	(7,774)
Interest charges and related expenses	10	8,990,654	8,310,524
(Profit) / loss from sale of property, plant & equipment		-	(156)
Investment property impairment		-	26,220
(Reversal of) / Impairment loss on receivables		170,961	(40,640)
		45,461,251	35,845,968

Changes in:

- Inventories		(16,986,993)	(10,882,440)
- Trade and other receivables		23,891,030	(23,835,086)
- Contract assets		(24,984,529)	9,103,788
- Trade and other payables		30297068	44,546,880
- Contract liabilities		(21,009,888)	(13,757,682)
- Contract costs		(240,387)	1,296,513
- Employee benefits		229,423	90,858

Cash flows from operating activities

Interest expense and related costs paid		(7,751,662)	(6,975,275)
Taxes paid		(191,763)	-

Net Cash flows from operating activities
Cash flows from investing activities:

Acquisition of property, plant & equipment	14	(43,956,391)	(29,592,643)
Acquisition of intangible assets	16	(900,106)	(946,388)
Proceeds from disposal of property, plant & equipment		65,063	45,000
Interest received	9	2,150	7,774

Net Cash flows used in investing activities

		(44,789,284)	(30,486,257)
--	--	---------------------	---------------------

Cash flows from financing activities:

Loans obtained		21,800,000	35,314,951
Repayment of loans		(10,369,808)	(8,135,352)
Repayment of lease principal		(205,875)	(173,737)
Grants received		71,949	169,291

Net Cash flows from financing activities

		11,296,266	27,175,154
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Net (decrease) / increase in cash and cash equivalents

		(4,779,467)	32,122,420
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Cash and cash equivalents at the beginning of the year

		39,350,506	7,228,086
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Cash and cash equivalents at year's end

21		34,571,039	39,350,506
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The attached notes on pages 27 to 74 are an integral part of these Financial Statements.

Notes to the Financial Statements

1. Information on the Company

FULGOR SINGLE-MEMBER S.A. HELLENIC CABLES INDUSTRY (hereafter, the “Company” or “Fulgor”) has its registered office at 2-4 Mesogheion Ave., Athens Tower, Building B, Athens.

The Company's Financial Statements are included in the consolidated financial statements of the direct parent company Hellenic Cables S.A. (hereinafter "Hellenic Cables"), the Belgian-based holding company "Cenergy Holdings S.A." which is listed on Euronext Brussels and the Athens Stock Exchange, and of the ultimate parent company "VIOHALCO SA/NV", which is also listed on Euronext Brussels and the Athens Stock Exchange.

At 31 December 2020, the direct holding of Hellenic Cables in the Company's capital stood at 100%. Cenergy Holdings SA and Viohalco SA/NV indirectly control 100% and 81.93% of the Company's voting rights, respectively.

The Company operates in Greece and is engaged in the production and distribution of all types and forms of cables (submarine, energy, telecommunications, etc.).

2. Presentation basis of Financial Statements

2.1 Statement of Compliance

The Stand-alone Financial Statements of the Company (hereinafter the "Financial Statements") have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations, as adopted by the European Union.

The Financial Statements were approved by the Board of Directors on 29 April 2021 and have been uploaded on the website at <https://www.cablel.com>, in the category Financial Statements/ Financial Statements of Subsidiaries. The Company's General Commercial Registry No. is 240101000.

2.2 Basis of measurement

The Financial Statements have been prepared according to the principle of historical cost, except for the financial derivative instruments that are presented at fair value, and on the basis of the going concern principle.

At 31 December 2020, the Company's current liabilities exceeded total current assets by EUR 41 million (31 December 2019: EUR 50 million).

However, Company's financing is considered guaranteed in the near future through:

- the Company's operating profitability and robust backlog of orders;
- the use of credit lines made available by financial institutions;
- the support provided by the parent company, whenever necessary. This support acquires various forms such as, among others, share capital increase and sales support.

2.3 Functional currency

The Financial Statements are presented in Euro, which is the Company's functional currency. All financial information is provided in Euro and has been rounded to the nearest unit, unless otherwise indicated in separate notes. Such rounding results in minor differences in the tables incorporated herein.

2.4 Use of estimates and assumptions

Preparing Financial Statements in line with IFRS requires use of estimates and the adoption of assumptions by Management which may affect the accounting balances of assets and liabilities as well as the income and expense items. The actual results may differ from these estimates.

The estimates and relevant assumptions are reviewed on an ongoing basis. Any deviations of the accounting estimates are recognised in the period in which they are reviewed provided they concern solely the current period or, if they refer to future periods, the deviations concern both current and future periods.

The accounting decisions made by Management when applying the accounting policies, which could affect mostly the Financial Statements of the Company are as follows:

- the useful life and residual value of depreciable tangible and intangible assets;
- the amount of defined employee benefits obligation;
- the impairment loss on receivables and contract assets;
- the amount of provisions for income tax of unaudited fiscal years;
- the amount of provisions for obsolete or slow-moving inventories;
- the amount of provisions for disputed cases;
- the recoverability of the deferred tax asset.

The main sources of uncertainty for the Company on the date the Financial Statements were compiled which may have a significant effect on the book values of assets and liabilities concern:

(a) Income tax (note 11 and note 29.3).

During the normal business flow numerous transactions and calculations take place in relation to which the exact calculation of tax is uncertain. In case the final taxes arising from tax audits differ from the amounts initially recorded, these differences will affect income tax and, by extension, the provisions for deferred tax at the period in which tax differences were assessed.

(b) Inventories (note 19).

The Company makes estimates about the calculation of the realisable value, based on data arising from internal and external information sources such as LME prices for copper and aluminium, which are the key raw materials used in the Company's products.

(c) Impairment of non-financial assets

The Company makes estimates about any impairment of the assets that are not measured at fair value (Property, plant and equipment; Intangible assets; Investment property). Especially as regards Property, plant and equipment, the Company evaluates their recoverability based on the value in use of the cash generating unit under which such assets fall, when there is evidence of impairment of such assets. The calculated value in use is based on a five-year business plan prepared by Management and, thus, it is sensitive to the verification or not of expectations relating to the attainment of sales objectives, gross margin percentages, operating results, growth rates and discount rates of estimated cash flows.

(d) Impairment loss on receivables and contract assets (note 20 and note 28.1).

The impairment losses on receivables and contract assets are presented on the basis of estimates for the amounts which are likely to be recovered pursuant to the expected-loss model. ECLs are a probability-weighted estimate

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(e) Measurement of defined employee benefits obligation (note 12).

This liability is based on key actuarial assumptions of financial nature.

(f) Fair value measurement

A number of accounting policies and disclosures requires the measurement of fair value for both financial and non-financial instruments and liabilities. When the fair value of an instrument or liability is measured, the Company uses mostly active market prices. Fair value is classified in hierarchy levels as follows:

Level 1: Quoted prices (unadjusted) in an active market for identical assets and liabilities.

Level 2: Inputs that are observable either directly or indirectly.

Level 3: Unobservable inputs for assets and liabilities.

Inputs that do not meet the respective criteria and cannot be classified in Level 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.

Unobservable prices are classified in Level 3. The fair value of shares that are not traded in an active market is measured on the basis of the Company's forecasts for the issuer's future profitability, having taken into consideration the expected growth rate of its activities and the discount rate. The fair values of financial liabilities are estimated based on the present value of future cash flows that arise from specific contracts using the current interest rate that is available for the Company for the use of similar financial instruments.

The Company recognises transfers between fair value levels at the end of the reporting period in which a change took place. Further information on the assumptions of measurement at fair value is included in note 28.

(g) Useful life of depreciable tangible and intangible assets (notes 14 & 16).

(h) Estimates about the recoverability of deferred tax assets (Note 11).

(i) Estimates about the recognition of revenue (Note 5).

3. New standards, interpretations and amendment to existing standards

Specific new standards, standard amendments and interpretations have been issued, which are mandatory for accounting periods beginning on or after 1 January 2020. The Company's estimate about the effect of the application of such new standards, amendments and interpretations is described below.

Standards and Interpretations mandatory for the current financial year

IFRS 3 (Amendments) "Definition of business combination"

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. It also clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Finally, it introduces an optional test (or optional concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

IAS 1 and IAS 8 (Amendments) “Definition of materiality”

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. Moreover, the clarifications attached to the definition have been improved. Finally, these amendments ensure that the definition of materiality is consistently applied in all IFRSs.

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

The amendments modify specific hedge accounting requirements to provide relief from any other consequences arising from the uncertainties of the interest rate benchmark reform. Moreover, the amendments require entities to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Mandatory standards and Interpretations for subsequent periods**IFRS 16 (Amendment) “Covid-19-Related Rent Concessions (effective for annual accounting periods beginning on or after 1 June 2020)**

The amendment permits lessees (but not lessors), as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) “Interest Rate Benchmark Reform - Phase 2” (effective for annual periods beginning on or after 1 January 2021)

These amendments supplement those issued in 2019 and are focused on the effects on financial statements when a company replaces an old interest rate benchmark with an alternative interest rate benchmark as a result of the reform. More specifically, the amendments refer to how a company will account for changes to contractual cash flows of financial instruments, how it will account for changes to hedging relationships and to the information it must disclose.

IAS 16 (Amendment) “Property, Plant and Equipment - Proceeds before intended use” (effective for annual accounting periods beginning on or after 1 January 2022)

This amendment prohibits a company from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the company is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities. The amendment has not yet been adopted by the European Union.

IAS 37 (Amendment) “Onerous Contracts – Cost of Fulfilling a Contract” (effective for annual accounting periods beginning on or after 1 January 2022)

The amendment clarifies that the ‘costs to fulfil a contract’ includes the direct cost of fulfilling this contract and an allocation of other costs that relate directly to fulfilling the contract. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been adopted by the European Union.

*NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020***IFRS 3 (Amendment) "Reference to the Conceptual Framework"** (applying to annual accounting periods beginning on or after 1 January 2022)

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been adopted by the European Union.

IAS 1 (Amendment) "Classification of Liabilities as Current or Non-Current" (effective for annual periods beginning on or after 1 January 2023):

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been adopted by the European Union.

IAS 1 (Amendments) "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of Accounting Policies" (effective for annual accounting periods beginning on or after 1 January 2023)

The amendments require companies to provide information about their material accounting policies and provide guidance about the concept of materiality when this applies to disclosures of accounting policies. These amendments have not yet been adopted by the European Union.

IAS 8 (Amendments) "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (effective for annual accounting periods beginning on or after 1 January 2023)

The amendments clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. These amendments have not yet been adopted by the European Union.

Annual Improvements to IFRS Standards 2018-2020 (effective for annual accounting periods beginning on or after 1 January 2022)

The amendments set out below include changes to four IFRSs. These amendments have not yet been endorsed by the EU.

IFRS 9 "Financial Instruments"

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 "Leases"

The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 that accompanies the Standard, in order to remove any potential confusion about the treatment of lease incentives.

4. Significant accounting principles

The accounting principles cited below have been consistently applied to all the periods presented in these Financial Statements.

4.1 Foreign currency

Transactions and balances

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the date of each transaction. Gains and losses from foreign exchange differences that arise from the settlement of such transactions and from conversion of monetary asset and liability items denominated in a foreign currency at the foreign exchange rates that apply on the balance sheet date are recorded in the Income Statement.

Overall, exchange rate differences arising from the application of the above shall be recognised in the Statement of Profit or Loss and OCI:

- financial assets FVTPL (except for their impairment when exchange rate differences are transferred from Comprehensive Income to the Income Statement);
- Financial liabilities intended to hedge a net investment in a company in foreign currency to the extent such hedging is effective.
- Cash flow hedge to the extent such hedge is effective.

4.2 Financial instruments

A financial instrument is any contract that gives rise at the same time to a financial asset for an entity and a financial liability or equity instrument in another entity.

The accounting policy applying to derivative financial instruments is described separately in note 4.3.

A. Initial recognition and subsequent measurement of financial assets

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. On initial recognition, the classification of financial assets is based on the contractual cash flows of such assets and the business model in which financial assets are held.

With the exception of trade receivables, the Company initially measures a financial asset at fair value plus transaction cost, in the case of financial assets not measured at fair value through profit or loss. Trade receivables are initially measured at the transaction price, as defined in IFRS 15.

A financial asset is classified and measured at amortised cost or at fair value through other comprehensive income when it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is known as SPPI ("solely payments of principal and interest") criterion and applies to separate financial assets.

Subsequent to their initial recognition, financial assets are classified into three categories as measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets (with the exception of derivatives held for hedging purposes) not classified as measured at amortised cost or at FVOCI, as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset classified as measured at FVTPL is initially recognised at fair value with gains or losses from their valuation recognised in the statement of profit or loss. Any gains or losses arising from changes in the fair value of those financial assets classified as measured at FVTPL are recognised in the statement of profit or loss in "Gain/(loss) from interests and other financial assets - Impairments".

The Company does not have any financial assets measured at FVTPL on 31 December 2020.

A financial asset measured at amortised cost is subsequently measured using the effective interest rate method (EIR) and is subject to impairment testing. Any gain or loss is recognised in profit or loss when a financial asset is derecognised, amended or impaired.

As regards investments traded in an active market, the fair value is based on market quoted prices. As regards investments for which there is no active market, the fair value is based on valuation techniques, unless the range of rational estimates of such fair value is significantly high and the likelihood of different estimates cannot be reasonably assessed and, thus, such investments must not be measured at fair value. The purchase or sale of a financial asset requiring delivery of the asset within a time frame established by regulation or convention in the marketplace concerned is recognised on the settlement date (namely the date on which the asset is transferred or delivered to the Company).

B. Impairment of financial assets

On each date financial statements are prepared, the Company assesses the data as to whether the value of a financial asset or a group of financial assets has been impaired as follows:

The Company recognises provisions for expected credit losses from:

- financial assets measured at amortised cost, and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses (ECLs). Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of trade receivables and contract assets.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

*NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020**Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that they would not be considered otherwise;
- indications that a debtor will enter bankruptcy;
- adverse changes in the payments status of a debtor;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a financial asset.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

C. Derecognition of financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- the Company reserves the right to the cash inflows from that asset but has also undertaken to pay them to third parties without significant delay in the form of a transfer contract, or
- the Company has transferred the right to receive the cash flows from that asset while (a) it has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred substantially all of the risks and rewards but has transferred control of that asset.

When the Company transfers the rights to receive cash flows from an asset or enters into a transfer contract, it assesses the extent by which it retains the risks and rewards of ownership of the financial asset. When the Company neither transfers nor retains substantially all of the risks and rewards of the transferred asset and retains control of such asset, then the asset is recognised to the extent of the Company's continuing involvement in the specific asset. In this case, the Company also recognises an associated liability. The transferred asset and associated liability are measured at a basis reflecting the rights and commitments retained by the Company.

The continuing involvement assuming the form of guarantee of the transferred asset is recognised at the lower between the asset's book value and the maximum amount of the consideration received that the Company could be forced to refund.

Initial recognition and subsequent measurement of financial liabilities

All financial liabilities are initially measured at fair value less transaction cost in the case of loans and payables.

D. Derecognition of financial liabilities

A financial liability is derecognised when its contractual obligation is cancelled or expires. When an existing financial liability is replaced by another from the same lender with materially different terms, or the terms of the existing liability are materially amended, the said swap or amendment is treated as derecognition of the initial liability and recognition of a new one. The difference in the relevant book values is recognised in the statement of profit or loss and OCI.

E. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legal right cannot be contingent on a future event and must be enforceable in the ordinary course of business, in the event of default, insolvency or bankruptcy of the entity or any counterparty.

4.3 Derivatives and hedge accounting

The Company holds derivative financial instruments to hedge cash flows and fair value. Derivatives include futures to hedge the financial risk arising from changes in the market price of copper and aluminium in particular, and in the exchange rate with foreign currencies (mainly USD or GBP).

The results from the settled operations of financial risk management are recognised through profit or loss when they are realised (stock market results on copper, aluminium and foreign currency contracts).

Derivatives are initially and subsequently recognised at their fair value. The method by which profits and losses are recognised depends on whether derivatives are designated as a fair value or cash flow hedging instrument.

Derivatives are recognised when the transaction is entered into by the Company as hedges for the fair value of receivables, liabilities or commitments (fair value hedges) or very probable transactions (cash flow hedges).

When entering into transactions the Company records the proportion between hedged assets and hedging assets and the relevant financial risk management strategy. When entering into the contract and thereafter the estimate is recorded about the high effectiveness of hedging both for fair value hedges and for cash flow hedges. As for future transaction hedging, the probability to complete the transaction is substantiated.

A. Fair value hedging

Changes in the fair value of derivatives which are defined as fair value hedges are posted through profit or loss as are the changes in the fair value of the hedged assets which are attributed to the risk offset.

B. Cash Flow hedges

The effective proportion of the change in the fair value of derivatives defined as cash flow change hedges is posted to an Equity Reserve. The gain or loss on the non-effective proportion is posted through profit or loss. The amounts posted as an Equity Reserve are carried forward to the results of the periods where the hedged assets affect profits or losses. In cases of hedging forecast future transactions which result in recognition of a non-monetary asset (e.g. inventory) or liability, profits or losses which had been posted to equity are carried forward to acquisition cost of the non-financial asset generated.

When a hedging instrument matures or is sold or when the hedging proportion no longer meets the hedge accounting criteria, the profits and losses accrued to Equity remain as a reserve and are carried forward to the results when the hedge affects profits or losses. In the case of a hedge on a forecast future transaction which is no longer expected to be realised, the profits or losses accrued to Equity are transferred to the statement of profit or loss.

4.4 Share capital

The share capital consists of ordinary registered shares and is recognised in equity. The expenses directly related to the Company's share capital increase are deducted from the proceeds of the issue and reduce accordingly shareholder's equity.

Dividends in ordinary shares are recognised as a liability in the period in which they have been approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

The acquisition cost of treasury shares including various expenses is deducted from shareholder's equity until own shares are sold or cancelled. In case own shares are sold or re-issued, the price will be directly posted to equity.

4.5 Property, plant & equipment**A. Recognition and measurement**

Property, plant and equipment are measured at the historical acquisition cost less accumulated depreciation and any accumulated impairment. The historical cost includes expenses directly allocated to the acquisition and establishment cost of the fixed asset. Costs may also include profits/losses in equity arising from foreign currency cash flow hedging with respect to fixed assets purchases.

If considerable parts of a fixed asset have different useful lives, they are accounted for as different fixed assets.

When tangible assets are sold, differences between the price received and the book value are posted as profits or losses in the income statement in the account "Other income" or "Other operating expenses" as the case may be. When the book value of a tangible fixed asset exceeds its recoverable value, the difference (impairment loss) is directly recorded in the Income Statement.

B. Subsequent expenditures

Any subsequent expenditure is recorded as increase of tangible assets or is recognised as a separate fixed asset, only if it is deemed probable that future economic benefits will accrue to the Company and provided that the asset's cost may be reliably estimated.

C. Amortisation and depreciation

Plots and land are not depreciated. Other tangible fixed assets are depreciated based on the straight line method with equal annual burdens during the asset's expected service life, so that the cost may be deleted at its residual value. The expected useful life of assets is as follows:

– Buildings	20 – 50 years
– Machinery	10 - 40 years
– Mechanical equipment	10 – 15 years
– Control instruments	10 – 40 years
– Cars	4 – 10 years
– Furniture and other fixtures	2 – 10 years

The residual value and useful life of tangible fixed assets are reviewed and adjusted at each date the Statement of Financial Position is drafted, if that is considered necessary.

4.6 Intangible assets

The Company has classified industrial property rights related to trademarks, licenses and software programs under such category.

Concessions and industrial property rights

Concessions and industrial property rights include trademarks and licenses with specific service life and are estimated at their acquisition cost less depreciation. These assets are depreciated based on the straight-line method during their service life, which ranges from 10 to 15 years. Wherever intangible assets with indefinite

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

useful life have been recognised, these are measured at cost less accumulated impairment. Their cost includes the cost of studies, laboratory tests and consumables.

Software

Software licenses are estimated at their acquisition cost, less accumulated depreciation and any accumulated impairment. These assets are depreciated based on the straight-line method during their useful life, which ranges between 3 to 10 years.

Expenditures required for the maintenance of software programs are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

4.7 Investment property

Investment property concerns plots and buildings that are not used by the Company. Plots are assessed at cost less any impairment while buildings are depreciated using the straight-line method at equal annual instalments throughout their expected useful life.

The profits or losses arising from the disposal of investment property (calculated as the difference between the net inflow from the disposal and the book value of the asset) are recognised through profit or loss during the period of disposal.

4.8 Inventories

Inventories are measured at the lower between their acquisition cost or production cost and their net realisable value. The acquisition cost of the purchased inventories is specified by applying the annual weighted average cost method and includes all the expenses incurred for their acquisition and transport.

The production cost of produced inventories also includes the proportionate industrial overheads under normal conditions of productive operation.

The net realisable value of inventories is considered to be the estimated selling price thereof under normal business conditions less the estimated selling expenses.

4.9 Impairment of non-financial assets

As for non-financial assets save inventories and deferred tax asset, the value of impairment is reviewed on each closing date for any impairment. Goodwill is necessarily tested each year for impairment. Assets that have an indefinite useful life are not depreciated, but are subject to an impairment test on an annual basis and when certain facts indicate that their book value may not be recoverable.

The recoverable amount of an asset or cash generating unit is the higher between the value in use and the fair value less any cost to sell. The value in use is based on the expected future cash flows discounted at their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks directly associated with the asset or the cash generating unit.

Impairment is recognised if the book value exceeds the estimated recoverable amount. Impairment is recognised in the Income Statement. Goodwill impairment is not reversed. The impairment loss is reversed thus restoring the book value of the asset to its recoverable amount to the extent this does not exceed the book value of the asset (net of amortisation) that would have been determined if impairment loss had not been posted.

4.10 Employee benefits

A. Short-term employee benefits

Short-term employee benefits in cash and in kind are expensed when accrued. A liability is recognised for the amount expected to be paid as benefit to the staff and executives if there is a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

B. Defined-contribution plans

Defined-contribution plans are plans for the period after the employee has ceased to work during which the Company pays a defined amount to a third legal entity without any other obligation. Obligations for contributions to defined-contribution plans are recognised as an expense through profit or loss at the time they are due.

C. Defined-benefit plans

The obligation for defined-benefit plans is calculated as the present value of the future benefit of the employee for his services provided in the current or previous periods less the fair value of the plan's assets.

The defined benefit is calculated annually by an independent actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which mainly comprise actuarial gains and losses, are recognised immediately in the Statement of Profit or Loss and OCI. The discount rate used corresponds to bonds of low credit risk. Interest charges and other expenses related to defined-benefit plans are recognised through profit or loss.

When the benefits of a plan change or the plan is cut back, the change associated with the past service cost or the gain/loss from cutback is directly recognised through profit or loss. The Company recognises gains and losses from the settlement of a plan when incurred.

D. Termination benefits

Termination benefits are paid when employees depart before their retirement date. The Company posts these benefits when it undertakes either to terminate the employment of current employees in line with a detailed plan which is not likely to be withdrawn or when these benefits are offered as an incentive for voluntary redundancy. Termination benefits due 12 months after the balance sheet date are discounted. In the case of employment termination where the Company is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for, but are recorded as a contingent liability.

4.11 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed on the date each balance sheet is prepared and are adjusted so as to reflect the current value of the expense expected to be required to settle the obligation. A contingent liability is not recognised in financial statements but is disclosed unless the possibility of an outflow of resources is remote. A contingent asset is not recognised in financial statements but is disclosed when an inflow of economic benefits is probable.

A provision for restructuring is recognised when the Company has approved a detailed restructuring plan and such restructuring has already started or has been publicly announced. No future operating costs are recognised for raising provisions.

4.12 Revenue

The Company recognises revenue from the following major sources:

- Sale of products
- Energy projects which concern high-tech customised projects of mainly submarine cables and "turnkey" cable systems for power or data transmission and distribution.
- Rendering of services
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Consideration can vary because of trade discounts, volume rebates, returns or other similar items. Depending on the type of variable consideration the most appropriate method for measuring this variable consideration is used. In most cases, the Company uses the "most likely amount" method in order to estimate and deduct the amount of such variable consideration by identifying the single most likely amount from a range of possible outcomes.

Sale of products

The Company sells power cables, telecom cables, copper and aluminium wires, and raw materials.

For sales of products, revenue is recognised at a point of time, when the control of the goods sold has been transferred.

The timing of the transfer of control usually occurs when the goods have been shipped to the customers' location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

Revenue recognised at a point in time is invoiced either simultaneously with its recognition or within a short time period from its recognition. A receivable is recognised when the control is transferred to the customer, as this represents the point in time at which the right to consideration becomes unconditional.

Energy projects

The Company produces and sells customised products to customers for energy projects. In addition, the Company produces and sells "turnkey" cable systems, i.e. supplies and installs complete cable systems.

Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers' specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised.

For the above reasons, revenue from such projects is recognised over time.

For distinct performance obligations identified, the most appropriate method to measure progress is used. The methods used are the following:

For performance obligations related to production of customised products, the methods to measure progress are based on the production time elapsed, i.e. the ratio between the actual time spent on the production and the total number of scheduled production time. This method is used for submarine cables produced in long continuous lengths, since the production of such products normally lasts for a significant period of time and as a result the related performance obligations are satisfied as production time elapses.

For installation phases of turnkey projects, the method to measure progress is based on appraisal of results achieved or milestones reached, based on clearly defined technical milestones, such as transport or meters of

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

cables installed. When milestones are being used as a method to measure progress, these milestones faithfully depict the performance.

Management considers that these methods are appropriate measures of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities). These contract assets and contract liabilities are presented on the Statement of Financial Position in the lines “Contract assets” and “Contract liabilities” respectively. For products and services for which revenue is recognised over time, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either upon achievement of contractual milestones, or at the final delivery and acceptance of the manufactured items.

Generally, billing occurs subsequent to revenue recognition for customised products and services performed over time resulting in contract assets. However, when advances from customers are received before revenue is recognised, a contract liability is recognised.

There is not considered to be a significant financing component in energy projects contracts with customers, as the period between the recognition of revenue and the milestone payment is less than one year.

Rendering of services

The Company recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Services provided by the Company are mainly related with the products sold by its subsidiaries.

If payment for services is not due from the customer until the services are complete, a contract asset is recognised over the period in which the services are performed representing the right to consideration for the services performed to date. These contract assets are presented on the Statement of Financial Position in the line “Contract assets”.

Contract costs

The Company recognises the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if those costs are expected to be recoverable, and records them in the line “Contract costs” in the Statement of Financial Position. Incremental costs of obtaining contracts are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Fulfilment costs are only capitalised if they generate or enhance resources that will be used to satisfy performance obligations in the future.

Assets arising from contract costs are amortised using either the straight-line method over a period based on the estimated contract duration or based on the portion of revenue recognised during the execution of the related contract. Incremental costs of obtaining contracts are recognised as an expense when incurred if the amortisation period of the assets would be one year or less.

Income from interest

Income from interest is recognised on the time proportion basis using the effective interest rate method. When receivables are impaired, the book value thereof is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted with the initial effective interest rate. Subsequently, interest is accounted for based on the same interest rate that is applied to the impaired (new book) value.

4.13 Grants

A subsidy represents a contribution provided by the State in the form of resources transferred to an entity, in return for existing or future maintenance of certain resources relating to its operation. The above term does not

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include state aids which, due to their nature, are not measurable, or transactions with the State which are impossible to separate from an entity's ordinary transactions.

The Company recognises state subsidies which meet the following criteria in aggregate: a) there is presumed certainty that the enterprise has complied or will comply with the terms of the subsidy; and b) the subsidy amount has been collected or its collection is probable. They are recorded at fair value and are systematically recognised in income, on the basis of correlating subsidies to the corresponding costs that are subsidised.

Any subsidies pertaining to assets are included in long-term liabilities as income in subsequent fiscal years and are recognised systematically and rationally in income over the service life of the fixed asset.

4.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specific period of time in exchange for consideration.

Lease accounting policy when the Company is a lessee

The Company recognises a right to use an asset and a lease liability on the commencement date of the lease.

Right of use assets

The Company recognises the right-of-use assets on the commencement date of the lease term (namely the date on which the underlying asset is available for use). The right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses and are adjusted based on any remeasurement of lease liability. The initial cost of the right-of-use assets consists of the amount of lease liability recognised at inception of the contract, initial direct costs and any lease payments made on the commencement date of the lease term or earlier, less any lease incentives that have been collected. The right-of-use assets are depreciated on a straight-line basis to the earlier of the end of the lease term or the end of the useful life of the asset.

If the ownership of the leased asset is transferred to the Company at the end of the lease term or if its cost reflects the exercise of a purchase option, depreciation is calculated on the basis of the useful life of such asset.

The Company has concluded mainly lease contracts involving transport means used in its operations. Lease contracts may contain lease and non-lease components. The Company has chosen to not separate non-lease components from lease components and instead will account for all lease and non-lease components as a single lease.

The right-of-use assets are subject to a test for impairment as described in accounting policy "4.9 Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Company measures the lease liability at the present value of the rents which are payable over the lease term. Rents consist of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an associated index or a rate, and the amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

To discount lease payments, the Company uses the interest rate implicit in the lease and when this cannot be readily determined, the incremental borrowing rate of the Company is used. This incremental borrowing rate is defined as the rate of interest that the Company would have to pay, at the inception date of the lease, to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the

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right-of-use asset in a similar economic environment. In general, the Company uses the incremental borrowing rate as discount rate.

Following the inception date of the lease, the amount of lease liability is increased based on the liability-related interest and is reduced by the respective lease payments. Moreover, the carrying amount of the lease liability is remeasured if the lease contract is reassessed or amended.

Expenses from short-term leases and leases of low-value assets

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense through profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets include electronic equipment, office furniture and other fixtures.

The Company leases administration offices and warehouses from other affiliated entities. None of these contracts for administration offices and warehouses includes any penalties for early termination; all such contracts are cancellable at any time. For this reason, all intragroup contracts for administration offices and warehouses are considered short-term and the Company recognises the associated lease payments as an expense on a straight-line basis over the lease term.

Presentation in Financial Statements

Lease liabilities and right-of-use assets are presented separately in the Statement of Financial Position. The Company presents the interest paid on the lease liabilities in the Statement of Cash Flows in the account “Interest charges and related expenses paid” within operating activities.

4.15 Finance income/expenses

Net financial expenses consist of loan interest charges that are calculated using the effective interest rate method, interest arising from invested cash, income from dividends, foreign exchange gains and losses as well as the profits and losses from hedging instruments posted to the Statement of Profit or Loss and OCI.

Accrued interest is posted to the income statement based on the effective interest rate method. Dividend income is posted to the income statement on the date dividend distribution is approved.

4.16 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Income tax expense is recognised in profit or loss unless it is related to items directly recognised in equity and thus it is recognised in equity.

The current year tax is the expected tax liability over the taxable income using the applicable tax rates and any adjustment related to a prior period tax liability.

The deferred tax is calculated using the balance sheet method based on the temporary differences arising between the book value of the assets and liabilities included in the Financial Statements and the tax value attributed to such in accordance with tax laws. For deferred taxes to be determined, the enacted tax rates or the tax rates enacted on the preparation date of the Statement of Financial Position and applying on a subsequent date are used.

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will suffice for offsetting temporary differences. The deferred tax asset is reduced in case it is probable that no tax benefit will occur.

4.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale form part of the acquisition cost of that asset from the start date as such is specified in the relevant IFRS until the time it is

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

substantially ready for its intended use or sale. Any income on the temporary investment of borrowings for financing the above qualifying asset and the collection of grants reduce the borrowing costs eligible for capitalisation. In other events, borrowing costs are charged through profit or loss in the year in which they are incurred.

To the extent that funds are part of a general loan and are used for acquiring a qualifying asset, costs eligible for capitalisation are specified by applying a capitalisation rate to the investment expenses incurred for that asset.

5. Revenue

A. Significant accounting policy

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

For the detailed accounting policy, see Note 4.12.

B. Nature of goods and services

Energy cables projects

The Company produces and sells "turnkey" cable systems, i.e. supplies and installs complete cable systems. In addition, customised cable products are produced for grid connections, offshore/onshore wind farms and other energy projects. Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers' specifications, while there is an enforceable right to payment for performance completed until the reporting date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised. Revenue from such projects is recognised over time. The typical length of a contract for turnkey projects exceeds 12 months. For turnkey projects, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the contracts and if a customer can benefit from it.

Power & telecom cables

The key products in this category are power cables and overhead conductors for electric power distribution networks for electric power operators, utilities, industrial applications, renewable energy applications, railway transportation networks and buildings. The category also includes telecommunication, data transmission cables, optical fibre cables and signalling cables. For sales of such products, revenue is recognised at a point of time, when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the goods have been shipped to the customers' location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

Copper and aluminium wires and raw materials

The Company sells copper and aluminium wires which are used as raw materials by its customers in the production of cable products. For sales of such products, revenue is recognised at a point of time, when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the

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goods have been shipped to the customers' location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

C. Disaggregation of revenue

In the following table revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Primary geographical markets

<i>Amounts in Euro</i>	2020	2019
Greece	329,168,456	270,862,255
Other European Union countries	51,363,241	49,606,345
Other non-European countries	1,968,575	815,097
	382,500,272	321,283,697

Major products and service lines

<i>Amounts in Euro</i>	2020	2019
Energy projects	186,734,405	162,430,975
Power & telecom cables	16,722,473	13,456,823
Sales of wires, raw materials and other products	179,043,394	145,395,900
	382,500,272	321,283,697

Timing of revenue recognition

<i>Amounts in Euro</i>	2020	2019
Revenue recognised at a point in time	195,765,866	158,852,723
Revenue recognised over time	186,734,405	162,430,975
	382,500,272	321,283,697

In 2020, the turnover amounted to EUR 382.5 million, increased by 19% compared to 2019. This increase is mainly due to the contracts of submarine cables executed during 2020, and overall to higher sales volumes.

Revenue expected to be recognised in the future and related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to EUR 24.4 million. The total amount is expected to be recognised during 2021 based on the time schedules of the ongoing energy projects and is included in the open contracts at 31 December 2020, which had original contractual expected duration of more than one year.

D. Significant judgments in revenue recognition

In recognising revenue the Company makes judgements regarding the timing of satisfaction of performance obligations, as well as the transaction price and the amounts allocated to performance obligations.

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The most significant of these estimates are described below:

- Contracts involving the supply of a product through the performance of a single task or a set of significant integrated tasks are viewed as being a single performance obligation.
- Contracts including multiple performance obligations are mainly identified in turnkey contracts and for customised products, as described in Note 6B and Note 4.12.
In such cases the total transaction price is allocated to these performance obligations on the basis of the relative standalone selling prices of the promised goods or services. If these goods and services are not sold separately, a cost plus margin approach is used.
- Some contracts with customers involve a variable transaction cost as they include a volume or trade discount based on the total purchases from the customer within a time period. In such case revenue is recognised based on the anticipated purchases from the customer throughout the year, as these purchases are realised and new orders are received and up to an extent it is highly probable that a significant reversal of cumulative revenue recognised will not be needed.

6. Expenses by nature

<i>Amounts in Euro</i>	2020	2019
Cost of inventories recognised as an expense	234,709,223	205,256,583
Employee benefits	18,410,497	15,504,168
Energy	2,852,984	3,660,612
Depreciation and amortisation of tangible, intangible and right-of-use assets	7,463,031	7,280,467
Amortisation of contract costs	75,169	1,380,790
Taxes & duties	504,040	373,349
Insurance fees	6,990,112	4,680,261
Rental fees	391,382	274,613
Transportation expenses	1,024,821	754,131
Third party fees and benefits	61,603,532	46,928,253
Commissions	849,270	1,095,045
Maintenance	3,225,799	2,868,026
Losses from derivatives	3,221,754	619,628
Foreign exchange differences	79,748	(55,334)
Other	2,387,557	1,623,517
Total cost of sales, selling & distribution and administrative expenses	343,788,918	292,244,108

The increase in “Third party fees and benefits” is attributed mainly to increased fees paid to subcontractors for installation services in the context of turnkey contracts executed by the Contract. Specifically, during 2020 the installation for the Cyclades submarine interconnection (second phase), the submarine interconnection of Skiathos island with Evia, Greece, and the Crete – Peloponnese interconnection were carried out. In contrast, in 2019 installation services were limited given that only two submarine projects of a smaller scale were executed (interconnection of the Kafireas wind park and the Rio-Antirio interconnection).

In addition, the Company invests in research and development in order to develop value added products and services on an ongoing basis, and to optimise its production processes. Total research and development expenses that were recognised as an expense for 2020 amount to EUR 1,399 thousand (2019: EUR 2,002 thousand) and have been included in the line “Cost of sales”.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

The line “third party fees and benefits” in the table above includes fees of EUR 62,300 paid to the auditors of the Company for the fiscal year 2020.

Personnel expenses are analysed as follows:

<i>Amounts in Euro</i>	2020	2019
Salaries and wages	14,998,710	12,469,705
Contributions to social security funds	3,557,852	3,037,943
Other employee benefits	1,285,939	1,238,703
Defined benefit plan	279,277	134,081
Total	20,121,778	16,880,431

The personnel employed at 31 December 2020 amounted to 588 persons (2019: 464). The increase in the number of personnel is the key reason explaining the increase in the relevant expenses.

Employee benefit expenses are included in the following items in the Financial Statements:

<i>Amounts in Euro</i>	2020	2019
Cost of sales	17,235,377	14,372,878
Selling and distribution expenses	506,511	639,967
Administrative expenses	668,608	491,323
Other expenses	229,423	90,858
Capitalised in assets under construction	1,481,859	1,285,406
Total	20,121,778	16,880,431

Personnel expenses were capitalised due to the continuing investments in improvement of the production capacity of the submarine cables production unit in the Company's plant, and in development projects for certification, licences and new products development.

7. Other income

<i>Amounts in Euro</i>	Note	2020	2019
Grants amortisation	27	623,737	313,308
Gains on sale of fixed assets		-	156
Income from expenses recharged		484,031	749,656
Indemnities		-	957
Other income		120,054	130,243
Total		1,227,822	1,194,320

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

8. Other expenses

<i>Amounts in Euro</i>	2020	2019
Expenses recharged	525,408	756,542
Taxes - duties	141,659	239,716
Penalty clauses / Fines	4,501	158,111
Employee benefits	229,423	90,858
Loss from sale of fixed assets	-	-
Impairment of investment property	-	26,220
Incremental coronavirus costs	407,096	-
Other expenses	160,552	104,735
Total	1,468,639	1,376,182

The line “*Incremental coronavirus costs*” presented in the table above includes all incremental costs incurred due to the coronavirus outbreak. Such costs are directly attributable to the coronavirus outbreak and not expected to recur once the crisis has subsided and the Company resumes its normal operations, while they are clearly separable from normal operations. “Incremental coronavirus costs” includes temporary premium payments to compensate employees for performing their normal duties at increased personal risk, charges for cleaning and disinfecting the Company’s facilities more thoroughly and more frequently, purchase of medical equipment, engagement of nursery staff, coronavirus detection tests and other expenses directly associated with the coronavirus outbreak.

9. Finance income

<i>Amounts in Euro</i>	2020	2019
Interest income	2,150	7,774
Foreign exchange differences	-	-
	2,150	7,774

10. Finance costs

<i>Amounts in Euro</i>	2020	2019
Interest expenses and related costs	8,989,485	8,310,524
Foreign exchange differences	1,169	-
	8,990,654	8,310,524

11. Income tax**A. Amounts recognised in the Statement of Profit or Loss and OCI**

<i>Amounts in Euro</i>	2020	2019
Income tax	(191,763)	-
Deferred tax	(6,984,722)	(5,496,970)
	(7,176,485)	(5,496,970)

B. Reconciliation of applicable tax rate

<i>Amounts in Euro</i>	2020	2019
Profit/ (loss) before tax	29,311,072	20,595,618
Tax calculated using the applicable tax rates 24%	(7,034,657)	(4,942,948)
Non-deductible tax expenses	(255,945)	(95,121)
Permanent tax differences	135,117	84,947
Recognition of previously non-recognised losses	-	49,973
Change in prior year income tax	(141,079)	(19,666)
Incremental R&D tax incentives	139,793	-
Reversal of deferred tax asset	(19,713)	-
Change in tax rate	-	(574,154)
Total income tax for the period	(7,176,485)	(5,496,970)
Effective tax rate	(24.48%)	(26.69%)

According to the Greek law 4646/2019, the corporate income tax rate for legal entities in Greece is set to 24% for fiscal year 2020.

Since 2019, based on Greek legislation, research and development (R&D) expenditure, including the tax depreciation costs of equipment and instruments used in R&D activities, may be deducted from gross revenue when incurred at a rate 130%. Further, on 29 July 2020, the Greek government passed new legislation increasing the R&D expenditure deduction from 30% to 100% and accelerating the certification procedure by the General Secretariat for Research and Technology (GSRT) (Law 4712/2020, art. 46, Government Gazette A' 146/29/7/2020). The new law amended article 22A of Law 4172/2013 and is effective since 1 September 2020. Therefore, R&D expenditure may be deducted from gross revenue when incurred at a rate of 200% from 1 September 2020 onwards instead of 130%, rate applicable for expenditure incurred up to 31 August 2020. The Company makes use of the above tax provisions and the expected tax benefit is presented in the line "Incremental R&D tax incentives" of the table above.

C. Deferred tax

The deferred tax assets and liabilities that were accounted for and the movements of the relevant accounts are shown below:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020
2020

<i>Amounts in Euro</i>	Balance at 1 January 2020	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Net balance at 31 December 2020
				Recognised in profit or loss	Recognised in OCI	
Tangible fixed assets	(7,738,815)	(1,628,281)	-	-	-	(9,367,096)
Right-of-use assets	2,195	1,032	-	-	-	3,227
Intangible assets	(15,749)	(5,429)	-	-	-	(21,178)
Investment property	40,393	-	-	-	-	40,393
Derivatives	113,903	34,304	103,667	-	-	251,874
Inventories	-	-	-	-	-	-
Loans and borrowings	(1,796,654)	260,372	-	-	-	(1,536,282)
Employee benefits	385,713	55,062	41,274	-	-	482,048
Provisions	19,713	(19,713)	-	-	-	-
Deferred income	-	-	-	-	-	-
Contracts with customers	(317,379)	(6,918,439)	-	-	-	(7,235,819)
Other	57,244	77,325	-	-	-	134,569
Thin capitalisation interest	599,159	629,636	-	-	-	1,228,795
Tax losses	396,102	529,410	-	-	-	925,512
Total	(8,254,176)	(6,984,722)	144,941	-	-	(15,093,956)

2019

<i>Amounts in Euro</i>	Balance at 1 January 2019	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Net balance at 31 December 2019
				Recognised in profit or loss	Recognised in OCI	
Tangible fixed assets	(6,841,804)	(996,405)	-	99,394	-	(7,738,815)
Right-of-use assets	-	2,195	-	-	-	2,195
Intangible assets	(13,147)	(2,704)	-	102	-	(15,749)
Investment property	35,521	6,293	-	(1,421)	-	40,393
Derivatives	140,272	(2,554)	(3,776)	(426)	(19,613)	113,903
Inventories	143,965	(123,398)	-	(20,566)	-	-
Loans and borrowings	(2,197,919)	251,500	-	149,765	-	(1,796,654)
Employee benefits	291,994	21,806	83,592	(10,818)	(862)	385,713
Provisions	20,535	-	-	(821)	-	19,713
Deferred income	-	-	-	-	-	-
Contracts with customers	5,234,987	(4,809,327)	-	(743,039)	-	(317,379)
Other	15,801	48,516	-	(7,073)	-	57,244
Thin capitalisation interest	-	599,159	-	-	-	599,159
Tax losses	353,248	82,103	-	(39,250)	-	396,102
Total	(2,816,547)	(4,922,816)	79,816	(574,154)	(20,475)	(8,254,176)

For the calculation of deferred taxes, the applicable tax rates or those that are substantially enacted on the financial statements preparation date are used.

The variation noted in the tax balance from Contracts with customers in the tables above is mainly related to the increase in contract assets, i.e. primarily to the performance of contracts for which no invoices had been issued, and which had been included in last year's taxable income, while revenue according to IFRS 15 was recognised during the execution of such contracts.

At 31 December 2020, the accumulated tax losses carried forward available for future use amounted to EUR 3.9 million. In detail:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Financial year	2016	2017	2018	2019	2020	Total
Tax losses	-	-	-	-	3,856,298	3,856,298

At 31 December 2019, the Company has recognised a deferred tax asset on all the aforementioned tax losses carried forward because Management believes that the recoverability of such asset is certain in the future and is mainly based on:

- the expected profitability during the following years, due to the existing backlog of orders, which secures a steady high utilisation of the Company's plant;
- the achievement of tax profitability in the past; and
- the initiatives undertaken in order to take advantage of the expected growth in energy sector and especially the high demand for new offshore projects.

12. Employee benefits

According to IFRS, the obligations of the Company towards social security funds of its employees are split into defined-contribution and defined-benefit plans.

According to the Greek Labour Law employees are entitled to compensation when dismissed or retired, the level of which is related to employee salary, length of service and the mode of departure (dismissal or retirement). Employees who resign or are dismissed on specific grounds are not entitled to compensation. The compensation payable in the case of retirement is 40% of the amount which would have been paid for unjustified dismissal. The level of compensation finally paid by the Company is determined by taking into account the employee's length of service and salary.

A liability is considered related to defined contribution plans when the accrued part thereof is regularly accounted for. This practice is similar to the practice under current Greek law, in other words payment to insurance funds of employer contributions for the length of employee service.

For pension plans falling into the defined benefit category, the IFRSs have set certain requirements concerning the valuation of the current liability and the principles and actuarial assumptions which have to be followed to assess the liability deriving from those pension plans. The obligation which is posted is based on the projected unit credit method which calculates the current value of the accrued obligation.

The provision for employee benefit obligation is presented in the financial statements pursuant to IAS 19 "Employee Benefits" and is based on an independent actuarial study. The following tables set out the composition of net expenditure for the relevant provision posted through profit or loss and equity for the years 2020 and 2019 respectively.

A. Changes in the present value of the liability

Amounts in Euro

Changes in net liability recognised in the Statement of financial position

	2020	2019
Net liability at the beginning of the year	1,607,134	1,167,974
Benefits paid	(49,853)	(43,223)
Total expenditure recognised in the income statement	279,277	134,081
Total expenditure recognised in the statement of profit or loss and OCI	171,975	348,302
Net liability at year's end	2,008,532	1,607,134

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

*Amounts in Euro***Amounts recognised in the Statement of profit or loss**

	2020	2019
Current service cost	145,984	100,206
Past service cost during the period	92,465	-
Interest cost	12,173	18,341
Curtailment/ settlement/ termination cost	28,655	15,534
Total expenditure recognised in the Statement of profit or loss	279,277	134,081

Amounts recognised in the statement of profit or loss and OCI

Actuarial loss / (gain) - demographic assumptions	-	-
Actuarial loss / (gain) - financial assumptions	158,236	261,189
Actuarial loss / (gain) – experience in the period	13,739	87,113
Total expenditure recognised in the statement of profit or loss and OCI	171,975	348,302

During 2020, the Company paid a total amount equal to EUR 49,583 (2019: EUR 43,223) for compensation to employees who were either dismissed or departed on a voluntary basis. These particular payments generated an additional cost of EUR 28,655 (2019: EUR 15,534) for the Company, which is equal to the excess amount of the benefit paid compared to the corresponding expected liability and it was recorded as “Curtailment/ settlement/ termination cost”.

B. Actuarial assumptions

The main assumptions on which the actuarial study was based to calculate the provision are as follows:

	2020	2019
Discount rate	0.30%	0.77%
Inflation	1.25%	1.30%
Future wage increase	2.00%	2.00%
Plan duration	17.49	16.63

C. Sensitivity analysis

The sensitivity analysis for each significant actuarial assumption which was reasonably possible at the end of the reporting period is presented below. It shows how the defined benefit obligation would have been affected by the following changes:

Amounts in Euro

	Increase	Decrease
Discount rate (0.5% movement)	(168,717)	188,802
Future salary growth (0.5% movement)	184,785	(166,708)

If zero withdrawal rates were used when determining the defined benefit liability as of 31 December 2020, the liability would have been increased by EUR 299,271 for the Company.

The above sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the employee benefit liability recognised on the statement of financial position. The methods and the formula of the assumptions used for the defined analysis have not changed compared to the previous year.

D. Expected maturity analysis*Amounts in Euro*

	2020	2019
Up to 1 year	72,760	52,459
Between 1 and 2 years	-	31,134
Between 2 and 5 years	144,151	10,223
Over 5 years	1,902,516	1,742,044
Total	2,119,427	1,835,860

13. Contract assets, liabilities and costs**A. Balances of receivables and liabilities from contracts**

The following table provides information on receivables and payables from contracts with customers:

Amounts in Euro

	31 December 2020	31 December 2019
Contract assets	30,698,861	5,714,332
Contract liabilities	7,087,799	28,097,687

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities).

For products and services for which revenue is recognised over time such as turnkey projects and customised cables products, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either upon achievement of contractual milestones, or at the final delivery and acceptance of the manufactured items.

Generally, billing occurs subsequent to revenue recognition for customised products and services performed over time resulting in contract assets. However, when advances from customers are received before revenue is recognised, a contract liability is recognised.

For revenues recognised at a given point in time, billing takes place at the same time with revenue recognition or within a short period from such recognition.

Significant changes in balances of contract assets and contract liabilities for the reporting period are as follows:

Amounts in Euro

	Contract assets	Contract liabilities
Balance at 1 January 2020	5,714,332	28,097,687
Revenue recognised and included in the balance of contract liabilities at year beginning	-	(25,307,960)
Increases due to advances, save the amounts recognised as revenues during the period	-	4,298,071
Amounts invoiced during the year and transferred to receivables	(3,889,843)	-
Increases due to change in progress measurement	28,922,752	-
Loss of impairment period	(48,380)	-
Balance at 31 December 2020	30,698,861	7,087,799

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

B. Contract costs

The Company expects that fees and commissions associated with contracts for energy projects are recoverable (costs for contract award). Moreover, the costs for fulfilment of a contract include materials used in tests necessary for production, labour cost and other costs which are capitalised if directly associated with the contract and are recoverable.

Therefore, at 31 December 2020 the Company had recorded an amount of EUR 372 thousand as contract costs (31 December 2019: EUR 132 thousand).

Contract costs are recognised as expenses in the cost of sales sold when the relevant revenue is recognised. During the current year, there was no impairment loss related to contract cost, while the amortisation of contract costs recorded during the year amounted to EUR 75 thousand.

14. Property, plant and equipment

Amounts in Euro

	Land & buildings	Machinery and mechanical equipment	Furniture and other fixtures	Fixed assets under construction	Total
Acquisition cost					
Balance at 1.1.2019	47,392,361	113,576,369	3,879,714	22,050,507	186,898,951
Additions	65,186	2,377,054	442,306	24,624,244	27,508,789
Disposals	-	(76,875)	-	-	(76,875)
Reclassifications*	1,011,041	32,716,352	55,496	(34,108,877)	(325,987)
Balance at 31.12.2019	48,468,588	148,592,900	4,377,515	12,565,875	214,004,878
Balance at 1.1.2020	48,468,588	148,592,900	4,377,515	12,565,875	214,004,878
Additions	1,187,291	2,767,981	342,687	35,835,078	40,133,037
Disposals	-	-	-	(65,063)	(65,063)
Reclassifications*	1,926,008	11,376,319	108,958	(15,579,505)	(2,168,219)
Balance at 31.12.2020	51,581,887	162,737,200	4,829,160	32,756,386	251,904,633
Depreciation/ Impairment					
Balance at 1.1.2019	(9,370,043)	(29,527,798)	(2,522,992)	-	(41,420,833)
Depreciation for the year	(1,142,890)	(5,111,034)	(366,737)	-	(6,620,662)
Disposals	-	32,031	-	-	32,031
Balance at 31.12.2019	(10,512,933)	(34,606,801)	(2,889,730)	-	(48,009,464)
Balance at 1.1.2020	(10,512,933)	(34,606,801)	(2,889,730)	-	(48,009,464)
Depreciation for the year	(1,085,444)	(5,010,661)	(389,861)	-	(6,485,967)
Disposals	-	-	-	-	-
Balance at 31.12.2020	(11,598,377)	(39,617,462)	(3,279,591)	-	(54,495,430)
Net book value					
31.12.2019	37,955,655	113,986,099	1,487,785	12,565,875	165,995,414
31.12.2020	39,983,510	123,119,738	1,549,569	32,756,386	197,409,202

*: The negative balance of reclassifications at the acquisition cost of fixed assets is offset against the positive

balance of reclassifications to intangible assets.

A. Mortgages on fixed assets

Mortgages amounting to EUR 49 million have been raised on the Company's property, plant and equipment.

B. Fixed assets under construction

Fixed assets under construction concern mainly machinery the installation of which had not been completed by 31 December 2020.

The amount of EUR 15.6 million which was reclassified from the property, plant and equipment under construction in 2020 mostly relates to the conclusion of investments in the upgrade of Soussaki-based plant's production capacity.

The borrowing costs capitalised during 2020 and related to the Company's property, plant and equipment under construction amounted to EUR 505 thousand and concerned the acquisition of new machinery. The discount rate used was 4.55%.

C. Change in estimate of useful lives

During 2020, the Company conducted an operational efficiency review at all of its plants, which resulted in changes in the expected useful life of plants and production machinery.

The factors taken into account for this operational review were the following:

- the frequent and consistent maintenance of machinery and plants;
- the level of capacity utilisation of certain assets since their initial acquisition compared to industry's standards and
- technological developments and technical advances in production methods in the industry.

As a result, the expected useful life of plants was extended by 6 years on average and the useful life of heavy machinery was extended by 4 years on average.

Upon the application of the changes described above, the ranges of useful lives as described in the relative accounting policy remained unaffected.

The effect of these changes on annual depreciation expense, which is included in "Cost of sales", was EUR 1.3 million for 2020 and for the period 2021-2024 on an annual basis.

15. Right-of-use assets & Leases

This note includes information about leases in which the Company is lessee.

A. Amounts recognised in the Statement of Financial Position

Rights to use leased assets:

<i>Amounts in Euro</i>	Transportation means	Total
<u>Acquisition cost</u>		
Balance at 1.1.2019	-	-
Change in accounting policy	535,138	535,138
Additions	242,647	242,647
Maturity	(19,485)	(19,485)
Adjustments	932	932

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

<i>Amounts in Euro</i>	Transportation means	Total
Reclassifications	-	-
Balance at 31.12.2019	759,232	759,232

Depreciation/ Impairment

Balance at 1.1.2019	-	-
Depreciation for the year	(182,884)	(182,884)
Maturity	5,483	5,483
Balance at 31.12.2019	(177,401)	(177,401)

Net book value

Balance at 31.12.2019	581,831	581,831
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Acquisition cost

Balance at 1.1.2020	759,232	759,232
Additions	217,618	217,618
Maturity	(80,362)	(80,362)
Adjustments	-	-
Reclassifications	-	-
Balance at 31.12.2020	896,488	896,488

Depreciation/ Impairment

Balance at 1.1.2020	(177,401)	(177,401)
Depreciation for the year	(210,174)	(210,174)
Maturity	36,765	36,765
Balance at 31.12.2020	(350,810)	(350,810)

Net book value

Balance at 31.12.2020	545,678	545,678
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Lease liabilities:

<u>Acquisition cost</u>	31.12.2020	31.12.2019
Long-term liabilities	355,605	399,268
Current liabilities	203,520	191,711
	559,125	590,979

Total cash outflow for lease payments in 2020 amounted to EUR 230 thousand. (2019: 197 thousand)

A. Amounts recognised in the Statement of profit or loss

	2020	2019
Depreciation of right-to-use assets	210,174	182,884
Interest on leases	23,670	23,230
Variable rental expenses	8,624	14,523
Rental expenses of low-value contracts	24,485	23,884
Short-term rental expenses	353,481	228,058
Profit due to difference between value of asset/liability at the time of early termination	(1,225)	(106)
Other expenses of lease contracts	6,081	8,254

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For more information about the accounting policy for leases in accordance with IFRS 16, please refer to note 4.14.

16. Intangible assets

<i>Amounts in Euro</i>	Trademarks and licenses	Software	Other	Total
Acquisition cost				
Balance at 1.1.2019	3,433,746	594,864	283,975	4,312,585
Additions	808,415	137,973	-	946,388
Reclassifications	65,699	260,288	-	325,987
Balance at 31.12.2019	4,307,860	993,125	283,975	5,584,960
Balance at 1.1.2020	4,307,860	993,125	283,975	5,584,960
Additions	584,287	315,818	-	900,106
Reclassifications	1,905,095	264,884	(1,759)	2,168,219
Balance at 31.12.2020	6,797,242	1,573,827	282,216	8,653,285
Depreciation/ Impairment				
Balance on 01.01.2019	(749,755)	(256,272)	(181,588)	(1,187,616)
Depreciation for the year	(347,164)	(122,994)	(12,419)	(482,578)
Balance at 31.12.2019	(1,096,920)	(379,267)	(194,007)	(1,670,193)
Balance at 1.1.2020	(1,096,920)	(379,267)	(194,007)	(1,670,193)
Depreciation for the year	(572,973)	(189,983)	(12,419)	(775,375)
Balance at 31.12.2020	(1,669,892)	(569,249)	(206,427)	(2,445,568)
Net book value				
31.12.2019	3,210,942	613,858	89,968	3,914,766
31.12.2020	5,127,350	1,004,576	75,789	6,207,715

17. Investment property

<i>Amounts in Euro</i>	2020	2019
Opening balance	609,154	635,374
Impairment	-	(26,220)
Closing balance	609,154	609,154

Investment property includes two lots which the Company intends to lease or sell to third parties in the near future provided that the applicable circumstances allow so. The Company tests the value of real estate properties for impairment on an annual basis.

In the context of the annual impairment test, based on management's assessment, no indications of impairment for the investment property were identified.

The fair value of properties at 31 December 2020 is equal to their book value while cumulative impairment losses amounts to EUR 168 thousand.

These properties did not generate any revenue in 2020 because they are not leased while no operating expenses

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

were incurred in relation to these properties throughout the year.

18. Holdings in other entities and joint ventures

The Company has a 50% holding in the share capital of Fulgeka S.A. which is in a state of liquidation, and the Company has raised a provision for full impairment of its holding's acquisition cost in a previous year.

The Company has a 10% interest in Fulgor – Jan De Nul Consortium, which was set up as a partnership together with Jan De Nul Luxembourg S.A. The scope of this joint operation scheme is to install the submarine cables for the interconnection Crete-Peloponnese in Greece. The principal place of business of this joint operation is in Greece.

19. Inventories

Company inventories are analysed as follows:

Amounts in Euro

	2020	2019
Raw materials, auxiliaries, spare parts & consumables	28,859,919	22,999,526
Finished goods	6,022,959	2,354,108
Semi-finished goods	10,097,298	6,002,357
Merchandise	2,636,475	2,492,173
By-products & scrap	6,444,369	3,225,863
	54,061,020	37,074,027

Inventories are presented at the lower between their acquisition or production cost and net realisable value which is their expected selling price less the costs required for such sale.

At 31 December 2020, the Company did not record write-down for inventories since the prices of copper, aluminium and other metals traded in the LME were at the same or even higher levels compared to the average valuation price of such metals in the Company's inventories.

The consumption of inventories charged to the operating results of the year (Cost of sales) for the Company amounts to EUR 234.7 million (2019: EUR 205.3 million).

20. Trade and other receivables

Current liabilities:

Amounts in Euro

	2020	2019
Trade receivables	8,091,175	6,009,783
Less: Impairment losses	(1,097,979)	(1,106,389)
	6,993,196	4,903,395
Receivables from related parties	20,523,538	49,562,450
Other debtors	7,619,414	4,738,818
Less: Impairment losses	(303,223)	(172,232)
Other advance payments	-	185,292
Current tax assets	7,847,367	2,953,868
Other short-term receivables	2,865,241	4,339,523

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

45,545,533**66,511,113**

The line «Other debtors» in the table above includes an amount of EUR 7 million for 2020 (2019: EUR 4 million), which concerns government grants that have been recognised but have not been collected yet. For more information please refer to note 27.

Long term receivables:*Amounts in Euro*

Receivables from related parties
Other short-term receivables

2020	2019
87,106	87,106
220,147	243,878
307,253	330,984

21. Cash and cash equivalents*Amounts in Euro*

Cash in hand
Bank deposits

2020	2019
4,061	3,350
34,566,978	39,347,156
34,571,039	39,350,506

Out of the above amount of EUR 34,566,978 (2019: EUR 39,347,156), an amount of EUR 28,790 (2019: EUR 30,415) is denominated in foreign currency and has been measured according to the Euro/ foreign currency rate at 31 December 2020. Foreign exchange differences were posted in the Statement of Profit or Loss and Other Comprehensive Income for the year.

22. Share capital

The Company's share capital amounts to EUR 11,373,822 (31.12.2019: EUR 11,373,822) and is divided into 3,868,647 (31.12.2019: 3,868,647) shares with a nominal value of EUR 2.94 each.

The share premium of EUR 26,206,523 (31.12.2019: EUR 45,492,801) is a supplement to the share capital and arose from the issue of shares in exchange for cash at a value higher than their nominal value (premium).

As part of its efforts to optimise its capital structure and making use of the provisions of article 35(3) of Greek law 4548/2018, by a decision of the Extraordinary General Meeting of 31 December 2020, the Company decided to write off directly prior-period accounting losses of EUR 19,286,278.79 against the respective amount included in share premium.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

23. Reserves*Amounts in Euro*

	2020	2019
Statutory reserve	1,052,450	1,052,450
Hedging reserve	(688,971)	(360,692)
Special reserves	816,803	816,803
Tax-exempt reserves	11,427,378	11,427,378
	12,607,660	12,935,939

Statutory reserve: According to the Greek company law, companies are obliged to withhold 5% of their net annual post-tax profits to form statutory reserve until the balance of such statutory reserve is equal to or reaches at least 1/3 of the share capital. This reserve is not available for distribution but can be used to offset losses.

Hedging reserve: The hedging reserves include the effective portion of changes in the fair value of the financial derivatives qualified as hedging instruments when applying hedge accounting. These reserves are further presented in the statement of profit or loss when the hedging outcome will affect profit or loss.

Special reserves: Special reserves have been set aside according to special provisions of incentive laws and especially refer to the Company's participation in the financing of investments falling under incentive laws. After the lapse of ten years from completion of the investments they concern, the Company may transfer them to a balance carried forward or capitalise them.

Tax-exempt reserves: The untaxed reserves have been set aside during previous years in accordance with special provisions of incentive laws. In case these reserves are distributed, they will be taxed using the tax rate applying at such time.

During the previous years, the Company had made investments totalling EUR 33 million approximately, falling under incentive Law 3908/2011. Pursuant to this law, the Company has the right to establish an untaxed reserve of up to EUR 1.98 million from accounting profits that it will earn in future years. This right shall expire during 2025.

24. Loans and Borrowings

Long-term and short-term loans and borrowings are analysed as follows:

*Amounts in Euro***Non-current liabilities**

- Bank loans
- Bond loans

Current liabilities

- Bank loans
- Factoring with recourse
- Bond loans

Total loans & borrowings

	2020	2019
	3,995,853	5,327,783
	70,234,307	56,115,260
	74,230,161	61,443,043
	61,797,739	60,083,763
	-	7,476,048
	8,463,581	2,819,443
	70,261,319	70,379,253
	144,491,480	131,822,296

Terms and maturity of loans & borrowings:

The effective weighted average interest rates (short-term and long-term) and the loan repayment schedule at the reporting date were:

				31.12.2020	31.12.2019
	Currency	Average interest rate 2020	Maturity year	Book value	Book value
Short-term borrowings	Euro	3.52%	2021	61,158,504	59,428,627
Long-term borrowings	Euro	4.93%	2027	74,230,161	61,443,043
Factoring with recourse	Euro	3.75%	2021	-	7,476,048
Current portion of long-term bank loans	Euro	5.10%	2021	639,235	655,135
Current portion of bond loans	Euro	3.70%	2021	8,463,581	2,819,443
				144,491,480	131,822,296

The fair value of long-term loans approaches their current value.

During 2020, the Company obtained new bank loans and bond loans in Euro, which amounted to EUR 21.8 million, and settled bank loans and debentures of EUR 10.4 million. The new loans and debentures concerned the following:

- A new five-year bond loan of EUR 20 million obtained from a major Greek bank.
- Withdrawals of short-term loans from existing and new revolving credit facilities of short-term bank loans under similar terms and conditions for project financing.

At 31 December 2020, the Company had assigned invoices of EUR 13,808,313 (31/12/2019: EUR 8,808,214) with recourse for which no financing was received as of 31/12/2020 (31/12/2019: EUR 7,476,048). The Company has available credit lines that can be used to meet its treasury planning needs.

The Company's bank loans include change-of-control clauses which enable lenders to proceed to early termination. No event took place during the year that has led to any default in the terms of the Company's loan agreements.

The Company estimates that the necessary repayment of loan liabilities will be covered by cash flows from operating activities or unused credit lines available to meet capital requirements. As regards the financing of the projects assumed, the Company and its parent company have secured the necessary funds through project financing credit lines.

Mortgages in favour of banks have been raised on the company's property, plant and equipment (see note 29.2).

Contractual maturity of loan liabilities including the proportionate interest is analysed in note 28.2.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020
Reconciliation of movements of loans & borrowings and lease liabilities to cash flows arising from financing activities:
Amounts in Euro

	2020	2020	2020	2019	2019	2019
	Loans & Borrowings	Lease liabilities	Total	Loans & Borrowings	Lease liabilities	Total
Total balance of loan & borrowings and lease liabilities at 1 January	131,822,296	590,979	132,413,275	103,307,447	0	103,307,447
<u>Changes from financing activities:</u>						
Loans obtained	21,800,000	-	21,800,000	35,314,951	-	35,314,951
Repayment of loans	(10,369,808)	-	(10,369,808)	(8,135,352)	-	(8,135,352)
Repayment of lease principals	-	(205,875)	(205,875)	-	(173,737)	(173,737)
Total changes from financing activities	11,430,192	(205,875)	11,224,317	27,179,599	-173,737	27,005,863
<u>Other changes:</u>						
Interest expense	5,802,044	23,670	5,825,714	5,288,577	23,230	5,311,807
Interest paid	(5,068,290)	(23,670)	(5,091,960)	(4,738,249)	(23,230)	(4,761,479)
Interest capitalised	505,238	-	505,238	784,921	-	784,921
Change in accounting policy	-	-	-	-	535,138	535,138
New leases	-	217,618	217,618	-	242,647	-
Lease payment adjustments	-	-	-	-	932	932
Lease expiry	-	(43,597)	(43,597)	-	(14,002)	(14,002)
Total balance of loan & borrowings and lease liabilities at 31 December	144,491,480	559,125	145,050,605	131,822,296	590,979	132,170,628

25. Other long-term liabilities

Other long term liabilities concern long-term notes payable used to purchase mechanical equipment.

26. Trade and other payables
Amounts in Euro

	2020	2019
Suppliers	47,289,276	47,795,305
Payables to related parties	17,579,249	8,734,483
Notes payable	48,332,474	36,518,856
Sundry creditors	479,709	241,821
Accrued expenses	125,617,68	6,743,249
Social security funds	880,006	738,045
Other taxes and duties	1,007,757	884,767
	128,130,239	101,656,525
Current liabilities	127,913,304	99,486,670
Non-current liabilities	216,935	2,169,855
	128,130,239	101,656,525

The line "Notes payable" includes an amount of EUR 46,167,359 (2019: EUR 32,455,590 thousand) which concerns the payment of documentary credits.

*NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020***27. Grants**

The movement of grants during the years 2020 and 2019 is as follows:

<i>Amounts in Euro</i>	2020	2019
Balance at 1 January	10,322,722	10,466,739
Grants amortisation	(623,737)	(313,308)
Grants received	71,949	169,291
Grants recognition	3,072,680	-
Balance at 31 December	12,843,614	10,322,722

Grants concern capital expenditure made for the purchase and installation of property, plant and equipment.

During 2015, the Company recognised an amount of EUR 4 million as receivable from grants given that the Company has met all formal and substantial terms pertaining to the specific grants. During the current year, the Company recognised an additional amount of EUR 3 million as receivable from subsidies once another investment plan was completed and the respective application of completion was submitted to the competent authorities. The above amounts are expected to be received during the next year.

Amortisation of grants corresponding to fixed assets depreciation is posted in the account “Other income” in the Income Statement.

During 2020, the Company received a subsidy of EUR 72 thousand related to research and development of new innovative products.

28. Financial instruments**Financial risk management****General**

The Company is exposed to the following risks from the use of its financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

This paragraph presents information regarding the Company’s exposure to each one of the above risks, the Company’s objectives, the policies and procedures it applies for the measurement and management of risks, as well as the management of the Company’s capital. Additional quantitative information on such disclosures is included throughout the financial statements.

The Board of Directors bears the overall responsibility for the creation and supervision of the Company's risk management framework.

The Company’s risk management policies are applied in order to identify and analyse the risks that the Company is exposed to and set audit points and risk-taking limits. The risk management policies and relevant systems are periodically examined so as to take into account any changes in the market and the Company’s activities.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

In the context of the aforementioned facts, the Company has evaluated any effects that the management of financial risks may have due to the current macroeconomic situation.

The Company and the Group of which it is part follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on their operations.

These circumstances include the uncertainty surrounding the effect of the exit of the United Kingdom from the European Union (Brexit), including changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union.

With respect to political implications from the Brexit, at 31 December 2020 the transitional period for the United Kingdom to leave the European Union expired. The final agreement that was reached includes customs controls but does not include any tariffs or quotas. Despite the initial customs difficulties that arose from bureaucratic procedures, Fulgor does not expect any significant effects on its sales due to such agreement. It is worth noting that Fulgor products are high added value products that the domestic production of the United Kingdom is unable to meet. Moreover, the Company has already undertaken energy projects in the United Kingdom through its parent company Hellenic Cables (Doggerbank A&B and Seagreen wind parks) while making arrangements with end customers, which means that no Brexit-related issue is expected to arise in the orders already assumed. Finally, it is worth noting that most of our major competitors operate within the Eurozone and are expected to react accordingly to any currency fluctuation or any formal bureaucratic difficulties that may arise in the initial implementation phase of the agreement.

Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Company.

Credit Risk

Credit risk is the risk that the Company will incur financial loss if a client or third counterparty to a transaction on a financial instrument fails to meet its contractual obligations mainly arising from receivables from customers and investments in securities.

Trade and other receivables & contract assets

Company's exposure to credit risk is affected mainly by the specific characteristics of each individual customer. The statistics associated with the Company's customer base, including the default risk that exists in a specific market and country where customers are in operation, have a limited effect on credit risk since there is no geographic concentration of credit risk. With the exception of the parent company Hellenic Cables, its Romania-based affiliated company Icme Ecab, and Independent Power Transmission Operator S.A. - on whose behalf construction contract work is performed and Management believes that there is no credit risk- no customer participates in the Company's revenues by more than 10%, while no customer has any open balance higher than 10% of all receivables.

The Board of Directors has laid down a credit policy which requires that all new customers are scrutinised individually as regards their creditworthiness before the Company's normal payment and delivery terms and conditions are proposed to them. The creditworthiness test performed by the Company includes the examination of bank sources regarding customers.

Credit lines are set for each customer which account for the maximum open balance a customer may have without the approval of the Board of Directors, which are reviewed every quarter. Any customers not complying with the average of the Company's creditworthiness criteria may hold transactions with the Company solely based on prepayments or letters of guarantee.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Most of the Company's customers hold long-lasting transactions with the Company and no losses have incurred. When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, their geographical location, the market in which they operate, the maturity characteristics of their receivables and historical experience in respect of issues faced regarding the recoverability of receivables in the past.

Customer credit lines are normally determined based on the insurance lines obtained for them from insurance companies and then receivables are insured based on such credit lines.

Depending on the background of the customer and its capacity, the Company demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company raises a special impairment provision in specific cases of exposure to risk, which reflects its assessment of losses from trade & other receivables and contract assets, and of expected credit losses under IFRS 9.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfil its financial liabilities in due time. Company's approach to liquidity management is to secure, as much as possible, that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances without incurring unacceptable losses or jeopardising the Company's reputation.

To prevent liquidity risks, when preparing its annual budget, the Company estimates its cash flows for one year. The Company also estimates such cash flows every quarter so as to ensure that it holds sufficient cash and cash equivalents to meet its operating needs, including the fulfilment of its financial liabilities. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

There is no substantive liquidity risk because the Company fulfils its obligations of all types in due time. The relevant payables to suppliers are interest-free and settled within three months maximum. Note that in all events of lack of liquidity, the Company will be supported by its parent company.

Market risk

Market risk is the risk of fluctuations in market prices, such as exchange rates, interest rates and raw material prices which can have an effect on the Company's results or the value of its financial instruments. Market risk management is aimed at controlling the Company's exposure to such risk within a framework of acceptable parameters, in parallel with performance optimisation in terms of risk management.

The Company bases both its purchases and sales on stock prices/indices linked to the prices of copper and other metals which are used by the Company and included in its products. The risk from metal price fluctuation is covered by hedging instruments (futures on London Metal Exchange-LME). The Company, however, does not use hedging instruments for the entire basic stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through inventories depreciation.

Exchange rate risk

The Company is exposed to foreign exchange risk in purchases in other currency than the Company's functional currency which is Euro.

Regarding other financial assets and liabilities denominated in foreign currencies, the Company secures that its exposure to foreign exchange risk is kept at an acceptable level by buying or selling foreign currencies at current exchange rates when deemed necessary to deal with short-term imbalances.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Interest rate risk

The Company obtains funds for its investments and its working capital through bank loans, and therefore debit interest is charged to its results. Any upward trend of interest rates will have a negative effect on results since the Company will bear additional borrowing costs.

28.1 Credit risk***Exposure to credit risk***

The book value of financial assets represents the maximum exposure to credit risk. On the reporting date the maximum exposure to credit risk was:

<i>Amounts in Euro</i>	2020	2019
Trade and other receivables - Non-current assets	307,253	330,984
Trade and other receivables - Current assets	45,545,533	66,511,113
Contract assets	30,698,861	5,714,332
	76,551,647	72,556,428
<i>Less:</i>		
Prepayments	-	(185,292)
Current tax assets	(7,847,367)	(2,953,868)
Other short-term receivables	(2,865,241)	(4,339,523)
Total	65,839,040	65,077,745

Maximum exposure to credit risk for receivables from customers on the balance sheet date per geographical region was:

<i>Amounts in Euro</i>	2020	2019
Greece	46,623,156	48,154,407
Other European Union countries	17,478,568	16,921,133
Other countries	1,737,316	2,205
Total	65,839,040	65,077,745

The balance of trade receivables on the reporting date refers to major public and private utilities, major industrial groups, wholesale customers and affiliated entities.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Impairment losses

The maturity profile of trade receivables on the reporting date was:

Amounts in Euro

Neither past due nor impaired

- Overdue up to 6 months

- Overdue over 6 months

Total

	2020	2019
Neither past due nor impaired	64,154,352	63,906,000
- Overdue up to 6 months	297,243	37,319
- Overdue over 6 months	1,387,445	1,134,427
Total	65,839,040	65,077,745

The movement in impairment of trade and other receivables, as well as of contract assets is as follows:

Amounts in Euro

	2020			2019		
	Trade and other receivables	Contract assets	Total	Trade and other receivables	Contract assets	Total
Balance at 1 January	1,278,621	-	1,278,621	1,316,640	20,989	1,337,629
<u>Amounts recognised in the Statement of profit or loss</u>						
Impairment loss	130,991	48,380	179,370	52,232	-	52,232
(Reversal of) provision for impairment	(8,410)	-	(8,410)	(71,884)	(20,989)	(92,873)
	122,581	48,380	170,961	(19,651)	(20,989)	(40,640)
<u>Other movements</u>						
Write-offs	-	-	-	(18,368)	-	(18,368)
Balance at 31 December	1,401,202	48,380	1,449,581	1,278,621	-	1,278,621

The greatest part of trade receivables is insured by insurance companies in case collection thereof fails.

The allowance for expected credit losses in relation to trade receivables and contract assets is calculated at customer level when there is an indication of impairment.

For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information on macroeconomic factors affecting the credit risk, such as country risk and customers' industry related risks.

The expected loss rates are updated at every reporting date.

Management believes that the provision raised on 31 December 2020 reflects the best possible estimate and the accounting balance of trade and other receivables approaches their fair value.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

28.2 Liquidity risk

The contractual maturity of financial liabilities including proportionate interest charges is given below:

Amounts in Euro

	2020				
	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total 31.12.2020
Bank loans & factoring without recourse	62,875,352	1,089,573	2,453,309	461,032	66,879,266
Lease liabilities	222,050	176,264	197,901	-	596,214
Bond loans	9,697,016	14,352,930	41,149,747	29,786,458	94,986,151
Derivatives	1,049,475	-	-	-	1,049,475
Contract liabilities	7,087,799	-	-	-	7,087,799
Trade and other payables	128,003,265	226,902	-	-	128,230,167
Total	208,934,958	15,845,669	43,800,956	30,247,490	298,829,073

Amounts in Euro

	2019				
	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total 31.12.2019
Bank loans & factoring without recourse	67,821,501	2,111,345	2,999,217	1,334,593	74,266,656
Lease liabilities	211,726	185,335	235,147	-	632,208
Bond loans	13,151,436	3,263,990	26,083,667	33,346,870	75,845,964
Derivatives	474,595	-	-	-	474,595
Contract liabilities	28,097,687	-	-	-	28,097,687
Trade and other payables	100,076,572	1,952,976	216,879	-	102,246,427
Total	209,833,517	7,513,646	29,534,910	34,681,463	281,563,537

The Company has approved credit lines with collaborating banks and is not expected to face liquidity problems to meet its short-term liabilities. Moreover, trade receivables are expected to be collected in their entirety within one year.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

28.3 Exchange rate risk***Exposure to foreign exchange risk***

Company's exposure to foreign exchange risk is as follows:

31.12.2020

Amounts in Euro

	USD	GBP	OTHER	TOTAL
Trade and other receivables	8,131	-	-	8,131
Contract assets	-	-	-	-
Cash	17,048	11,743	-	28,790
Loans and borrowings	-	-	-	-
Lease liabilities	-	-	-	-
Trade and other payables	(3,421,437)	(54,017)	99,548	(3,375,907)
Contract liabilities	-	-	-	-
	(3,396,258)	(42,274)	99,548	(3,338,985)
Derivatives for hedging of the above risks (Nominal value)	6,135,112	-	-	6,135,112
	2,738,854	(42,274)	99,548	2,796,127

31.12.2019

Amounts in Euro

	USD	GBP	OTHER	TOTAL
Trade and other receivables	13,819	-	-	13,819
Contract assets	-	-	-	-
Cash	18,030	12,385	-	30,415
Loans and borrowings	-	-	-	-
Lease liabilities	-	-	-	-
Trade and other payables	(1,065,986)	(9,435)	(47,463)	(1,122,884)
Contract liabilities	-	-	-	-
	(1,034,137)	2,951	(47,463)	(1,078,650)
Derivatives for hedging of the above risks (Nominal value)	-	-	-	-
	(1,034,137)	2,951	(47,463)	(1,078,650)

The exchange rates used per fiscal year are as follows:

	Average rate		Spot rate at year-end	
	2020	2019	2020	2019
USD	1.1422	1.1195	1.2271	1.1234
GBP	0.8897	0.8778	0.8990	0.8508

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Sensitivity analysis

A 10% decrease/increase of Euro in relation to the following currencies on 31 December would increase/decrease shareholder's equity and results by the amounts set out below. This analysis assumes that all the other variables and especially interest rates remain fixed.

<i>Amounts in Euro</i>	Profit or loss		Equity	
	Improvement	Weakening	Improvement	Weakening
2020				
USD (10% change)	304,317	(248,987)	304,317	(248,987)
GBP (10% change)	(4,697)	3,843	(4,697)	3,843
2019				
USD (10% change)	(114,904)	94,012	(114,904)	94,012
GBP (10% change)	328	(268)	328	(268)

28.4 Interest rate fluctuation risk

On the reporting date, the interest-bearing financial instruments of the Company are analysed as follows in terms of interest rate risk:

Amounts in Euro

Fixed rate

Liabilities

Floating rate

Liabilities

	2020	2019
Fixed rate Liabilities	38,785,649	37,560,839
Floating rate Liabilities	106,264,956	94,852,436
	145,050,605	132,413,275

Cash flow sensitivity analysis for floating rate financial instruments

A 0.25% change in interest rates on the reporting date would increase (decrease) equity and profit or loss by the amounts set out below. This analysis assumes that all the other variables and especially exchange rates remain fixed.

Effect on Euro in operating results and Equity	31.12.2020		31.12.2019	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Floating rate financial instruments	(96,964)	96,964	(186,716)	186,716

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

28.5 Fair value measurement***Fair value compared to book value***

The book value of the following financial assets and financial liabilities approximates their fair value as the discount effect based on market interest rate is considered insignificant.

- Trade and other receivables
- Contract assets
- Cash and cash equivalents
- Loans and borrowings
- Trade and other payables
- Contract liabilities

The major part of the balance of the items "Trade and other receivables" and "Trade and other liabilities" has a limited maturity (up to one year) and, therefore, it is estimated that the carrying amount of these items approximates their fair value.

A considerable portion of the Company's loans and borrowings has been received at a fixed rate, including the bond loan with a nominal value of EUR 42 million which has been assessed at EUR 25.9 million according to IFRS 9 upon initial recognition. At 31 December 2020, Management estimated that the fair value of this loan approximates its book value, which amounted to EUR 38.7 million.

The Company has assumed liabilities embedded in credit instruments (notes payable) with carrying amount EUR 2.2 million at 31 December. Given that these liabilities have been initially recognised at fair value, Company's Management estimates that the accounting balance thereof at 31 December 2020 approximates their fair value.

Classification of financial instruments based on their valuation according to fair value hierarchy

A classification table of financial instruments is provided below which depends on the quality of the data used to assess fair value:

- Level 1: Financial instruments measured at fair value using active market prices
- Level 2: Financial instruments measured at fair value using other unquestionably objective prices beyond active market
- Level 3: Financial instruments valued according to the Company's estimates since there is no observable input in the market.

<i>Amounts in Euro</i>	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial assets	-	-	-	-	-	-
Derivative financial liabilities	(906,541)	(142,934)	-	(474,595)	-	-
Total	(906,541)	(142,934)	-	(474,595)	-	-

There were no amount transfers between Levels 2 and 3 during the year.

29. Commitments and contingent liabilities**29.1 Commitments****Capital commitments:**

<i>Amounts in Euro</i>	2020	2019
Property, plant and equipment	1,760,736	8,146,473

29.2 Contingent liabilities

The Company has contingent liabilities and receivables relating to banks, other guarantees and other issues arising in the course of its ordinary activity, which are as follows:

<i>Amounts in Euro</i>	2020	2019
Guarantees given for securing payables to suppliers	184,974	184,974
Mortgages and statutory notices of mortgage on fixed assets (nominal value)	49,000,000	49,000,000
Guarantees given for securing the performance of contracts with customers	26,070,902	23,410,291
Guarantees for subsidies	4,356,000	8,712,000
Other liabilities	3,950,000	6,040,000
	83,561,876	87,347,265

29.3 Unaudited tax years

Greek tax laws and the relevant provisions are subject to interpretations by tax authorities and administrative courts. Income tax returns are submitted each year. The profits and losses declared for taxation purposes remain temporarily open until tax authorities audit the tax returns and books of the taxpayer at which time the relevant taxation obligations will be finalised.

According to applicable tax laws (article 36 of Law 4174/2013), Greek tax authorities may impose additional taxes and fines following their audit, within the prescribed statute-barring period which, in principle, is set at five years from the end of the following year which sees the expiration of the deadline for submitting the income tax return. Based on the above, in principle and based on the general rule, the years up to 2014 are considered as prescribed.

Annual tax certificate

As of 2011 onwards, all entities whose annual financial statements must be mandatorily audited shall obtain an Annual Tax Certificate, as provided for in article 82 of Law 2238/1994 and article 65A of Law 4174/2013. The Annual Tax Certificate is issued by the same statutory auditor or audit firm which audits the Company's annual financial statements. Following completion of the tax audit, the statutory auditor or the audit firm issues a Tax Compliance Report to the Company and, subsequently, the statutory auditor or the audit firm submits it online to the Ministry of Finance.

Fiscal years 2011, 2012, 2013, 2014 and 2015 have been audited for the Company by the statutory auditor who was elected as per Codified Law 2190/1920, namely the audit firm of chartered accountants "Deloitte Chartered Accountants S.A." (statutory auditor for those years) in accordance with article 82 of Law 2238/1994 and article 65a of Law 4174/13. The relevant tax compliance certificates were issued on the basis of "unqualified opinion" and did not include any qualifications.

Circular No. 1034/2016 brought significant modifications to the annual certificate issued by statutory auditors and audit firms. As a result, the provisions of article 65a of Law 4174/2013 have been modified with respect to

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

tax years 1.1.2016 – 31.12.2016, 1.1.2017 – 31.12.2017 and 1.1.2018 – 31.12.2018 and the issue of a tax compliance certificate is no longer required from the Company's statutory auditor.

The relevant tax compliance certificates for 2017 and 2018 were issued "without qualifications regarding matter of emphasis" by "KPMG Certified Auditors SA", i.e. the Company's statutory auditor, for those years. As for 2019, a tax compliance certificate was issued on the basis of "unqualified opinion regarding matter of emphasis" by "PricewaterhouseCoopers S.A. Auditing Company- Certified Public Accountants S.A." (PWC), i.e. the Company's statutory auditor.

As for 2020, the Company has elected to be tax audited by Chartered Accountants, as provided for in Article 65A of Law 4174/2013. This audit is ongoing and the relevant tax compliance report is expected to be granted after the financial statements on the year ended 31 December 2020 are published. It is estimated that the audit result will not have a significant effect on the financial statements.

In addition, based on risk analysis criteria, the Greek tax authorities may select the Company for tax audit in the context of audits conducted to companies that received tax compliance certificates upon agreement of the chartered accountant. In this case, Greek tax authorities are entitled to audit the years they will choose in tax terms, having regard to the work for the issue of such tax compliance certificate. The Company has not received any order for audit of unaudited years by the tax authorities, save fiscal year 2014 the audit of which did not give rise to any substantial tax charges.

The Company does not expect any additional taxes or surcharges from the audit by Greek tax authorities.

30. Related parties transactions

The Company's related parties consist in companies of the group of Cenergy Holdings SA, executive members of its Board of Directors as well as other subsidiaries and associates of VIOHALCO SA/NV Group.

The balances of Company transactions with its associates and the results related to these transactions are as follows:

A. Transactions with the parent company*

	2020	2019
Receivables	-	26,940,722
Liabilities	8,885,252	998,827
Sales of products and other income	139,486,000	147,519,959
Purchases of products and other expenses	67,045,880	39,099,675

*: The intermediate parent companies Hellenic Cables, Cenergy Holdings SA and the ultimate parent Viohalco SA/NV are included.

B. Transactions with subsidiaries of VIOHALCO SA/NV Group

	2020	2019
Receivables	20,610,644	22,708,833
Liabilities	8,693,998	7,735,655
Sales of products and other income	80,748,549	60,703,128
Purchases of products and other expenses	28,253,450	32,861,371

*NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020***C. BoD members**

	2020	2019
Fees	223,007	242,963

All transactions with related parties took place in accordance with the generally accepted commercial terms and will be settled in cash within a reasonable period of time.

31. Impact of Covid-19 pandemic

The Covid-19 pandemic has had a limited impact on the financial performance of the Company during 2020.

The health and safety of the Company's employees is of the highest priority for the Executive Management, which continues to closely monitor the situation, observing national and local authority guidelines and ensuring an undisrupted supply chain. Since the beginning of the Covid-19 outbreak, the Company's Management has put in place a multi-faceted action plan to mitigate negative effects and focusing on the following pillars:

- Workforce protection, to avoid production interruptions;
- Operational stability and customer engagement;
- Continuity of the supply chain;
- Sufficient liquidity;
- Commercial resilience (both sales & orders).

The measures introduced were successfully implemented at all Company sites, and until now all production plants are in undisrupted operation, while health & safety measures were enforced. Raw material supply was safeguarded and the Company faced no shortage whatsoever in all critical inputs.

The incremental costs incurred due to the coronavirus outbreak amounted to EUR 407 thousand. Such cost is mainly associated with medical equipment, employee benefits, additional nursery staff, coronavirus detection testing and other relevant expenses.

In the context of uncertainty caused by the pandemic, the Company has also taken the following actions to anticipate any negative financial feedback:

- Secure its liquidity position through a close monitoring of operating cash flows coupled to confirming sufficient unutilised credit lines.
- Review the capital expenditures plans and suspend any non-strategic and/or non-essential outlays.
- Put in place a cost savings plan for 2020 onwards, without jeopardising its projected growth.

All of the above areas will continue to be a high priority for the Company's Executive Management.

On the other hand, so far, the commercial implications for the Company have been limited, as the company and its parent company have been awarded a number of medium and high voltage cable projects.

The support from the parent company is given at all levels (finance, sales, etc.), as it was demonstrated during the current year, as well.

32. Subsequent events

There are no subsequent significant events in 2021 that could affect the Company's financial position.

* * * * *

Athens, 29 April 2021

**THE CHAIRMAN OF THE
BOARD OF DIRECTORS**

**A MEMBER OF THE
BOARD OF DIRECTORS**

**THE HEAD OF THE
ACCOUNTING DEPARTMENT**

**IOANNIS BATSOLAS
AK 034042**

**IOANNIS THEONAS
AE 035000**

**KONSTANTINOS STAMOULOS
AI 521647
LICENCE No, CLASS A: 0040083**

C. Audit Report by Independent Chartered Auditor

Independent auditor's report

To the Shareholders of “Fulgor S.A.”

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Fulgor S.A. (Company) which comprise the statement of financial position as of 31 December 2020, the statements of profit or loss, comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2020, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

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

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

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

- The information given in the the Board of Directors' Report for the year ended at 31 December 2020 is consistent with the financial statements,

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

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



PricewaterhouseCoopers
268 Kifissias Avenue
152 32 Chalandri
SOEL Reg. No 113

Athens, 18 May 2021
The Certified Auditor Accountant

Dinos Michalatos
SOEL Reg. No 17701