PUBLIC POWER CORPORATION S.A.

FINANCIAL REPORT
for the six-month period ended June 30th 2020

The attached Financial Report for the six-month period ended June 30th 2020, has been prepared **according to article 5 of Law 3556/2007**, has been approved by the Board of Directors of "Public Power Corporation S.A." on September 3rd 2020, and is available on the internet, at the web site address www.dei.gr.

Public Power Corporation S.A.
General Commercial Registry: 786301000
Chalkokondyli 30 - 104 32 Athens

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I. STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

(According to article 5, par.2 of Law 3556/2007)

1. Georgios Stassis, Chairman and C.E.O. of P.P.C. S.A.
2. George Venieris, Member of the Board of Directors,
3. Stefanos Kardamakis, Member of the Board of Directors,

hereby

WE DECLARE

that, to the best of our knowledge:

a) The accompanying interim Condensed Financial Statements of "Public Power Corporation S.A.", for the six month period ended June 30th 2020, which were prepared according to the International Accounting Standards – currently in effect- as adopted by the European Union, truthfully depict assets, liabilities, equity and the statement of income of "Public Power Corporation S.A.", as well as the companies included in the consolidation taken as a whole, according to the provisions of paragraphs 3 – 5, article 5 of Law 3556/2007 and,

b) The accompanying Board of Directors' Report truthfully depicts the evolution, performance and position of "Public Power Corporation S.A". and the companies included in the consolidation taken as a whole, as well as a description of the major risks and uncertainties that they have to deal with.

Athens September 3rd 2020

Chairman and C.E.O.	Member of the Board.	Member of the Board.
Georgios Stassis	George Venieris	Stefanos Kardamakis

II. REPORT OF THE BOARD OF DIRECTORS

PUBLIC POWER CORPORATION S.A.
SIX MONTH REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD 1.1.2020 - 30.6.2020

This is a condensed report of financial information of “Public Power Corporation S.A.” (the Parent Company) and its subsidiaries (the Group) for the first half of the current financial year, as well as, the major events of the period and their effect on the six month financial statements. There is, also, a description of the main risks and uncertainties that the Group might face in the second half of the financial year, the outlook for this half, as well as, the balances and transactions between PPC and its related parties.

This report also refers to Alternative Performance Measures. For details on the purpose and calculations refer to ANNEX - Definitions and reconciliations of Alternative Performance Measures (“APMs”)

The six-month Report for the period ended on June 30th 2020 is available on the internet at the web site address https://www.dei.gr.

Key Group Financial Results

(in € m)	**H1 2020**	**H1 2019**	***Δ (%)***	**Q2 2020**	**Q2 2019**	***Δ (%)***
Turnover (1)	2,249.6	2,305.2	*(2.4)*	1,030.7	1,167.0	*(11.7)*
Operating expenses (adjusted for the provision for personnel's severance payment, the Special RES account and the settlement due to the revision of pipeline gas procurement cost for 2012-2019) (2)	1,792.3	2,295.9	*(21.9)*	755.4	1,091.4	*(30.8)*
EBITDA recurring (adjusted for the provision for personnel's severance payment, the Special RES account and the settlement due to the revision of pipeline gas procurement cost for 2012-2019) (3)=(1)-(2)	**457.3**	**9.3**		**275.3**	**75.6**	
EBITDA margin recurring (4)=(3)/(1)	**20.3%**	**0.4%**		**26.7%**	**6.5%**	
Provision for personnel's severance payment (5)	*16.3*	*0.0*		*7.8*	*0.0*	
Special RES Account (6) (charge was abolished as of 1.1.2019)	*0.0*	*(99.3)*		*0.0*	*(99.3)*	
Settlement due to the revision of pipeline gas procurement cost for 2012-2019 (7)	*(44.8)*	*0.0*		*0.0*	*0.0*	
EBITDA (8)=(3)-(5)-(6)-(7)	**485.8**	**108.6**		**267.5**	**174.9**	
EBITDA margin (9)=(8)/(1)	**21.6%**	**4.7%**		**26.0%**	**15.0%**	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (10)	428.4	362.1	*18.3*	209.7	179.9	*16.6*
Devaluation of assets & impairment of the shareholding in lignite subsidiaries (11)	*10.1*	*64.9*	*(84.4)*	*10.1*	*64.9*	*(84.4)*
Interest income due to the revision of pipeline gas procurement cost for 2012-2019 (12)	(3.9)	0.0		0.0	0.0	
Pre-tax profits/(Losses) (adjusted for the provision for personnel's severance payment, the Special RES account, the settlement due to the revision of pipeline gas procurement cost for 2012-2019 and the relevant interest income as well as the devaluation of assets & impairment of the shareholding in lignite subsidiaries) (13)=(3)-(10)	28.9	(352.8)		65.6	(104.3)	
Pre-tax profits/(Losses) (14)=(8)-(10)-(11)-(12)	**51.2**	**(318.4)**		**47.7**	**(69.9)**	
Net income / (Loss) (15)	29.3	(274.8)		40.4	(56.6)	

For further information regarding definitions of ratios included in abovementioned figures, please refer to the Financial Report for the six - month period ended June 30, 2020, (Appendix: Definitions and reconciliations of Alternative Performance Measures - “APMs”).

Group EBITDA for H1 2020 was positively impacted by the return of € 44.8 m due to the revision of the natural gas procurement cost of DEPA by BOTAS for the years 2012 – 2019, following the decision taken by the International Arbitration Court, with respect to the dispute between the two companies.

H1 2020 results have also been negatively impacted by the provision for personnel's severance payment of € 16.3 million.

Adjusted for the abovementioned amounts, recurring EBITDA settled at € 457.3 m, compared to 1H 2019 EBITDA, adjusted for € 9.3 m for the positive impact from the return of € 99.3 m from the surplus created in the Special Account for Renewables. As a result, recurring EBITDA margin stood at 20.3% from 0.4% last year.

Recurring EBITDA for H1 2020 has been positively affected by the lower System Marginal Price (SMP), the reduction of natural gas prices and the reduction of the volume of CO_2 emissions.

Adjusted pre - tax profits amounted to € 28.9 m compared to losses of € 352.8 m in H1 2019, while on a reported basis, without any adjustment, pre - tax profits of € 51.2 m were recorded. Respectively, in 1H 2019 adjusted pre-tax losses of € 352.8 m were recorded or € 318.4 m on a reported basis without the corresponding adjustments for the aforementioned positive impact from the Special Account for Renewables and the negative impact from the impairment of the shareholding in subsidiaries "Lignitiki Melitis S.A." and "Lignitiki Megalopolis S.A." by € 64.9 m.

It is noted that in Q2 2020, recurring EBITDA amounted to € 275.3 m compared to € 75.6 m in Q2 2019, while adjusted pre-tax results recorded profits of € 65.6 m compared to losses of € 104.3 m in the respective period of 2019.

Covid-19

Since March 2020, the spread of Covid-19 has been a significant challenge on a global and European scale. From the beginning of the pandemic, management implemented a series of measures, raising the awareness of employees on the prevention and protection measures, providing them with the appropriate Personal Protective Equipment for their own protection, while ensuring business continuity.

Up to the present time, there has not been any negative economic impact for the Group and the Parent Company from Covid-19. On the contrary, there has been an increase in operating profitability due to a significant reduction in energy balance costs, which have more than offset the reduction in turnover, while also offsetting the negative impact from the delays in collections from customers.

Management continues to monitor the developments regarding Covid-19 and evaluates any possible additional effects on the operation, financial position and results of the Group and Parent Company, ensuring that liquidity and business activities of the Group and Parent Company remain intact.

Analysis of Revenues & Operational Expenses of PPC Group

<u>Revenues</u>

Turnover for H1 2020, decreased by € 55.6 m or 2.4% due to lower sales volume by 2,913 GWh (or by 15.5%) as a result of market share loss and demand reduction, which was to a large extent was offset by measures taken since September 2019.

In Q2 2020, the reduction in turnover is even higher (-11.7%) due to higher reduction of sales volume (by 2.086 GWh or 21.7%) since the decrease in demand was 12.7% in this quarter.

Operating Expenses

Operating expenses before depreciation decreased in H1 2020 by € 503.6 m (or by 21.9%) to € 1,792.3 m compared to € 2,295.9 m in H1 2019, as a result of lower expenses for fuel cost, energy purchases and CO2 emission allowances.
Operating expenses before depreciation for H1 2020 do not include the positive impact of € 44.8 m due to the revision of the natural gas procurement cost for previous years from DEPA as well as the additional provision for personnel's severance payment of € 16.3 m., while for H1 2019 they do not include the positive impact of € 99.3 m from the surplus created in the Special Account for Renewables.

Operating figures (generation – imports- exports)

In H1 2020 domestic electricity demand decreased by 7% to 26,450 GWh compared to 28,446 GWh in the respective period of 2019. Total electricity demand (including pumping and exports) marked a significant decrease by 10.5% due to the continuing decrease of Third Party exports (decrease by 1,243 GWh compared to H1 2019).
Specifically, in Q2 2020, as mentioned above, a significant decrease by 12.7% was recorded in domestic demand compared to Q2 2019 (i.e. much higher compared to the decrease of 1.7% recorded in Q1 2020), as a result of covid-19. Similar was the development for the total demand, which decreased by 13.2% compared to Q2 2019 (vs a decrease of 8.2% in Q1 2020).

PPC's average retail market share in the country, declined to 69.9% in H1 2020, compared to 77% in H1 2019. Specifically, the average retail market share in the Interconnected System was contained to 66.1% in June 2020 from 73.9% in June 2019, while PPC's average market share, per voltage, was 94.5% in High Voltage, 30.6% in Medium Voltage and 70.6% in Low Voltage compared to 97.8%, 48.9% and 78.4% in June 2019, respectively.

PPC's electricity generation and imports covered 36.8% of total demand in H1 2020 (32.9% in the Interconnected System), while the corresponding percentage in H1 2019 was 46.9% (43.4% in the Interconnected System), a reduction attributed to lower thermal units and hydro units' generation.

Specifically, lignite fired generation declined by 47.8% or 2,743 GWh mainly due to lower natural gas prices and higher CO2 prices which render lignite - fired units less competitive. Especialy in Q2 2020, the reduction of lignite fired generation was even higher and amounted to 69.5% or 1,726 GWh.

Generation from PPC's natural gas units decreased by 15.4%, or 530 GWh in H1 2020 due to the reduction recorded in Q1 2020. In Q2 2020, natural gas generation increased by 4,5% compared to the corresponding period of last year.

Hydro generation declined by 18.2% or 298 GWh, as a result of lower inflows in the hydro power plants' reservoirs during H1 2020 compared to the relevant period of 2019.

Regarding electricity imports in the country, they were down by 13.1% or by 875 GWh.

Energy mix expenditure

Expenditure for liquid fuel, natural gas, third parties fossil fuel, CO2 and energy purchases decreased by € 561.3 m (-33.7%) compared to H1 2019.

In detail:

- Liquid fuel expense decreased by 29.7% to € 224.6 m in H1 2020 from € 319.7 m in H1 2019, due to lower electricity generation from liquid fuel as well as due to lower prices for heavy fuel oil and diesel.

- Natural gas expense significantly decreased by 49.5% to € 112.3 m from € 222.5 m due to the reduction of natural gas price by 40.9% combined with the lower natural gas electricity generation.

- Energy purchases expense from the System (mainland) and the Network (non-interconnected islands) decreased by € 260.2 m due to the reduction of the SMP from € 66.75/MWh in H1 2019 to € 41.37/MWh in H1 2020, despite higher energy purchases volume.

- Expenditure for CO_2 emission rights decreased to € 171.2 m in H1 2020 compared to € 251.1 m in H1 2019 driven by the reduction of CO_2 emissions from 12.3 m tones to 7.4 m tones which was partially offset by the increase of the CO_2 emission rights' average price from € 20.38/tn to € 23.27/tn.

Payroll cost

Total payroll cost including capitalized expense decreased by € 45.1 m. to € 374.2 m in H1 2020 from € 419.3 m in H1 2019, mainly due to natural attrition (reduction by 1,229 employees).

Financial expenses

In H1 2020, net financial expenses increased by € 19.8 m to reach € 67 m compared to € 47.2 m in H1 2019 mainly due to the decrease of the interest on overdue receivables from customers.

Capex

Capital expenditure, amounted to € 160.6 m. in H1 2020 compared to € 378 m. in H1 2019.
As shown in the table below, most of the reduction is attributed to lower investments in conventional generation projects, as the construction of the new Ptolemais V unit approaches its completion, as well as to the reduction of Mines capex driven by lower expropriations.

The composition of main capex is as follows:

(in € m)	**H1 2020**	**H1 2019**	**Δ (%)**
Mines	11.4	64.4	*(82.3)*
Conventional Generation	61.3	229.0	*(73.2)*
RES projects	8.2	11.1	*(26.1)*
Distribution network	78.7	72.1	*9.1*

Net Debt

Net debt stood at € 3,453.2 m. on 30.6.2020, a decrease of € 233.8 m. compared to 31.12.2019 due to the increase in cash reserves

Net Debt evolution

(in € m)	**30.6.2020**	**31.12.2019**	**30.6.2019**
Gross Debt (1)	4,043.1	4,040.1	4,229.4
Cash and cash equivalents / Restricted cash*/ Other financial assets (2)	589.9	353.1	307.6
Net Debt (3) = (1) - (2)	3,453.2	3,687.0	3,921.8

(*) For the calculation of net debt, restricted cash related to debt has been deducted.

Key financial results of the Parent Company PPC S.A.

(in € m)	H1 2020	H1 2019	Δ (%)	Q2 2020	Q2 2019	Δ (%)
Turnover (1)	**2,137.8**	**2,215.8**	***(3.5)***	**974.3**	**1,118.2**	***(12.9)***
Operating expenses (adjusted for the provision for personnel's severance payment, the Special RES account and the settlement due to the revision of pipeline gas procurement cost for 2012-2019) (2)	1,583.7	2,197.6	*(27.9)*	604.7	1,034.0	*(41.5)*
EBITDA recurring (adjusted for the provision for personnel's severance payment, the Special RES account and the settlement due to the revision of pipeline gas procurement cost for 2012-2019) (3)=(1)-(2)	**554.1**	**18.2**		**369.6**	**84.2**	
EBITDA margin recurring (4)=(3)/(1)	**25.9%**	**0.8%**		**37.9%**	**7.5%**	
Provision for personnel's severance payment (5)	*13.5*			*5.8*		
Special RES Account (6) (charge was abolished as of 1.1.2019)		*(99.3)*			*(99.3)*	
Settlement due to the revision of pipeline gas procurement cost for 2012-2019 (7)	*(44.8)*					
EBITDA (8)=(3)-(5)-(6)-(7)	**585.4**	**117.5**	***398.2***	**363.8**	**183.5**	***98.2***
EBITDA margin (9)=(8)/(1)	**27.4%**	**5.3%**		**37.3%**	**16.4%**	
Depreciation, total net financial expenses and share of profits/(losses) in associated companies (10)	375.7	353.7	*6.2*	171.4	178.0	*(3.7)*
Devaluation of assets & impairment of the shareholding in lignite subsidiaries (11)	*129.5*	*102.3*	*26.6*	*118.5*	*102.3*	*15.8*
Interest income due to the revision of pipeline gas procurement cost for 2012-2019 (12)	(3.9)					
Pre-tax profits/(Losses) (adjusted for the provision for personnel's severance payment, the Special RES account, the settlement due to the revision of pipeline gas procurement cost for 2012-2019 and the relevant interest income as well as the devaluation of assets & impairment of the shareholding in lignite subsidiaries) (13)=(3)-(10)	178.4	(335.5)	*(153.2)*	198.2	(93.8)	*(311.3)*
Pre-tax profits/(Losses) (14)=(8)-(10)-(11)-(12)	**84.1**	**(338.5)**		**73.9**	**(96.8)**	
Net income / (Loss) (15)	61.4	(292.5)		63.7	(82.3)	

MAJOR EVENTS OF THE PERIOD

Significant events for the first six-month period of 2020 are presented in detail in Note 3 of the Financial Statements.

MAJOR RISKS - UNCERTAINTIES

The Group's and the Parent Company's activities are subject to various risks. Any of the following risks could have a material adverse effect on the Group's and the Parent Company's business, financial position and / or operational results and liquidity. The risks described below are not the only ones that the Group and the Parent Company face. Additional risks and uncertainties not currently known to the Group and the Parent Company or that are currently deemed to be of minor importance or to have a minor effect, may also have a materially adverse effect on the Group's and the Parent Company's financial position, business, operational results and liquidity.

Macroeconomic conditions in Greece

The Group's and Parent Company's operations, their operating results, their financial position and their prospects depend to a large extent on the macroeconomic and microeconomic environment in Greece, as virtually all their assets and activities are in Greece. Any negative change and development in the macro and micro-economic environment of the country that directly and to a significant extent affects consumer demand for electricity, the ability of customers to repay their debts, the ability of the company to pass on increases in its costs to invoices, or financing prospects from the domestic financial system, therefore affects the operating results, financial position and cash flows of the Group and the Parent Company.

Credit Risk.

Despite the fact that, electricity sales are dispersed over a large number of customers with a wide range of operations, spreading credit risk, the Group's and the Parent Company's business activities, operational results and cash flows are dependent on their customers' ability to repay their debts. The wide and protracted recession of recent years as well as the adverse impact of the COVID-19 pandemic on the financial situation of the Group's and the Parent Company's customers, may have an adverse impact on the Group's and the Parent Company's liquidity, mainly resulting from:

- Difficulties in payment by customers who continue to fail to meet their obligations.
- A sizeable number mainly of small and medium sized companies that cease their operations due to the economic conjecture, leaving their electricity bills unpaid.
- The inability (in accordance with regulatory framework) to transfer debts of the same customer between their various electricity bills for household use, which accounts for 70% of the customers.
- Incidents where customers (both household and commercial) with debts due to electricity consumption, attempt to change their electricity supplier under a different name (or a different Tax Identification Number) in order to avoid restrictions that the Electricity Code imposes.
- A significant increase in debts from customers with move out, arising from the loss of market share as well as the ceases of representation by PPC to long-term debt customers.
- The fact that some customers under the pretext of the current economic downturn do not fulfill their obligations or delay their payments, despite the fact that they afford to do so.
- The non-completion of the total electricity disconnections, for customers with overdue debts.

Liquidity Risk.

Liquidity risk is connected with the need to ensure adequate cash flows to finance the Group's and the Parent Company's operations, including working capital needs, capital expenditure, as well as servicing their debt.

The Group's and the Parent Company's working capital needs may increase due to a number of factors, including:

- The increased delays in the payment or even non-payment of electricity bills, especially from customers that do not have an active electricity supply contract, together with the obligation to pay Renewables levy (ETMEAR), Special Consumption Tax on electricity as well as VAT tax, irrespective of whether relevant amounts have been collected from the Group's and the Parent Company's customers.
- The continuous increase in the number of disadvantaged citizens included in the register of vulnerable customers, that based on decisions of the State , enjoy special privileges regarding (a) a longer period for paying their bills (40 days from the date of issue); b) the settlement of their debts in many installments and free of interest; c) limited penalties in the case of non-payment of bills and installments, since the supply of electricity cannot be disconnected due to debt, in their residence, almost throughout the year.
- Regulatory measures on the operation of the wholesale market, which burden the cost of purchasing electricity for PPC as a Supplier.

- The adverse impact of the COVID-19 pandemic on the financial situation of the Group's and the Parent Company's customers.

It should be noted that the Group's and the Parent Company's borrowing costs to access and find liquidity (to refinance existing debt and / or new liquidity) on both domestic and international level are affected by the condition of the Greek economy in recent years.

The above factors may have a material adverse impact on the Group's and the Parent Company's liquidity as well as their ability to finance new or ongoing projects

Risk from exposure to the Banking Sector.
As of June 30 ,2020, the Parent Company's debt obligations towards the Greek banking sector amounted to 37,5% of its total loan liabilities

The Group and the Parent Company may be exposed to risks arising from regulations pertaining to the Greek banking sector.

Interest rate risk and foreign currency risk.
The Group's and the Parent Company's debt liabilities consist of bank loans, bonds and overdrafts. It is the Group's and the Parent Company's policy to have a balanced distribution in their loan portfolio between fixed and variable interest rates according to the prevailing conditions and to hedge on a case by case basis through derivatives, solely to mitigate risk, against the fluctuation of floating interest rates and/or foreign currency exchange rates affecting their debt portfolio.

Furthermore, the fluctuation of the Euro against the U.S. dollar exchange rate may adversely impact the prices of the Parent Company's liquid fuel purchases (diesel and heavy fuel oil). As oil prices are expressed in U.S. dollars, the Parent Company is exposed to foreign currency risk in the event of an appreciation of the U.S. dollar against the euro, taking into consideration that both the Group's and the Parent Company's receivables and revenues are denominated in euro. In order to mitigate the foreign currency risk arising from liquid fuel purchases, the Parent Company examines the possibility of undertaking, on a case-by-case basis and according to the prevailing market liquidity circumstances, hedging transactions for this risk. It should be noted that any undertaken hedging transactions may not provide full or adequate protection against these risks.

As of June 30th,2020, no derivative transactions exist for hedging interest rate or exchange rate fluctuation risks.

Credit Rating Risk.
The Group's and the Parent Company's ability to access capital markets and other forms of financing (or refinancing), and the costs associated with such activities, depend in part on their credit rating which is closely related to that of the Greek State as well as to the Greek banking sector's credit rating, as virtually all their assets and activities are in Greece.

Commodity price risk and risk from the Electricity Market.
The Parent Company is exposed to the risk of an increase in prices of oil, natural gas, electricity purchased from the System and the Network, as well as electricity prices of direct PPC imports. The Parent Company has established a policy of oil hedging transactions, based on which specific hedging transactions are undertaken on a case by case basis and according to the prevailing circumstances. It should be noted that any undertaken hedging transactions, may not provide full or adequate protection against this risk. Currently no derivative transactions exist to hedge against oil, gas and electricity price volatility. Moreover, the Parent Company has not established a hedging policy against the risk arising from the volatility of natural gas prices.

In terms of the risk arising from increased electricity purchase prices, exposure is hedged less and less by the Parent Company's vertical integration (internal hedge), i.e. the gap between the retail and wholesale market share increases. It is noted that PPC's average share in the wholesale market (Interconnected System) as of June 2020 amounted to 34.6%, while at the same period, PPC Supply's average share in the retail market amounted to 67.1%. As of June 30, 2020, no derivative transactions exist for hedging oil, natural gas and electricity price volatility.

Additionally, prices of the main materials (metals, etc.), besides fuel, used by the Group and the Parent Company for their operation and development are determined on the international commodity markets, resulting to the Group's and the Parent Company's exposure to the risk of fluctuation of the relevant prices as well as to foreign currency risk, since no policy has been implemented to manage this risk.

CO_2 Emission Rights.
In order to operate its bound thermal power plants, PPC is required to acquire and deliver CO_2 emission rights under the EU ETS (the "EU Allowances" or "EUAs") to cover CO_2 emissions.
The price of CO2 emission allowances may be further affected by the probable adjustment of the European Union (EU) targets for pollutant emissions in 2030, which is part of its commitments under the Paris Agreement, the ongoing dialogue on the objectives of the EU's climate for 2050 as well as the possible outcome of deliberations within the EU on the imposition of a CO2 correction mechanism on imports into the European Union, to avoid deindustrialization, together with the consequent expected reduction in free CO2 allowances granted to the industry sector.. Furthermore, the price of CO2 emission allowances may be affected by the possible expansion of EU ETS to other sectors of the economy beyond electricity generation.

The Parent Company systematically monitors, on behalf of all the Group's companies, markets and developments at European level and has adopted a market policy that partly offsets the risk of price change, and at the same time, as part of the current revision of its risk management policy, is considering improvements in its aforementioned CO_2 market policy, while taking into account the changes made in the Greek energy market. There is also an automatic mechanism (clause) for passing on increases in the price of CO_2 emission allowances to Low, Medium and High Voltage tariffs.

Risk of exposure in competition in the wholesale market.
The Parent Company faces intense competition and share loss in the wholesale market, due to the increased penetration of Renewables units in the System and the Network, as well as due to increased electricity imports from the neighboring countries and intense competition by third-party independent electricity producers. In addition, due to CO_2 emission allowances rising prices, low natural gas prices and the rigid environmental regulatory framework, the competitiveness of lignite production is adversely affected.

Possible changes in the competitive environment, through the introduction of new laws and / or regulatory mechanisms in the electricity market that benefit the Group's competitors, may adversely affect its operating results and liquidity.

Since the forthcoming changes to the wholesale energy market model are not currently final, new regulatory decisions and other developments are expected, that may have an impact on PPC's activities and financial position, which at present cannot be determined.

Tariff risk for the competitive activities.
With the exception of vulnerable customers, all end-user tariffs are fully liberalized. However a number of factors affect the Parent Company's ability and freedom to formulate the competitive component of tariffs, such as the ability of customers to cope with new possibly increased tariffs, initiatives of the Authorities, decisions of RAE etc., especially in view of the current socioeconomic condition in Greece. Therefore, the Parent Company may face difficulties incorporating a potentially increased commodity cost, as well as costs related to electricity and CO_2 emission allowances to electricity bills, through increased tariffs.

Risk from regulated rates of return on Network activities.
Regulated rates of return on Network investments combined with the approved by the RAE asset base on which depreciation and returns are calculated, may have an adverse impact on the Distribution Network's profitability and value, if they do not provide for a reasonable return on the invested capital and an adequate additional incentive for future strategic investments.

As a result, any RAE Decision on regulated tariffs that does not provide a reasonable return may have a significant adverse effect on the Group's business, operating results and financial position, as well as making it difficult to raise capital (foreign or domestic) to finance its investment plans.

Finally, since recovery of regulated returns is based on unit charges for consumers, determined by decisions of the Regulatory Authority for Energy (R.A.E.), there is a significant risk that part of the return may not be fully recoverable or be recovered with a delay of several years.

Regulatory Risk.
The legislative and regulatory framework of European and national energy and environmental policies affect the business choices as well as the financial position and operating results of the Group and the Parent Company.

The Greek electricity system and the Greek electricity market are in the midst of broader developments due to the ongoing changes at European level, which are related to promoting the integration of European electricity markets, enhancing competition in energy markets, developing RES, limiting the use of solid fossil fuels in electricity generation, providing consumers with viable alternatives and generally promoting sustainable energy investment.

Therefore, a long period of continuous adjustment of the regulatory framework of the Greek energy market to the decisions and regulations of the national and European institutions is expected.

Possible modifications and adjustments to the regulatory and legislative framework governing energy markets and the environment, which would restrict business activities or lead to inadequate market liberalization, could have a significant adverse effect on the Group's and the Parent Company's business, financial position and operating results.

Risk from providing Public Service Obligations (PSOs).
The PSOs for which the Parent Company and the other electricity providers are entitled to compensation relate to:

(a) the supply of electricity to the Non-Interconnected Islands (NII) at the same tariffs as those in the Interconnected System,
(b) the supply of electricity at a special tariff to families with more than three children,
(c) the supply of electricity to the beneficiaries of the Social Residential Tariff ("SRT") which is currently provided to persons of low income, families with three or more children, long-term unemployed, people with special needs and people on life support and
(d) the supply of electricity at special tariffs to public welfare entities.

PSO compensation is based on the relevant costs incurred by the Parent Company and other electricity suppliers providing PSOs and is calculated according to a methodology published by RAE's Decisions.

Possible changes in the compensation rights for existing PSOs provided by the Parent Company or changes in the methodology for calculating the compensation for the provision of PSOs that will not allow the Parent Company to recover all of its costs, or any partial compensation, as well as delays in the payment of previous years' PSOs, or any possible adoption of new PSOs for which the Parent Company will not be entitled to full compensation, will have an adverse impact on the Group's and the Parent Company's costs, financial position, operating results and cash flows.

Risk of a deficit in the Special Account for Renewables
The deficit of the DAPEEP RES Special Account as a result of the account's revenues being insufficient to cover payments for RES producers compensated at a regulated tariff has created for many years both uncertainty and market liquidity issues. The primary sources of income for this account are the amounts that electricity providers pay for electricity generated from Renewables, the Special Renewables levy paid by Customers (ETMEAR) -which as already mentioned limits their ability for the timely payment of their electricity bills- and various other smaller amounts according to the relevant legislation.

Due to the fact that a zero deficit was not achieved, despite regulatory interventions for the period 2012-2016 (special solidarity levy, reduction of RES sales prices, etc.) in 2016 a new charge was imposed on Load Representatives (electricity suppliers), in order for the deficit of the DAPEEP RES Special Account to be reduced to zero.

The above charge significantly burdened the Group's and the Parent Company's financial results and cash flows throughout the years 2016, 2017 and 2018, while it has been abolished as of January 1st 2019, since the increase in the marginal price and the CO_2 emission allowance prices (which affect the income of the Special Account) led to a surplus.

However, no assurance can be provided that this favorable momentum in the RES Special Account's revenues will be maintained, since the proportion of the special Renewables levy in electricity bills has been reduced, resulting in a future decrease in the RES Special Account's revenues, leading to a possible future establishment of corrective measures for the increase of the revenues of the Special Account for RES by the competent authorities, which may have a significant adverse effect on the Group's operating results and financial position.

Risk from the absence of Fixed Asset insurance.
Currently, the Group and the Parent Company do not maintain insurance against the usual risks associated with their power plants, distribution assets, property and equipment. Only major information technology equipment is insured. Moreover, materials and spare parts as well as liabilities against third parties are not insured. This has been primarily due to the high costs associated with obtaining insurance against these risks compared to the cost for remediating the damage should any of these risks occur, and the dispersed network of power plants. During construction, major assets (except for networks) are insured by EPC contractors for their construction period. Cash in offices and agencies or in transfer is insured against theft and transports of liquid fuels are also insured.

Any severe damage to key power plants, distribution assets or mining equipment could have a significant adverse impact on the Group's and the Parent Company's business, financial condition or results of operations.

Hydrologic Conditions.
The evolution of hydrologic conditions is an unpredictable factor that affects the Group's and the Parent Company's profitability.

Risk from the dependence on the Transmission System.
The transmission of electricity from the power plants to the distribution networks depends on the infrastructure of the electricity transmission system in Greece. Possible failures of the transmission system, including those due to natural disasters and inadequate maintenance or development, may hinder the distribution of electricity from the plants to final consumers and adversely affect the business activity, operating results and the financial position of the Group and the Parent Company.

Risk associated with the operation and production capacity of the Non-Interconnected Islands Network (NII).
The needs of Non-Interconnected Islands (NII) are met by stand-alone power plants using oil as fuel, although to a certain extent these needs are also covered by renewable energy installations.

In order to meet the demand for electricity in the NII, especially during the summer months that there is an increase in the consumption of electricity due to tourists, the Group and the Parent Company may lease or transfer production capacity (via generating sets) from one island to another, when required. The same process, of leasing or transferring production capacity is also followed when demand in an NII cannot be met due to an unexpected, major damage and only for the time it takes to restore it.

The Group and the Parent Company are not in a position to guarantee that there will be no future damages or operational weaknesses in the Non-Interconnected Islands Network or that they will be able to meet the demand for electricity in the event of such events occurring.

Any failure to operate or reduced production capacity on the Non-Interconnected Islands Network may have an adverse impact on the Group's and the Parent Company's business activity, financial condition and operating results, as well as on their reputation.

Also, due to the fact that the Independent Power Trasnmission Operator (IPTO SA) has announced a wide interconnection program for NII and Crete, the autonomous electricity production stations that are installed in the islands that will be interconnected may in the future become inactive or switch to reserve status without receiving any compensation, which will have a direct adverse impact on the Group's and the Parent Company's financial position and operating results.

EPC related risks.
The Group and the Parent Company face risks relating to the construction of electricity generation units, including risks relating to the availability of equipment from reliable suppliers, availability of building materials and key components, availability of key personnel, delays in construction timetables and completion of the projects within budget and to required specifications. They may also encounter various setbacks such as pandemics, adverse weather conditions, difficulties in connecting to electricity transmission grids, construction defects, delivery failures by suppliers, unexpected delays in obtaining zoning and other permits and authorizations or legal actions brought by third parties.

Additionally, adverse macroeconomic developments, as well as financial or operating problems of main suppliers and contractors, may have an adverse impact on the Group's and the Parent Company's ability to purchase liquid fuels, spare parts and materials, as well as finding sufficiently competitive conditions in the domestic market and have engineering, procurement and construction ("EPC") contracts completed in a timely manner and may increase the Group's and the Parent Company's operating and maintenance costs as well as costs and planning times of construction projects.

It is noted that among the measures taken by the Greek Government to limit the pandemic of COVID-19, was the cessation of work on the site of the new Ptolemaida Unit V by 2 ½ months, which is expected to delay the completion of the project for a time equal to the duration of the pause of work, as the Contractor's delay is provided for as a force majeure incident in the contract.

Relating to the supplies of material and liquid fuels, no requests for postponement or suspension of the delivery deadlines, nor information from foreign producers for the suspension of their production activity have been submitted due to the COVID-19 pandemic. As long as there are no new measures to limit economic activity, no particular change in the course of supplies will take place, beyond a shift of some deliveries by 2-3 months due to changes in needs and changes in the maintenance program.

Risk from Potential Undertaking of Social Security Liabilities.
Despite the fact that under the current legislation the Group and the Parent Company do not have any obligation to cover in the future any deficit whatsoever between income and expenses (deficit) to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

Litigations Risk.
The Group and the Parent Company are involved in several legal proceedings arising from their operations, and any adverse outcome against PPC or any other of the Group's companies may have an adverse impact on their business, financial condition and reputation.

In addition, as a majority (ultimately) State owned utility, the Group is subject to laws, rules and regulations designed to protect the public interest, such as of public procurement or environmental protection. Violation of such legislation, entails, among others, criminal sanctions against the Board of Directors members and executive officers as well as against the employees of the companies and utilities that are subject to those rules.
At the same time, PPC being one of the largest industrial groups in Greece, with wide and complex activity and operations throughout the country, in the ordinary course of business, from time to time, it is hit by competitors, suppliers, customers, landowners, the media, activists, as well as by ordinary citizens, who make complaints (even to prosecutors) about the activities and operations of the Group.

Obviously the reason for these complaints is their belief (usually driven by modest springs) that the operations and activities of the Group cause or are likely to cause damage to their interests, their business or their properties. In this context, reports containing complaints and accusations of allegedly unlawful actions of executives against the Group usually entail further investigation by the Prosecuting Authorities in the so-called preliminary proceedings, which usually end up in dismissing the investigated case due to lack of conclusive evidence.

These practices have intensified during the recent economic crisis, as public prosecutors and the public's common feelings have generally become more sensitive to similar allegations, especially against companies in which the Hellenic Republic is a major shareholder and are viewed as operating in the public interest.

As a result, the Group and the Parent Company, their Board of Directors members and directors, are at present and could be in the future, subject to various criminal or other investigations at various stages of procedural advancement on a variety of grounds arising in connection with their activities in the ordinary course of business. These investigations and legal proceedings may be disruptive to the Group's and the Parent Company's daily operations to the extent that the officers and directors involved need to spend time and resources in connection therewith. They may also adversely affect the Group's and the Parent Company's reputation, although to date, none of the proceedings initiated against the Group and the Group's officers or directors has resulted in any criminal convictions.

Risk from tax and other regulations.
The tax regime in Greece is subject to frequent revisions and although a reduction in corporate tax rates is anticipated, the Group may in the future face possible tax or other burdens. Changing the interpretation and application of tax provisions by the Tax Authorities may result in additional amounts payable by the Group and the Parent Company, which may have a significant adverse effect on their activities, operating results, financial position and financial position and liquidity.

Even if the effect of any new taxes, levies, etc. is passed onto the Group's and the Parent Company's customers, such taxes, levies, etc. may impact collection rates for PPC's electricity bills or result in a loss of market share due to competition. Conversely, if the Group and the Parent Company do not increase tariffs to match an increase in taxation and levies, a significant adverse impact on their financial results and liquidity may follow.

The Group and PPC are subject to certain laws and regulations generally applicable to companies of the broader public sector.
As long as the Hellenic Republic, directly or indirectly, holds 51% of its share capital, the Parent Company shall, in some respects, continue to be considered a public sector company in Greece. Therefore, its operations shall continue to be subject to certain laws and regulations generally applicable to public sector, affecting thus specific procedures, including but not limited to personnel salaries, maximum level of salaries, recruitments of employees, as well as the procurement policies etc.

The aforementioned laws and regulations, particularly within the framework of the current financial conjecture and the relevant decisions of the Central Administration, which are not applicable to the Parent Company's current and future competitors, may have significant negative impact on its financial results, cash flow and on business risk management.

It should be noted that the Group did not have for several years (until December 2019 and the enactment of L. 4643/2019) the ability to recruit experienced personnel in the range of its business activities while, today's average personnel age is approximately 52 years. The Group's inability to recruit specialized personnel caused difficulties to meet the immediate needs of the Company with human resources, created critical shortcomings in employees and executives and may have adverse effects on the Group's business.

The Group may face strikes.
Most of the Group's and the Parent Company's employees are members of labor unions. Extensive labor unrest may have a significant negative impact on the Group's business activity.

Health, Safety and Environmental Laws and Regulations.
The Group's and the Parent Company's operations are subject to National as well as European laws and regulations regarding their employees and the subcontractors employees' health and safety as well as environmental issues.

The cost for complying with such legislation and regulations may require major investments and/or significant expenses for actions regarding the environmental compliance, upgrade and rehabilitation. Changes in the environmental legislation may increase the compliance cost and eventually, may have an impact on the Group's and the Parent Company's profitability, as well as their cash flow program.
Furthermore, due to the nature of their operations, the Group and the Parent Company are involved in a number of environmental proceedings that arise in the ordinary course of business. These proceedings may not involve financial penalties and therefore cannot be quantified. Furthermore, complaints (and lawsuits) are filed, from time to time, with claims for compensation for any kind of work accident, which occurs in the context of the group's activities. Future related costs as a result of enforcement actions and/or third party claims for environmental damage and/or insurance cost for environmental liability could have a material adverse effect on the Group's and the Parent Company's business, results of operations and financial position.

The Group and the Parent Company are also required to obtain environmental and safety permits for their operations from various pertinent authorities. Certain permits require periodic renewal or review of their terms, as well as continuous monitoring and reporting of compliance with such terms.

The Group and the Parent Company cannot give any assurance that they will be able to renew environmental permits or that material changes to their permits requiring significant expenditures on its end will not be imposed.

Environmental, health and safety laws are complex, change frequently and tend to become more stringent over time. As a result, the Group and the Parent Company may not at all times be in full compliance with all such applicable laws and regulations.

Additionally, due to the restructuring of PPC Group and the commitment undertaken by the Group and the Parent Company, due to the immediate decommission of lignite assets, for the dismantling and removal of the facilities and equipment of the electricity production units, as well as for the removal of the mining equipment and the restoration of the mines land, after the end of their productive activity, a provision has been established by the Management, on December 31st, 2019 as well as on June 30th 2020, for the cost of dismantling and removal of facilities and equipment and for the restoration of mines and electricity production units land.

In the event that in the future the actual costs exceed the forecasted budget, the difference will affect the Group's and the Parent Company's results.

Information Technology (IT) security.
A large portion of the Group's and the Parent Company's operations are based on information systems; therefore they are exposed to the risk of non-availability, data integrity corruption and unauthorized access to these systems. In order to minimize these risks, the Group and the Parent Company take measures for the enhancement of their IT security.

The Group and the Parent Company believe that they currently have adequate security policies in place to cover risks associated with the operation and maintenance of their IT infrastructure and perform regular audits of their systems.

However, there can be no assurances that they will be able to prevent technology failures or IT security breaches in a timely manner or continue to have adequate insurance coverage to compensate for related losses (including litigation claims, liability and data loss), which could disrupt their operations or harm their reputation and have a materially adverse effect on their business.

In addition, with regard to the risk of cyber-attacks, the Group and the Parent Company take the appropriate measures that are constantly updated to avoid this risk, and so to this day there has not been anything wrong with their systems. However, it cannot be ruled out that a serious episode of cyber-attack will occur with adverse effects on the systems and operation of the Group and the Parent Company.

Risk of non-compliance with the European Union's General Data Protection Regulation ("GDPR")
The new GDPR has entered into force in the European Union on May 24th 2018. GDPR sets stricter operational requirements for the processing and management of personal data, including, for example, expanded disclosures on how to use personal information, restrictions on information retention, mandatory discloses in case of data breaches and higher standards for data controllers to be able to demonstrate that they have received valid consent for certain data processing activities. Although the Group and the Parent Company have taken all necessary steps to comply with the above guidelines, they are active in a sector where the processing of a significant amount of personal data is necessary and therefore inevitably are more exposed to the risk of being imposed with penalties for non-compliance with the above Regulation. Failure to comply with the applicable data collection and privacy provisions or other applicable data security standards may result in fines, penalties, limitations, and legal disputes.

Any failure to adequately address privacy concerns (even unfounded) or non-compliance with applicable laws, regulations and privacy policies or personal data may lead to additional costs and civil liability, damage to reputation and to negatively affect the business activities of the Group and the Parent Company.

Extraordinary events.
Unexpected events, including natural disasters, fires, war, terrorist activities, strikes, etc., may lead to a breakdown or the interruption of the operation of the Group's and the Parent Company's mines, the generation function and electricity transmission and distribution. Additionally, adverse macroeconomic developments, as well as financial and operating problems of basic suppliers, service providers and contractors may have a negative impact on the Group's and the Parent Company's ability to purchase liquid fuels, spare parts and materials and may increase their operating costs.

The Group's and the Parent Company's operations are susceptible to industrial accidents, and employees or third parties may suffer bodily injury or death as a result of such accidents. In particular, while the Group and the Parent Company believe that their equipment has been well designed and manufactured and is subject to rigorous quality control tests, quality assurance tests, and is in compliance with applicable health and safety standards and regulation, the design and manufacturing process is ultimately controlled by their equipment suppliers or manufacturers or EPC contractors rather than by the them, and there can be no assurance that accidents will not result during the installation or operation of this equipment. Furthermore, the consequences of these events may create significant and long-lasting environmental or health hazards and pollution and may be harmful or a nuisance to neighboring residents. The Group and the Parent Company may be required to pay damages or fines, clean up environmental damage or dismantle power plants in order to comply with environmental or health and safety regulations.

The Group and the Parent Company may also face civil liabilities or fines in the ordinary course of their business as a result of damages to third parties caused by the natural and man-made disasters mentioned above. These liabilities may result in the Group and the Parent Company being required to make indemnification payments in accordance with applicable laws.

Licensing Risk.
The procedures for obtaining and renewing authorizations and permits for the Group's and the Parent Company's activities can be protracted and complex. Obtaining these authorizations is not routine and the conditions attached to obtaining them are subject to change and may not be predictable. As a result, the Group and the Parent Company may incur significant expenses in order to comply with the requirements associated with obtaining or renewing these authorizations. Failure to obtain or renew the necessary licenses and permits might result in interruptions to some of the Group's and the Parent Company's operations, including also the ability to obtain funding for their activities.

Any failure to obtain, maintain, renew or extend all the administrative authorizations and licenses necessary for the operation of their business and execution of their strategy, could have a material adverse effect on the Group's and the Parent Company's business, strategic and financial planning, results of operations, financial position and liquidity.

Currently, the Group does not pay any royalty, concession fee or other fee for lignite extraction or for water used on its hydropower plants. The establishment of any new royalty regime may require the abolishment of the current regime and the Group cannot guarantee that any form of royalties, concession fees or other fees on its lignite or hydropower production will not be introduced by the Greek Government in the future.

Risk management
The Group has defined the risk as a set of uncertain and unpredictable conditions that may have an overall adverse effect on its activities, business performance, economic performance, and the implementation of the strategy and the achievement of its objectives.

The Risk Management Division is organizationally provided in the Parent Company's organization chart but has not yet been staffed due to a reduction in recruitment and other negative factors mentioned in the previous section. To date, executives are involved in the process of identifying and prioritizing risk, as appropriate, in order to advise the Board of Directors on the design and adoption of specific Risk Management processes and policies. The Group and the Parent Company are not in a position to guarantee that these procedures and policies provide full protection against the risks they face.

2H 2020 OUTLOOK

For the second half of 2020, the Parent Company expects that its market shares will further decrease.
Market share decrease, combined with the new customer discount and reward policy, which has been in place since March 2020, leads to a reduction in revenues.

Regarding expenditures, the net expenditure for the purchase of electricity is significantly reduced compared to the second half of 2019, as there is a significant reduction of the System Marginal Price (SMP) and no effect from the NOME mechanism.

Reduced cost for CO2 emission rights compared to the second half of 2019 is due to reduced emissions while the decrease of Natural Gas and Liquid Fuel cost is due to lower fuel prices.
Finally, reduced payroll costs are due to the ongoing employee retirement.

The Company has started updating its Business Plan and aims to complete it in the coming months.

BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parent Company's balances with its subsidiaries as of June 30th, 2020 and December 31st, 2019 are as follows:

	June 30, 2020 Amounts in '000 €		December 31, 2019 Amounts in '000 €	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
Subsidiaries				
PPC Renewables S.A.	1,464	-	1,420	-
HEDNO S.A.	297,745	(463,062)	309,426	(562,819)
LIGNITIKI MEGALOPOLIS S.A.	28,957	(315)	69,226	(1,309)
LIGNITIKI MELITIS S.A.	4,497	-	39,000	-
PPC Finance Plc.	-	(44)	-	(57)
PPC Elektrik	773	-	645	-
PPC Bulgaria JSCO	-	(1,537)	2	(1,808)
PPC Albania	340	-	230	(20)
EDS AD Skopje	406	(28)	386	-
	334,182	**(464,986)**	**420,335**	**(566,013)**

The above-mentioned balances with the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

In July 2019, the Parent Company's Board of Directors approved the corporate transformation of the subsidiary EDS DOOEL Skopje from Single-Member LTD to a Société Anonyme (JSC).

It also approved the payment of Euro 1,800,000 as initial capital in order to cover the company's negative equity for the year 2018, to pay the amount required by the Law of Northern Macedonia for the transformation of the company into a Société Anonyme and to create positive equity for the commencement of its operation as S.A. The above payment took place on August 7th, 2019, while on 16.01.2020 the transformation of the subsidiary company into a Société Anonyme with a new distinctive title EDS AD Skopje was approved by the competent local authorities.

On June 30th, 2020, the Parent Company recognized a provision of expected credit loss on receivables and other accrued income for the subsidiaries "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A." of Euro 28.6 mil. (December 31st, 2019: Euro 65.6 mil.) and Euro 4.5 mil. (December 31st, 2019: Euro 38.8 mil.) respectively.

PPC's transactions with its subsidiaries for the period ended June 30th, 2020 and June 30th, 2019, respectively, are as follows:

	June 30, 2020 Amounts in '000 €		June 30, 2019 Amounts in '000 €	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
Subsidiaries				
PPC Renewables S.A.	1,087	-	1,015	-
HEDNO S.A.	848,137	(906,735)	923,262	(1,078,386)
LIGNITIKI MEGALOPOLIS S.A.	25,606	(256)	57,366	(463)
LIGNITIKI MELITIS S.A.	3,954	-	24,506	-
PPC Finance Plc	-	(3)	-	(6,418)
PPC Elektrik	268	(3,310)	-	(1,908)
PPC Bulgaria JSCO	-	(16,478)	-	(20,794)
PPC Albania	-	-	-	(31)
EDS AD Skopje	60	(67)	962	(2,360)
Total	**879,112**	**(926,849)**	**1,007,111**	**(1,110,360)**

Guarantee in favor of the subsidiaries

As of June 30th, 2020, the Parent Company has provided a guarantee for a total credit line of up to Euro 8 mil., through overdraft facilities, out of which PPC Renewables S.A. has used an amount of 465 thousands of Euro relating to letters of guarantee.

As of June 30th, 2020, the Parent Company has provided a guarantee of Euro 15.5 mil., for EDS Group's loans concerning working capital. EDS Group drew an amount of Euro 13.5 mil.

As of June 30th, 2020, the Parent Company provided a guarantee to EDS for the Electricity Supplier, Energy Financing Team AG up to an amount of Euro 2 mil.

Material Transactions and balances with other companies into which the Greek State participates

The following table presents transactions and balances with companies Hellenic Petroleum ("ELPE") and National Gas Company ("DEPA"), which are PPC's liquid fuel and natural gas suppliers, respectively, and into which the Greek State participates. Additionally, transactions and balances with DAPEEP S.A., HEnEx S.A., IPTO S.A., and LARCO S.A. are presented.

	1.1.2020 – 30.06.2020 Amounts in '000 €		**1.1.2019 – 30.06.2019** Amounts in '000 €	
	Invoiced to	**Invoiced from**	**Invoiced to**	**Invoiced from**
ELPE	22,290	(38,796)	21,058	(79,245)
DEPA	178	(67,096)	157	(216,845)
DAPEEP S.A.	119,864	(250,133)	91,199	(114,974)
HEnEx S.A.	309,392	(702,073)	563,808	(1,315,402)
IPTO S.A.	105,133	(222,283)	88,863	(338,048)
LARCO S.A.	17,465	(1,044)	35,986	(2,481)

	June 30, 2020 Amounts in '000 €		**December 31, 2019** Amounts in '000 €	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
ELPE	20,075	(12,220)	15,968	(24,996)
DEPA	-	(14,981)	-	(19,603)
DAPEEP S.A.	109,434	(389,150)	64,954	(382,174)
HEnEx S.A.	14,501	(35,447)	20,313	(61,197)
IPTO S.A.	192,758	(374,909)	208,774	(388,194)
LARCO S.A.	357,447	-	353,336	-

PPC's total receivables from LARCO S.A., relating to electricity bills, are fully covered by a provision.

In addition to the above-mentioned transactions, PPC enters into commercial transactions with many state-owned entities, both profit and non for profit, within its normal course of business (sale of electricity, services received, etc.). All transactions with state-owned entities are performed at arm's length terms and are not disclosed, with the exception of transactions that the Group and the Parent Company enter into with the Hellenic Corporation of Assets and Participations S.A. (HCAP S.A.) and the companies in which HCAP S.A. participates.

The Group's and the Parent Company's balances as of June 30th, 2020 and December 31st, 2019 with HCAP S.A. and the companies, in which HCAP S.A. participates, are presented below:

	GROUP		COMPANY	
	June 30, 2020 Amounts in '000 €		June 30, 2020 Amounts in '000 €	
	Receivables	(Payables)	Receivables	(Payables)
HCAP S.A.	7	-	7	-
ATHENS INTERNATIONAL AIRPORT S.A.	2,053	(19)	2,031	(19)
ELTA S.A.	4,801	(3,697)	-	(3,639)
ELTA COURIER S.A.	1	(83)	-	(46)
EYDAP S.A.	3,648	(45)	3,648	(2)
ETVA INDUSTRIAL PARKS S.A.	166	(14)	166	(11)
THESSALONIKI INTERNATIONAL FAIR S.A.	17	-	17	-
ODIKES SYNGKOINONIES S.A.	5,841	(1)	5,841	-
PUBLIC PROPERTIES COMPANY S.A.	4,538	-	4,538	-
URBAN RAIL TRANSPORT S.A.	36,054	-	36,054	-
C.M.F.O. S.A.	12	-	12	-
O.A.S.A. S.A.	5	-	5	-
CENTRAL MARKET OF THESSALONIKI S.A.	-	(25)	-	(25)
E.Y.A.TH. S.A.	2,305	-	2,305	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	1	-	1	-
A.E.DI.K	4	-	4	-
EYDAP NISON	4	-	4	-
TOTAL	**59,457**	**(3,884)**	**54,633**	**(3,742)**

	GROUP		COMPANY	
	December 31, 2019 Amounts in '000 €		December 31, 2019 Amounts in '000 €	
	Receivables	(Payables)	Receivables	(Payables)
ATHENS INTERNATIONAL AIRPORT S.A.	1,962	(54)	1,962	(31)
ELTA S.A.	6,538	(4,682)	-	(3,939)
ELTA COURIER S.A.	-	(192)	-	(166)
EYDAP S.A.	3,523	(14)	3,523	(3)
ETVA INDUSTRIAL PARKS S.A.	214	(33)	214	(28)
ODIKES SYNGKOINONIES S.A.	3,951	(3)	3,951	-
PUBLIC PROPERTIES COMPANY S.A.	4,491	-	4,491	-
URBAN RAIL TRANSPORT S.A.	24,441	-	24,441	-
C.M.F.O. S.A.	60	-	60	-
O.A.S.A. S.A.	2	-	2	-
E.Y.A.TH. S.A.	2,559	-	2,558	-
HELLENIC SALTWORKS S.A.	19	-	19	-
TOTAL	**47,760**	**(4,978)**	**41,221**	**(4,167)**

The Group's and the Parent Company's transactions as of June 30th, 2020 and June 30th, 2019 with HCAP S.A. and the companies, in which HCAP S.A. participates, are presented below:

	GROUP		COMPANY	
	1.01.2020 – 30.06.2020 Amounts in '000 €		1.01.2020 – 30.06.2020 Amounts in '000 €	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
ATHENS INTERNATIONAL AIRPORT S.A.	1,145	(53)	1,037	(53)
ELTA S.A.	8,265	(9,469)	21	(7,411)
ELTA COURIER S.A.	4	(90)	3	(42)
EYDAP S.A.	8,171	(79)	8,138	(58)
ETVA INDUSTRIAL PARKS S.A.	453	(9)	453	(9)
THESSALONIKI INTERNATIONAL FAIR S.A.	364	(2)	364	(2)
ODIKES SYNGKOINONIES S.A.	1,424	(7)	1,424	-
PUBLIC PROPERTIES COMPANY S.A.	886	-	886	-
URBAN RAIL TRANSPORT S.A.	8,594	-	8,594	-
C.M.F.O. S.A.	477	-	477	-
O.A.S.A. S.A.	17	-	17	-
CENTRAL MARKET OF THESSALONIKI S.A.	91	-	91	-
E.Y.A.TH. S.A.	5,763	(3)	5,763	-
HELLENIC SALTWORKS S.A.	71	-	71	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	4	-	4	-
GAIAOSE S.A.	1	-	1	-
A.E.DI.K	9	-	9	-
TOTAL	**35,739**	**(9,712)**	**27,353**	**(7,575)**

	GROUP		COMPANY	
	1.01.2019 – 30.06.2019 Amounts in '000 €		1.01.2019 – 30.06.2019 Amounts in '000 €	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
HCAP S.A.	5	-	5	-
ATHENS INTERNATIONAL AIRPORT S.A.	1,965	(76)	1,875	(76)
ELTA S.A.	8,629	(11,147)	4	(8,391)
ELTA COURIER S.A.	5	(63)	5	(27)
EYDAP S.A.	7,699	(67)	7,648	(50)
ETVA INDUSTRIAL PARKS S.A.	557	(8)	418	(7)
THESSALONIKI INTERNATIONAL FAIR S.A.	401	(5)	401	(3)
ODIKES SYNGKOINONIES S.A.	1,787	(1)	1,787	-
PUBLIC PROPERTIES COMPANY S.A.	1,032	-	1,032	-
URBAN RAIL TRANSPORT S.A.	10,098	(297)	10,098	(297)
C.M.F.O. S.A.	415	-	415	-
O.A.S.A. S.A.	15	-	15	-
CENTRAL MARKET OF THESSALONIKI S.A.	98	-	98	-
HELLENIC CASINO OF PARNITHA S.A.	263	-	263	-
E.Y.A.TH. S.A.	5,097	(2)	5,064	-
HELLENIC SALTWORKS S.A.	54	-	54	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	2	-	2	-
GAIAOSE S.A.	1	-	1	-
A.E.DI.K	8	-	8	-
TOTAL	**38,131**	**(11,666)**	**29,193**	**(8,851)**

Management remuneration

Management Members remuneration (Board of Directors' members and General Managers) for the periods ended on June 30th, 2020, and June 30th, 2019, is as follows:

	GROUP Amounts in '000 €		COMPANY Amounts in '000 €	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
Remuneration of the Board of Directors' members				
- Remuneration of executive members	296	178	164	29
- Remuneration of non-executive members	219	160	54	-
- Employer's Social Contributions	111	108	40	25
- Other Benefits	102	81	76	51
	728	**527**	**334**	**105**
Remuneration of the Deputy Chief Executive Officers and General Managers				
- Regular remuneration	522	343	439	259
- Employer's Social Contributions	104	91	86	69
-Compensation / Extraordinary fees	-	4	-	4
	626	**438**	**525**	**332**
Total	**1,354**	**965**	**859**	**437**

Remuneration to members of the Board of Directors does not include standard salaries and employer's social contribution, relating to the representatives of employees that participate in the Parent Company's Board of Directors. Also, it does not include the benefit of the electricity supply based on the PPC personnel tariff to the executive members of the Board of Directors, the Deputy Chief Executive Officers and the General Managers.

APENDIX

Definitions and reconciliations of Alternative Performance Measures ("APMs")

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group and the Parent Company use Alternative Performance Measures ("APMs") in taking decisions concerning the financial, operational and strategic planning, as well as for the evaluation and reporting of their performance. These APMs serve to better understand the financial and operating results of the Group and the Parent Company, their financial position and cash flows. Alternative indicators (APMs) should always be read in conjunction with the financial results that have been prepared in accordance with IFRS and in no way replace them.

Alternative Performance Measures ("APMs")

In discussing the Group's and the Parent Company's performance, "adjusted" measures are used such as: EBITDA Recurring without one off effects, EBITDA Recurring margin without one-off effects and Pre-tax profits / (Losses) without one off effects. These adjusted measures are calculated by deducting from performance measures directly derived from amounts of the annual or interim Financial Statements the effect and costs arising from events which have occurred during the reporting period and which have not affected the amounts of previous periods.

EBITDA (Operating Income before depreciation and impairment, net financial expenses and taxes).

EBITDA serves to better analyze the operating results of the Group and the Parent Company and is calculated as follows: Total turnover minus total operating expenses before depreciation and impairment. The EBITDA margin (%) is calculated by dividing EBITDA by total turnover. Calculation of EBITDA and EBITDA margin is presented in Table A.

Operating Expenses before tax, depreciation, total net financial expenses and profits / (losses) from affiliated companies without one off effects

This APM is calculated by subtracting the one-off effects shown in the adjusted EBITDA note below from the "operating expenses before tax, depreciation, total net financial expenses and profit / (loss) from affiliated companies" line as presented in the EBITDA table above. The calculations are presented in Table B.

EBITDA Recurring (Operating Income before depreciation and impairment, net financial expenses and taxes without one off effects).

EBITDA Recurring serves to better analyze the Group's and the Parent Company's operating income, excluding the impact of one-off effects. For the six-month period of 2020 the one-off effects that impacted EBITDA were: a) A Return of an amount of €44,773 th. due to the revision of the cost of gas supply of DEPA from BOTAS for the years 2012-2019, following a decision of the International Court of Arbitration on the dispute between the two companies (positive effect) and b) an actuarial expense for severance payment due to retirement of an amount of €16,301 th. for the Group and 13,450 th. for the Parent Company (negative effect). For the six-month period of 2019 the one-off effect that impacted EBITDA, both for the Group and the Parent Company, was the return of €99,301 th. from the surplus of the Special RES Account (positive effect).

EBITDA Recurring margin (%) is calculated by dividing EBITDA Recurring by total turnover. Calculation of EBITDA Recurring and EBITDA Recurring margin is presented in table C.

EBIT (Operating Income before net financial expenses and taxes)

EBIT serves to better analyze the operating results of the Group and of the Parent Company and is calculated as follows: EBITDA minus depreciation, minus impairment if any. EBIT margin (%) is calculated by dividing EBIT with total turnover. Calculation of EBIT and EBIT margin is presented in table D.

Net amount of Depreciation, Financial Expense and Profit from Subsidiaries and Associates.

This APM is calculated as the net amount of depreciation expense, net financial expenses and profits / (losses) from the Group's subsidiaries and associates. The detailed calculation is presented in Table E.

Adjusted Profit/(Loss) before tax without one off effects (Adjusted for actuarial expense for severance payment due to retirement, for clearing due to gas supply pipeline cost revision 2012-2019 and for the impairement of subsidiaries)

This APM also serves to better analyze the results and is calculated as follows: EBITDA Recurring, as defined above, minus the net amount of depreciation, financial expense and profit from subsidiaries and associates. The detailed calculation is presented in Table F.

Net Debt

Net debt is an APM that Management uses to evaluate the Group's and the Parent Company's capital structure, as well as any ability for leverage. Net debt is calculated by adding long-term loans, the current portion of long term loans and short term loans and subtracting from the total, cash and cash equivalents, restricted cash related to loan agreements and financial assets measured at fair value through other comprehensive income and adding the unamortized portion of borrowing costs. Calculation of Net Debt is presented in Table G.

TABLE A - EBITDA (Operating Income before depreciation and amortization, net financial expenses and taxes)

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019
	Amounts in '000€	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**
Total Turnover (1)	**2,249,580**	**2,305,202**	**1,030,587**	**1,166,986**	**2,137,807**	**2,215,771**	**974,295**	**1,118,158**
less :								
Operating expenses before depreciation and impairment (2)	**1,763,828**	**2,196,479**	**763,214**	**991,925**	**1,552,416**	**2,098,261**	**610,457**	**934,628**
Payroll cost	363,719	387,522	181,032	193,547	216,267	227,084	107,272	114,519
Lignite	(29,164)	1,417	(38,746)	(11,579)	(27,888)	(20,067)	(36,908)	(21,730)
Liquid Fuels	224,566	319,713	86,247	167,943	222,851	311,730	85,716	164,370
Natural Gas	112,328	222,488	53,651	95,807	112,328	222,488	53,651	95,807
Energy purchases	589,443	750,268	230,929	295,845	615,816	867,652	235,885	358,031
Materials and consumables	52,313	62,619	23,775	32,295	27,817	33,415	10,974	15,706
Transmission system usage	69,654	78,525	33,891	38,343	69,623	78,525	33,876	38,343
Distribution system usage	-	-	-	-	107,541	138,992	50,896	67,213
Utilities and maintenance	100,435	105,453	51,083	59,743	64,057	69,621	32,624	37,479
Third party fees	42,778	37,936	22,715	19,692	26,076	26,436	13,059	13,509
CO_2 emission rights	171,203	251,131	51,490	114,333	146,912	182,126	45,817	74,868
Risk allowances	16,879	7,382	4,238	1,967	21,905	9,495	9,264	4,080
Provisions for impairment of materials	14,889	4,594	12,433	2,210	7,989	4,289	5,988	2,246
Provisions for bad debt	42,157	(23,285)	21,745	(5,508)	(30,323)	(23,327)	(52,201)	(5,634)
Other Losses / (Gains), Net	(7,372)	(9,284)	28,731	(12,713)	(28,555)	(30,198)	14,544	(24,179)
EBITDA (A) = [(1) - (2)]	**485,752**	**108,723**	**267,373**	**175,061**	**585,391**	**117,510**	**363,838**	**183,530**
EBITDA MARGIN [(A) / (1)]	**21.6%**	**4.7%**	**25.9%**	**15.0%**	**27.4%**	**5.3%**	**37.3%**	**16.4%**

TABLE B- Operating Expenses before tax, depreciation, total net financial expenses and profits / (losses) from affiliated companies without one off effects

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019	NOTES
	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	
Operating expenses before depreciation and impairment (2))	**1,763,828**	**2,196,479**	**763,214**	**991,925**	**1,552,416**	**2,098,261**	**610,457**	**934,628**	
Minus :									
RES Special Account (Abolished as of 01.01.2019.)	-	(99,301)	-	(99,301)	-	(99,301)	-	(99,301)	Note 2 Interim Report 2020
Actuarial Expense for severance payment due to retirement	16,301	-	7,803	-	13,450	-	5,715	-	Note 15 Interim Report 2020
Clearing due to gas supply pipeline cost revision 2012-2019	(44,773)	-	-	-	(44,773)	-	-	-	Note 3 Interim Report 2020
Operating expenses before depreciation and impairment without one off effects	**1,792,300**	**2,295,780**	**755,411**	**1,091,226**	**1,583,739**	**2,197,562**	**604,742**	**1,033,929**	

TABLE C- EBITDA Recurring (Operating Income before depreciation and amortization, net financial expenses and taxes without one off effects).

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019	NOTES
	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	
EBITDA (1)	**485,752**	**108,723**	**267,373**	**175,061**	**585,391**	**117,510**	**363,838**	**183,530**	
Plus one off effects (2):	**(28,472)**	**(99,301)**	**7,803**	**(99,301)**	**(31,323)**	**(99,301)**	**5,715**	**(99,301)**	
RES Special Account (Abolished as of 01.01.2019.)	-	(99,301)	-	(99,301)	-	(99,301)	-	(99,301)	Note 2 Interim Report 2020
Actuarial Expense for severance payment due to retirement	16,301	-	7,803	-	13,450	-	5,715	-	Note 15 Interim Report 2020
Clearing due to gas supply pipeline cost revision 2012-2019	(44,773)	-	-	-	(44,773)	-	-	-	Note 3 Interim Report 2020
EBITDA RECURRING WITHOUT ONE OFF EFFECTS (3) = [(1)+(2)]	**457,280**	**9,422**	**275,176**	**75,760**	**554,068**	**18,209**	**369,553**	**84,229**	
TOTAL TURNOVER (4)	**2,249,580**	**2,305,202**	**1,030,587**	**1,166,986**	**2,137,807**	**2,215,771**	**974,295**	**1,118,158**	
EBITDA RECURRING MARGIN WITHOUT ONE OFF EFFECTS [(3)/(4)	**20.3%**	**0.4%**	**26.7%**	**6.5%**	**25.9%**	**0.8%**	**37.9%**	**7.5%**	

TABLE D - EBIT (Operating Income before net financial expenses and taxes)

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019
	Amounts in '000€	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**
EBITDA	**485,752**	**108,723**	**267,373**	**175,061**	**585,391**	**117,510**	**363,838**	**183,530**
less :								
Depreciation and impairement of tangible assets	359,298	316,260	172,953	158,069	329,793	307,170	158,477	155,591
Impairement of other assets	10,068	-	10,068	-	10,068	-	10,068	-
Impairement of subsidiaries	-	64,940	-	64,940	119,426	102,300	108,426	102,300
EBIT (A)	**116,386**	**(272,477)**	**84,352**	**(47,948)**	**126,104**	**(291,960)**	**86,867**	**(74,361)**
EBIT (A)	**2,249,580**	**2,305,202**	**1,030,587**	**1,166,986**	**2,137,807**	**2,215,771**	**974,295**	**1,118,158**
EBIT Margin [(A) / (1)]	**5.2%**	**(11.8%)**	**8.2%**	**(4.1%)**	**5.9%**	**(13.2%)**	**8.9%**	**(6.7%)**

TABLE E - Net amount of Depreciation, Financial Expense and Profit from Subsidiaries and Associates.

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019
	Amounts in '000€	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**
Depreciation, Financial Expense and Profit from Subsidiaries and Associates	**428,330**	**362,145**	**209,565**	**179,984**	**375,718**	**353,664**	**171,422**	**178,010**
Depreciation	359,298	316,260	172,953	158,069	329,793	307,170	158,477	155,591
Financial expenses	99,309	86,363	51,265	42,125	97,269	85,103	50,332	41,854
Financial income	(28,199)	(39,149)	(14,843)	(19,765)	(51,019)	(39,169)	(37,889)	(20,391)
Net (profit)/loss from associates and joint ventures	(1,436)	(1,958)	(302)	(1,391)	-	-	-	-
Net loss/(profit) from FX differences	(372)	629	492	946	(325)	560	502	956

TABLE F - Adjusted Profit / Loss before tax without one off effects

	Total Group 01.01-30.06.2020	Total Group 01.01-30.06.2019	Total Group 01.04-30.06.2020	Total Group 01.04-30.06.2019	Total Company 01.01-30.06.2020	Total Company 01.01-30.06.2019	Total Company 01.04-30.06.2020	Total Company 01.04-30.06.2019
	Amounts in '000€	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**	**Amounts in '000€**
EBITDA RECURRING WITHOUT ONE OFF EFFECTS	**457,280**	**9,422**	**275,176**	**75,760**	**554,068**	**18,209**	**369,553**	**84,229**
LESS: DEPRECIATION, FINANCIAL EXPENSE AND PROFIT FROM SUBSIDIARIES AND ASSOCIATES	428,330	362,145	209,565	179,984	375,718	353,664	171,422	178,010
Adjusted Profit/(Loss) before tax (Adjusted for actuarial expense for severance payment due to retirement, for clearing due to gas supply pipeline cost revision 2012-2019 and for the impairement of subsidiaries))	**28,950**	**(352,723)**	**65,611**	**(104,224)**	**178,350**	**(335,455)**	**198,131**	**(93,781)**

TABLE G – Net Debt

	Group			Company		
	30.06.2020	31.12.2019	30.06.2019	30.06.2020	31.12.2019	30.06.2019
	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€	Amounts in '000€
Long-term borrowing	3,532,137	3,510,961	3,689,847	3,436,391	3,467,108	3,643,421
Current portion of long term borrowing	408,478	417,351	398,905	408,488	417,361	398,915
Short term borrowing	14,279	18,630	45,871	0	0	30,000
Cash and cash equivalents	(534,006)	(286,917)	(236,099)	(419,906)	(205,461)	(135,317)
Restricted cash	(55,151)	(64,847)	(70,008)	(55,151)	(64,847)	(70,008)
Financial Assets at fair value through comprenhensive income	(804)	(1,251)	(1,484)	(606)	(879)	(1,018)
Unamortized portion of borrowing costs	88,297	93,120	94,788	88,297	93,120	94,788
TOTAL	**3,453,230**	**3,687,047**	**3,921,820**	**3,457,513**	**3,706,402**	**3,960,781**

Athens, September 3rd 2020

For the Board of Directors

The President and CEO — The Vice-President

Georgios I. Stassis — Pyrros D. Papadimitriou

III. CERTIFIED AUDITORS’ ACCOUNTANTS’ REVIEW REPORT

ERNST & YOUNG (HELLAS)
Certified Auditors-Accountants S.A.
8B Chimarras str., Maroussi
151 25 Athens, Greece

Tel: +30 210 2886 000
Fax:+30 210 2886 905
ey.com

THIS REPORT IS A FREE TRANSLATION OF THE GREEK ORIGINAL

To the Board of Directors of Public Power Corporation S.A.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed separate and consolidated statement of financial position of Public Power Corporation S.A. (the "Company") and its subsidiaries ("the Group") as at 30 June 2019, and the related condensed separate and consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes that comprise the interim financial information, which is an integral part of the six-month financial report of Law 3556/2007.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as incorporated in Greek Law and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on other legal and regulatory requirements

Our review has not identified any material inconsistency or error between the other information contained in the six-month financial report prepared in accordance with article 5 Law 3556/2007 with the accompanying financial information.

Maroussi, 3 September 2020

VASSILIOS KAMINARIS
CERTIFIED AUDITOR ACCOUNTANT
S.O.E.L. R.N. 20411

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
CHIMARRAS 8B, 15125 MAROUSSI
S.O.E.L. R.N. 107

PUBLIC POWER CORPORATION S.A.

Interim Condensed Consolidated and Separate
Financial Statements
for the six-month period ended
June 30th 2020

In accordance with the
International Financial Reporting Standards
as adopted by the European Union

The attached interim condensed Separate and Consolidated Financial Statements have been approved by the Board of Directors of "PUBLIC POWER CORPORATION S.A.", **on September 3rd 2020, and are available on the internet, at the web site address www.dei.gr**.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER	VICE CHAIRMAN	CHIEF FINANCIAL OFFICER	ACCOUNTING DEPARTMENT DIRECTOR
GEORGIOS I. STASSIS	PYRROS D. PAPADIMITRIOU	KONSTANTINOS A. ALEXANDRIDIS	EFTHIMIOS A. KOUTROULIS

Public Power Corporation S.A.
General Commercial Registry: 786301000
Chalkokondyli 30 - 104 32 Athens

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PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30th 2020

(All amounts in thousands of Euro – except share and per share data)

	Note	GROUP		COMPANY	
		01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
REVENUES:					
Revenue from energy sales		1,923,157	2,059,526	1,905,028	2,048,156
Revenue from natural gas sales		316	-	316	-
Other sales		326,107	245,676	232,463	167,615
	5	**2,249,580**	**2,305,202**	**2,137,807**	**2,215,771**
EXPENSES:					
Payroll cost		363,719	387,522	216,267	227,084
Lignite		(29,164)	1,417	(27,888)	(20,067)
Liquid Fuels		224,566	319,713	222,851	311,730
Natural Gas		112,328	222,488	112,328	222,488
Depreciation and amortization		359,298	316,260	329,793	307,170
Energy purchases		589,443	750,268	615,816	867,652
Materials and consumables		52,313	62,619	27,817	33,415
Transmission system usage		69,654	78,525	69,623	78,525
Distribution system usage		-	-	107,541	138,992
Utilities and maintenance		100,435	105,453	64,057	69,621
Third party fees		42,778	37,936	26,076	26,436
Emission allowances	14	171,203	251,131	146,912	182,126
Provisions for risks		16,879	7,382	21,905	9,495
Provision for impairment of materials		14,889	4,594	7,989	4,289
Provisions for doubtful receivables		42,157	(23,285)	(30,323)	(23,327)
Financial expenses		99,039	86,363	97,269	85,103
Financial income		(32,074)	(39,149)	(54,894)	(39,169)
Impairment losses of the shareholding in Lignite Companies		-	64,940	119,426	102,300
Devaluation of fixed assets		10,068	-	10,068	-
Other (income)/expenses, net	3	(7,372)	(9,284)	(28,555)	(30,198)
(Gains)/losses from associates		(1,436)	(1,958)	-	-
Foreign currency (gains) / losses		(372)	629	(325)	560
		2,198,351	**2,623,564**	**2,053,753**	**2,554,225**
PROFIT/(LOSS) BEFORE TAX		**51,229**	**(318,362)**	**84,054**	**(338,454)**
Income tax	7	(21,891)	43,517	(22,630)	45,929
NET PROFIT/(LOSS)		**29,338**	**(274,845)**	**61,424**	**(292,525)**
Attributable to:					
Owners of the Parent		29,318	(274,871)		
Non – controlling interests		20	26		
Earnings per share, basic and diluted		0.13	(1.18)		
Weighted average number of shares		**232,000,000**	**232,000,000**		

- The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30th 2020
(All amounts in thousands of Euro)

	GROUP		COMPANY	
	01.01.2020 – 30.06.2020	**01.01.2019 – 30.06.2019**	**01.01.2020 – 30.06.2020**	**01.01.2019 – 30.06.2019**
Net Profit / (Loss) for the period	**29,338**	**(274,845)**	**61,424**	**(292,525)**
Other Comprehensive income / (loss)				
Other Comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods.				
Foreign currency differences	(86)	10	-	-
Net Other Comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods	**(86)**	**10**	**-**	**-**
Other Comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods				
Profit/(Loss) from financial assets at fair value through comprehensive income	(447)	832	(273)	551
Revaluation of fixed assets	2,097	-	2,097	-
Deffered taxes on revaluation of fixed assets	(504)	-	(504)	-
Actuarial gains / (losses)	-	271	-	-
Net Other Comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods	**1,146**	**1,103**	**1,320**	**551**
Other Comprehensive income for the period after tax	**1,060**	**1,113**	**1,320**	**551**
Total Comprehensive income / (loss) for the period after tax	**30,398**	**(273,732)**	**62,744**	**(291,974)**
Attributable to:				
Owners of the Parent	**30,378**	**(273,758)**		
Non-controlling interests	**20**	**26**		

- The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30th 2020
(All amounts in thousands of Euro)

	Note	GROUP 30.06.2020	GROUP 31.12.2019	COMPANY 30.06.2020	COMPANY 31.12.2019
ASSETS					
Non – Current Assets :					
Property, plant and equipment, net	15	10,353,387	10,572,714	9,976,737	10,176,626
Intangible assets, net		121,804	80,923	99,919	65,054
Right of use assets		55,447	67,193	36,157	41,084
Investments in subsidiaries	8	-	-	221,271	221,271
Investments in associates	9	37,642	36,364	997	997
Financial assets measured at fair value through comprehensive income		804	1,251	606	879
Deferred tax asset		205,595	226,623	174,734	197,867
Other non – current assets		16,018	20,428	17,652	20,132
Total non – current assets		**10,790,697**	**11,005,496**	**10,528,073**	**10,723,910**
Current Assets :					
Materials, spare parts and supplies, net		742,720	730,895	539,586	530,923
Trade receivables		778,342	683,491	660,119	579,213
Contract assets		314,915	424,911	314,915	424,911
Other receivables		304,374	360,479	126,780	235,444
Income tax receivable		6,649	12,565	-	-
Cash and cash equivalents		534,006	286,917	419,906	205,461
Restricted cash		58,202	67,752	58,202	67,752
Total current assets		**2,739,208**	**2,567,010**	**2,119,508**	**2,043,704**
Total Assets		**13,529,905**	**13,572,506**	**12,647,581**	**12,767,614**
EQUITY AND LIABILITIES					
Equity :					
Share capital	11	575,360	575,360	575,360	575,360
Share premium		106,679	106,679	106,679	106,679
Legal reserve		128,317	128,317	128,317	128,317
Fixed assets' statutory revaluation surplus		(947,342)	(947,342)	(947,342)	(947,342)
Revaluation surplus		4,737,567	4,753,454	4,643,110	4,658,997
Other reserves		51,355	51,888	26,353	26,626
Retained earnings		(1,581,520)	(1,628,019)	(1,783,913)	(1,862,818)
Total Equity attributable to the Owners of the Company		**3,070,416**	**3,040,337**	**2,748,564**	**2,685,819**
Non – controlling interests		**275**	**255**	**-**	**-**
Total equity		**3,070,691**	**3,040,592**	**2,748,564**	**2,685,819**
Non – Current Liabilities :					
Long - term borrowings	12	3,532,137	3,510,961	3,436,391	3,467,108
Employee benefits	15	316,868	303,292	187,289	175,767
Provisions		799,859	780,694	758,655	737,035
Financial lease liability		45,055	49,369	30,242	29,284
Contract liabilities		2,297,990	2,331,696	2,297,990	2,331,696
Subsidies		163,120	172,577	149,546	156,844
Other non – current liabilities		14,714	13,055	39	38
Total non – current liabilities		**7,169,743**	**7,161,644**	**6,860,152**	**6,897,772**
Current Liabilities:					
Trade and other payables		1,391,067	1,689,234	1,203,517	1,523,818
Short – term borrowings	12	14,279	18,630	-	-
Current portion of long - term borrowings	12	408,478	417,351	408,488	417,361
Short – term financial lease liability		12,694	18,322	7,140	12,780
Dividends payable		13	13	13	13
Income tax payable		63,938	69,630	63,836	63,778
Accrued and other current liabilities		592,273	718,180	549,142	727,363
Short-term contract liabilities		806,729	438,910	806,729	438,910
Total Current Liabilities		**3,289,471**	**3,370,270**	**3,038,865**	**3,184,023**
Total Equity and Liabilities		**13,529,905**	**13,572,506**	**12,647,581**	**12,767,614**

-The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30th 2020
(All amounts in thousands of Euro)

						GROUP Other reserves						
	Share Capital	**Share Premium**	**Legal Reserve**	**Revaluation Surplus**	**Fixed Assets Statutory Revaluation Surplus**	**Fair Value of financial assets through comprehensive income**	**Foreign Exchange Differences, Tax-free and Other Reserves**	**Other Reserves Total**	**Retained Earnings**	**Total**	**Non-Controlling Interest**	**Total Equity**
Balance, January 1st, 2019	**575,360**	**106,679**	**128,317**	**3,816,062**	**(947,342)**	**(543)**	**14,469**	**13,926**	**249,944**	**3,942,946**	**134**	**3,943,080**
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	(274,871)	(274,871)	26	(274,845)
Other total income for the period after tax	-	-	-	-	-	832	281	1,113	-	1,113	-	1,113
Total Comprehensive income / (loss) for the period, after tax	-	-	-	-	-	832	281	1,113	**(274,871)**	**(273,758)**	**26**	**(273,732)**
Transfers from retirements of fixed assets	-	-	-	(1,614)	-	-	-	-	1,614	-	-	-
Other movements	-	-	-	-	-	-	99	99	(567)	(468)	-	(468)
Balance, June 30th, 2019	**575,360**	**106,679**	**128,317**	**3,814,448**	**(947,342)**	**289**	**14,849**	**15,138**	**(23,880)**	**3,668,720**	**160**	**3,668,880**
Balance, January 1st, 2020	**575,360**	**106,679**	**128,317**	**4,753,454**	**(947,342)**	**453**	**51,435**	**51,888**	**(1,628,019)**	**3,040,337**	**255**	**3,040,592**
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	29,318	29,318	20	29,338
Other total (loss) / income for the period, after tax	-	-	-	1,593	-	(447)	(86)	(533)	-	1,060	-	1,060
Total Comprehensive income / (loss) for the period, after tax	-	-	-	1,593	-	(447)	(86)	(533)	29,318	30,378	20	30,398
Transfers from retirements of fixed assets	-	-	-	(17,480)	-	-	-	-	17,480	-	-	-
- Other movements	-	-	-	-	-	-	-	-	(299)	(299)	-	(299)
Balance, June 30th, 2020	**575,360**	**106,679**	**128,317**	**4,737,567**	**(947,342)**	**6**	**51,349**	**51,355**	**(1,581,520)**	**3,070,416**	**275**	**3,070,691**

- The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30th 2020
(All amounts in thousands of Euro)

						COMPANY				
						Other reserves				
	Share Capital	Share Premium	Legal Reserve	Revaluation Surplus	Fixed Assets Statutory Revaluation Surplus	Fair Value of financial assets through comprehensive income	Tax-free and Other Reserves	Other Reserves Total	Retained Earnings	Total Equity
Balance, January 1st, 2019	**575,360**	**106,679**	**128,317**	**3,726,829**	**(947,342)**	**(263)**	**55,654**	**55,391**	**179,792**	**3,825,026**
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	(292,525)	(292,525)
Other total income for the period after tax	-	-	-	-	-	551	-	551	-	551
Total Comprehensive income/(loss) for the period, after tax	**-**	**-**	**-**	**-**	**-**	**551**	**-**	**551**	**(292,525)**	**(291,974)**
Transfers from retirements of fixed assets	-	-	-	(1,614)	-	-	-	-	1,614	-
Other movements	-	-	-	-	-	-	97	97	1	98
Balance, June 30th, 2019	**575,360**	**106,679**	**128,317**	**3,725,215**	**(947,342)**	**288**	**55,751**	**56,039**	**(111,118)**	**3,533,150**
Balance, January 1st, 2020	**575,360**	**106,679**	**128,317**	**4,658,997**	**(947,342)**	**150**	**26,476**	**26,626**	**(1,862,818)**	**2,685,819**
Net Profit/(Loss) for the period	-	-	-	-	-	-	-	-	61,424	61,424
Other total income / (loss) for the period, after tax	-	--	-	1,593	-	(273)	-	(273)	-	1,320
Total Comprehensive income/(loss) for the period, after tax	**-**	**-**	**-**	**1,593**	**-**	**(273)**	**-**	**(273)**	**61,424**	**62,744**
Transfers from retirements of fixed assets	-	-	-	(17,480)	-	-	-	-	17,480	-
Other movements	-	-	-	-	-	-	-	-	-	-
Balance, June 30th, 2020	**575,360**	**106,679**	**128,317**	**4,643,110**	**(947,342)**	**(123)**	**26,476**	**26,353**	**(1,783,913)**	**2,748,564**

- The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

PUBLIC POWER CORPORATION S.A.
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30th 2020
(All amounts in thousands of Euro)

	GROUP		COMPANY	
	01.01.2020-30.06.2020	01.01.2019-30.06.2019 (*RESTATED)	01.01.2020-30.06.2020	01.01.2019-30.06.2019 (*RESTATED)
Cash flows from operating activities				
Profit/(Loss) before tax	51,229	(318,362)	84,054	(338,454)
Profit/(Loss) before tax	**51,229**	**(318,362)**	**84,054**	**(338,454)**
Adjustments :				
Depreciation and amortization	356,595	316,045	328,335	309,601
Depreciation on the Right-of-use assets	12,159	6,347	8,756	3,603
Impairment of assets	10,068	-	10,068	-
Impairment of the shareholding in Lignite Companies	-	64,940	119,426	102,300
Amortization of customers' subsidies	(9,456)	(6,132)	(7,298)	(6,034)
Income from long-term contract liabilities	(44,045)	(43,223)	(44,045)	(43,223)
Income from PSOs	-	(21,955)	-	(21,955)
Losses / (Gains) from associates	(1,436)	(1,958)	-	-
Interest income and dividends	(32,074)	(39,149)	(54,894)	(39,169)
Sundry provisions	101,864	(18,286)	24,396	(12,677)
Foreign exchange (gains)/ losses on loans and borrowings	325	(560)	325	(560)
Unbilled revenue	125,609	53,602	125,609	53,999
Disposals of tangible assets and software	1,310	4,788	1,310	4,788
Amortization of loans' issuance fees	1,500	1,011	1,500	1,011
Interest expense	80,002	80,627	79,715	80,332
Operating profit before working capital changes	**653,650**	**77,735**	**677,257**	**93,562**
(Increase)/decrease in:				
Trade receivables	(211,705)	(97,235)	(75,222)	(96,337)
Other receivables	109,860	50,569	107,397	61,418
Materials, spare parts and supplies	(26,721)	(36,216)	(16,651)	(38,413)
(Increase)/decrease in:				
Trade payables	(298,167)	25,433	(320,301)	100,857
Other non – current liabilities	366,115	392,021	369,433	369,389
Accrued and other liabilities excluding interest	(108,064)	(205,185)	(168,665)	(255,789)
Net Cash from Operating Activities	**484,968**	**207,122**	**573,248**	**234,687**
Cash Flows from Investing Activities				
Interest and dividends received	32,074	39,149	54,894	39,169
Capital expenditure for tangible and intangible assets	(197,710)	(340,041)	(185,084)	(323,671)
Proceeds from long-term contract liabilities	26,242	30,143	26,242	30,143
Investments in associates	(1,278)	(2,043)	(119,426)	(18,900)
Net Cash used in Investing Activities	**(140,672)**	**(272,792)**	**(223,374)**	**(273,259)**
Cash Flows from Financing Activities				
Net change in short-term borrowings	(4,351)	(612)	-	-
Proceeds from long-term borrowing	165,515	700,763	112,415	654,337
Principal payments of long-term borrowing	(166,158)	(495,043)	(160,558)	(494,431)
Principal lease payments of right-of-use assets	(13,110)	(6,746)	(9,411)	(4,002)
Interest paid and loans' issuance fees	(79,103)	(95,228)	(77,875)	(94,355)
Dividends paid	-	(4)	-	(4)
Net Cash used in Financing Activities	**(97,207)**	**103,130**	**(135,429)**	**61,545**
Net increase / (decrease) in cash and cash equivalents	247,089	37,460	214,445	22,973
Cash and cash equivalents at the beginning of the year	286,917	198,576	205,461	112,330
Cash and cash equivalents at the end of the year	**534,006**	**236,036**	**419,906**	**135,303**

- *Some figures are restated compared to those published in the interim condensed financial statements as of June 30th, 2019 for the purpose of more accurate and comparable presentation of the corresponding figures as of June 30th, 2020 due to the application of IFRS 16 from January 1st, 2019. Moreover, some figures are restated compared to those published in the interim condensed financial statements as of June 30th, 2019 and include the figures of the Discontinued Operations which from July 18th, 2019 do not meet the criteria of IFRS 5.
- The accompanying notes are an integral part of the interim, condensed, consolidated and separate financial statements.

SELECTED DISCLOSURE NOTES

1. CORPORATE INFORMATION

Public Power Corporation S.A. ("PPC" or the "Parent Company") was established in 1950 in Greece for an unlimited duration as a State owned and managed corporation for electricity generation, transmission and distribution throughout Greece.

In 1999, the Hellenic Republic enacted Law 2773/1999 ("the Liberalization Law"), which provided for, among other provisions, the transformation of PPC into a société anonyme. PPC's transformation to a société anonyme was effected on January 1st, 2001, by virtue of Presidential Decree 333/2000 (statute) and its duration was set for 100 years.

Effective December 2001, PPC's shares are listed on the Athens Stock Exchange.

The accompanying financial statements include the separate financial statements of PPC and the consolidated financial statements of PPC and its subsidiaries ("the Group").

PPC headquarters are located at 30, Chalkokondili Street, Athens, 104 32 Greece.

On June 30th, 2020, the number of personnel employed by the Group was 14,678 (2019: 15,907). On June 30th, 2020, 90 employees of the Group (2019: 92), have been transferred to several State agencies (ministries, organizations, etc.), out of which, 86 were compensated by PPC (2019: 89). The total payroll cost of such employees, for the six-month period ended June 30th, 2020 amounted to Euro 1,746 (2019: Euro 1,830). Additionally, on June 30th, 2020, PPC's transferred employees in EFKA (Greek Single Social Security Institution) amounted to 198, (2019: 213) for which payroll cost amounted to Euro 4,119 (2019: Euro 4,490).

PPC Group generates electricity in the power generating stations of its Parent Company and its wholly owned subsidiaries "LIGNITIKI MEGALOPOLIS S.A.", "LIGITIKI MELITIS S.A.", and PPC Renewables S.A. and distributes electricity to consumers through its own distribution lines for Medium and Low voltage that are managed by its wholly owned subsidiary "Hellenic Distribution Network Operator (HEDNO S.A.)". PPC Group has also developed an urban fibre optics network. Lignite consumed by the Group's lignite-fired power stations is extracted, to a significant extent, from its own lignite mines.

Finally, in the Fourth Quarter of 2019, the Parent Company started to operate in the Natural Gas market.

2. LEGAL FRAMEWORK

CHANGES IN THE LEGAL FRAMEWORK OF THE ELECTRICITY MARKET FOR THE 1ST HALF OF 2020.

A1. New Electricity Markets

- By Law 4425/2016 (OG A' 185/30.09.2016) the reorganization of the electricity market was introduced with the establishment of Electricity Markets - Forward Market, Day Ahead Market, Intraday and Balancing Market, as well as the jurisdiction and the responsibilities of Market Operators and subsequently with Law 4512/2018 (OG A' 5/17.01.2018) issues concerning the establishment and operation of the Energy Exchange were regulated. Also, the Energy Exchange Clearing House S.A. was established under the distinctive title EnExClear, for the settlement of transactions in the Day Ahead and Intraday markets of the Hellenic Energy Exchange S.A. as well as any other related activity.
- Regarding the operation of the Electricity Markets, the Regulations of the Financial Energy Market (Derivatives Market), the Day Ahead Market and the Intraday Market, the Settlement Regulation for Day Ahead and Intraday Market transactions were approved as well as related methodologies and other arrangements.
- By the Ministerial Decision ΥΠΕΝ/ΔΗΕ/7083/112 (OG B' 172/30.01.2020), IPTO and EnEx approved in cooperation with the company Energy Exchange Clear of the Energy Exchange a binding timetable for the fulfillment of their obligations to start (go-live) the Day Ahead Market, the Intraday Market and the Balancing Market until June 30th, 2020, which was extended for September 17th, 2020.
- The Hellenic Capital Market Commission, with its decision No. 1/872/4.3.2020 (OG B' 1491/ 21.04.2020) granted to EnEx the license of the Administrator in the regulated market, the license of the Operator in the Financial Energy Market (Derivatives Market) which is managed by EnEx, approved the Financial Energy Market Rulebook as well as the assignment of specific functions of EnEx (technical support for IT systems, operational risk management, information security management and consulting, technical services and licenses for the use of IT systems) to the Athens Stock Exchange Group.
- The Derivatives Market started its operation on March 23rd, 2020. PPC has acquired the capacity of Market Maker in the Derivatives Market in EnEx and participated in the commencement of market making at the Meeting dated March 23rd, 2020.
- In the context of the implementation of the new model of the Electricity Market, RAE with a series of decisions within 2020 regulated various issues such as the Methodology of the Enforcement of Measures against the Clearing Members, the method of calculating the fine in case of unlawful submission of the statements for Physical Delivery and Physical Withdrawals for positions on Financial Energy Market, the Methodology of application of rules for accepting Buy / Sell Orders with interconnected price in the Day Ahead Market and in the Intraday Market, set the Maximum and Minimum Clearing Price Thresholds for the Day Ahead Market, for which EnEx is considering the possibility of carrying out a Second Auction, set the Methodology for Calculation of Fees and Charges paid by the Participants in EnEx for the operation of the Day Ahead Market and Intraday Market and approved the relevant Charges and Fees of the first Regulatory Period (years 2020-2022) (RAE's Decision No.950/2020 / OG B 2542 / 24.06.20). RAE also determined the Regulatory Parameters for the Calculation of the Non-Compliance Charges, imposed by the EnEx, for unlawful submission of Sell Orders, regarding the Available Capacity for the year 2020 based on the Regulation of Operation of the Day Ahead and Intraday Market, the Methodology by which IPTO, as HETS Administrator, predicts / calculates hourly the losses of the System based on the Balancing Market Regulation and finally approved the assignment agreement between IPTO and Energy Exchange Clearing House S.A. (EnExClear S.A.) for the clearing, risk management and cash settlement of the positions arising under the operation of the Balancing Market.

A2. Electricity Market Operation

- **The Transitional Flexibility Compensation Mechanism**

  The Decision ΥΠΕΝ/Δ Η Ε/66754/810, OG B 2852/13.07.2020, introduces the New Transitional Flexibility Compensation Mechanism and regulates the details of its implementation, including its duration, the criteria for determining the eligible benefits and obligations, the amount of the auctioned capacity as well as any issue related to the compensation for the provision of flexibility service.

2. LEGAL FRAMEWORK (CONTINUED)

The Decision ΥΠΕΝ/ΔΗΕ/66759/811, OG B 2997/20.07.2020, redefined the approval and implementation of the Interruptible Load Service - ΥΔΦ (ΥΔΦ1 and ΥΔΦ2), the content of Interruptible Load Contracts and the differentiation coefficients per category of Production Units.

PUBLIC SERVICE OBLIGATIONS (PSOs)

- RAE, with its Decision No. 329/2020, upon a relevant recommendation of HEDNO S.A., approved the readjustment of the annual charge limit of the Electricity Customers to cover the provision of Public Service Obligations (PSOs) for the year 2020.
- RAE, with its decisions, No. 854A/2019 (OG B' 593/25.02.2020) and No. 200/2020 (OG B' 509 /15.02.2020) approved the supplementary repayments of PSOs for the Non-Interconnected Islands (NII) for the years 2013, 2014, 2015 and 2016, totaling Euro 6,761,552.57, based on the methodology for calculating the repayment of PSOs in the Non-Interconnected Islands (RAE's Decision No. 14/2014).
  PPC's compensation, of Euro 5,651,497.13 mil., was collected within the first half of 2020 and is included in Other (income) / expenses in the interim condensed statement of income for the six-month period ended June 30th, 2020.
- RAE, with its Decision No. 759/2020 (OG B 2566/26.06.2020) approved the new methodology for calculating the annual PSOs to cover the costs for the provision of the Social Residential Tariff, pursuant to the Ministerial Decision ΥΠΕΝ / ΥΠΡΓ / 892/152 (OG B'242 / 01.02.2018). The approved new methodology for the calculation of the costs for the provision of the Social Residential Tariff, revised RAE's Decision No.1525/2011. For the years 2019 and 2020 (until the implementation of the new decision) the annual clearing of PSOs for the provision of the Social Residential Tariff will be calculated in accordance with the new provisions. From the publication of the new decision, the regulations of the Ministerial Decision Δ5 / ΗΛ / Β / Φ1Β / 2467 / 30.11.2007 as in force, cease to be in force, with the possibility of its implementation for the year 2018 for the period until 30.04.2018.
  Essentially, with this decision, the clearing of PSOs will be made on a monthly basis according to the available certified metering data and the beneficiaries will be credited provisionally, while the calculations of the final Monthly PSOs as well as the clearing of the relevant differences that may arise will be made after the end of each calendar year.

Last Resort Supplier (LRS) and Universal Service Supplier (USS) of electricity

- RAE with its Decision No. 594/2019 assigned PPC as the Universal Service Supplier for the period from June 23rd, 2019 to June 22nd, 2020.
- On May 7th, 2020, RAE announced an Invitation for expression of interest of candidate Suppliers for the provision of the service of Last Resort Supplier of electricity. RAE's Decision No.408/2020 (OG B 1314 / 13.04.2020) defines the procedure, the terms and the selection criteria. The selection of the Supplier that will provide the services of the Last Resort Supplier for electricity concerns a period of two (2) years starting on 29.06.2020.
- With the Decision ΥΠΕΝ/ΓΔΕ/57469/2612 (OG B΄ 2400/17.06.2020) the Ministry of Environment and Energy approved the selection procedure of the Universal Service Suppliers of electricity, the allocation of the Customers and the terms and conditions of the provision of the Universal Service.
- With RAE's Decision No.886/2020 (OG B΄ 2671/01.07.2020, circulation date 02.07.2020) the tender for the selection of a Universal Service Supplier for a period of two years starting on 23.6.2020, was declared barren, due to non-participation of suppliers within the set deadline. Based on the RAE's Decision No.407 / 27.2.2020, the procedure set by the article 58 of L. 4001/2011 and specified by the Decision ΥΠΕΝ/ΓΔΕ/57469/2612 (OG B΄ 2400/17.06.2020) was activated, defining, as Universal Service Suppliers, the five (5) Suppliers with the largest total market share in the interconnected system based on the load declarations submitted to the EnEx in May. The Suppliers are PPC, MYTILINEOS, HERON, ELPEDISON and NRG.
- RAE, with its Decision No. 1043/2020 (OG B' 2843/13.07.2020), assigned PPC S.A. as the Last Resort Supplier for a transitional period of three (3) months, for the period from June 29th, 2020 to September 28th, 2020 with the terms provided by RAE's Decision No.595/2019.

2. LEGAL FRAMEWORK (CONTINUED)

A3. <u>Hellenic Electricity Transmission System (HETS) and Hellenic Electricity Distribution Network (HEDN)</u>

- RAE, with its decisions No. 2/2020 and No. 3/2020 (OG B' 232/03.02.2020 and 229/03.02.2020 respectively), approved the tariffs for the use of Distribution Network (HEDN's Unit Charges) as well as the tariffs for the use of Transmission System (HETS Unit Charges), which are effective from April 1st, 2020.
- RAE, with its Decision No. 30/2020 (OG 370/B/7-2-2020), approved the Manual for Meters and Metering of HEDN's Management Code, which includes information on the Network's metering provisions and their management, collection of telemetric and non-telemetric metering data, control and certification of metering data, correction and assessment of metering data, as well as issues of metering file and access to metering data.
- RAE, with its decision No. 1097/2019 (OG B΄1048/27.03.2020), approved the Ten-Year Network Development Plan (TYNDP) of the Hellenic Electricity Transmission System (HETS) for the period 2019-2028.
- RAE with its Decision No. 779/2020 (OG B'1891 / 18.05.2020), introduced the Network Operation Manual of the HEDN's Management Code for the specialization of general principles included in the HEDN's Management Code regarding the Emergency Situations in the Network and the implementation of Load Cuts.

A4. <u>Other Issues of Electricity Market</u>

- On March 5th, 2020, PPC submitted to RAE an application for a license to carry out the activity of Representation of RES producers in the electricity market of 1,000 MW total capacity, in accordance with the Electricity Supply and Trading Licenses Regulation (OG B' 2940/05.11.2012) and according to Law 4001/2011. This license is valid for twenty (20) years with the option of extension, according to the Electricity Supply and Trading Licenses Regulation.
- Law 4685/2020 (OG A΄ 92/07.05.2020) "Modernization of environmental legislation, integration into the Greek legislation of the Directives 2018/844 and 2019/692 of the European Parliament and of the Council and other provisions", among others, regulates procedures for the location of RES stations, issues concerning Natural Gas Pipelines and Last Resort Supplier (amendment of 4001/2011), abolishes the limitations on the power capacity of the Megalopolis Unit V and allows its participation in the Wholesale Electricity Market, and announces the establishment of a New Transitional Flexibility Compensation Mechanism. According to Law 4685/2020, the Special Levy for the research and exploitation lignite rights and the relevant procedure for its imposition and payment are redefined, by restating article 7 of Law 4533/2018.
- RAE, with its Decision No. 409/2020 (OG B΄1364/14.04.2020), entitled "Guidelines for transparency and verifiability of the charges in the competitive component of Low Voltage tariffs", defines, inter alia, the provision by the Supplier of at least one fixed tariff of a certain duration for each category of Small Customers in Low Voltage (residentials and small businesses), who do not wish to take risks. RAE, also defines the standardization of the readjustment clauses of the Competitive Charges in the Electricity Supply and the imposition of terms, charges or other fees in case of change of Supplier (clauses for early change of Supplier), which should be provided explicitly and distinctly in the Supply Contract with a predetermined duration.
- RAE, with its Decision No. 1151A/2019 (OG B΄1339/13.04.2020), approved the updated Program "Guaranteed Services to Consumers" of the Hellenic Electricity Distribution Network Operator for the second period of the program implementation. The previous RAE's Decision No. 165/2014 (effective from 01.04.2014), expires on July 1st, 2020, thus the new program is effective from July 1st, 2020.

2. LEGAL FRAMEWORK (CONTINUED)

- RAE, with its Decisions No. 261/2020 and 261A/2020 (OG B 1436/16.04.2020), amended the provisions of the Administrator of RES and Guarantee of Origin Code (OG B´2307/18.6.2018) and the Hellenic Electricity Transmission System Management Code (OG B´ 103/31.1.2012) for the implementation of Law 4643/2019. Law 4643/2019 amends Law 4414/2016 by adding an article (no. 5A) regarding the Responsibility of Balancing the power stations from RES and CHP who have concluded a Fixed Price Operating Support Contract under the new support regime of the RES and CHP stations. Starting on January 1st, 2020, plants with an installed capacity or maximum generation capacity of more than or equal to 400kW, which their owners have concluded a Fixed Price Operating Support Contract and which were put into operation (normal or trial) from July 4th, 2019 and onwards, bear the financial responsibility for their deviations ("balancing costs"). The balancing cost is calculated on the basis of methodology, which is defined by the Code of DAPEEP and is retained directly by DAPEEP. The revenues that result from the application of the methodology are revenues of the sub-account of the RES Special Account (art. 143 of Law 4001/2011).
- The Regulatory Authority of Energy with its Decision No.726/2020 (OG B 1876/18.05.2020) amends, at the request of HEDNO, its previous Decision No.1151A/2019 which amended the Program "Guaranteed Services to Consumers" of HEDNO. With the new amendment, the new service of replacing the meter at the request of the customer (upgrade of the meter) will be effective three months later, so this service will be implemented from October 1st, 2020 instead of July 1st, 2020.
- RAE, with its decision No. 798/2020 (OG B 1924/19.05.2020), approved the Methodology for Calculating the Reference Load of the Distributed Loads Portfolio (or the Methodology for Calculating the Demand Response of Reference Load), in accordance with the provisions of paragraph 14 of article 85 of the Balancing Market Regulation (OG B´ 5910/2018 and OG B´ 468/2019) and paragraph 4 of article 18 of Law 4425/2016 (OG A´ 185/2016), as in force. The Methodology aims to define in detail the method of calculating the Demand Response of Reference Load, which is the main element for measuring the load cut during a Demand Response program. Under these programs, customers must be given incentives to reduce their consumption.
- By RAE's Decision 826/2020 (OG B´2118/03.06.2020), the annual fees in favor of RAE for the year 2020 are adjusted according to the percentage change of the Consumer Price Index. For the electricity sector, the annual fees to be paid during the year 2020 are: Euro 0.07 per MWh absorbed by licensees to supply electricity to customers and Euro 8.11 per Mwatt of maximum net power by the electricity generation license holders.

B. NATURAL GAS MARKET

B1. <u>Natural Gas Market</u>

Auctions for sale Natural Gas by DEPA S.A.

- RAE, with its Decision No. 1094/2019, set for 2020 the starting prices for the annual and quarterly natural gas auctions conducted by DEPA S.A. based on the estimated management costs of the latter, to conduct such auctions.
- According to RAE's Decision No. 19/2020 (OG B' 2463/22.06.2020), at the Interconnection Point "KIPI", the annual auction of transmission capacity of natural gas for the period 1.10.2020-30.9.2021 and the annual auction of transmission capacity of three months duration, according to the Auction Timetable for the year 2020-2021 for the allocation of transmission capacity according to European Regulation 459/2017 ("Capacity Auction Calendar for 2020/21") are cancelled.

2. LEGAL FRAMEWORK (CONTINUED)

B2. Natural Gas Networks

National Natural Gas System (NNGS)

- RAE with its Decision No. 821/2020 (OG B 2056/30.05.2020), approved DESFA's proposal for the amendment and addition of new provisions in the Framework of Standard Contracts for the Transmission of Natural Gas and the Use of LNG Facility. Specifically, the amendment concerns the issues of personal data protection and the management of updating the legal documents of the Transportation Users and LNG Users.

Natural Gas Distribution Network

- RAE with its Decision No. 941/2020, OG B 2990/20.07.2020, following DESFA's proposal, approved, the Annual Planning of Balancing Services for the year 2021, which includes the forecast of Natural Gas Demand for 2021 and the balancing natural gas quantities for purchase and sale for the year 2021.

Tariffs for the use of the National Natural Gas System (NNGS) and for the Revithousa Liquified Natural Gas Facility (LNG FACILITY)

- RAE, with its Decision No. 91/2020 (OG B΄153/29.1.2020), approved the Liquefied Natural Gas Facility (LNG) Loss Coefficient for the year 2020.

B3. Other Issues of Natural Gas Market

- Law 4685/2020 (OG A΄ 92/07.05.2020), entitled "Modernization of environmental legislation, integration into the Greek legislation of the Directives 2018/844 and 2019/692 of the European Parliament and of the Council and other provisions", integrates into the national law the EU Directive 2019/692 that amends the EU Directive 2009/73 regarding the common rules for the internal market of natural gas (amendment of Law 4001/2011).
- By RAE's Decision 826/2020 (OG B΄2118/03.06.2020), the annual fees in favor of RAE for the year 2020 are adjusted according to the percentage change of the Consumer Price Index. For the natural gas sector, the annual fees to be paid by those entitled to import natural gas during the year 2020 are Euro 0.24 per thousand cubic meters.

3. SIGNIFICANT EVENTS

Effects of the COVID-19 Pandemic

On March 11th, 2020, the WHO declared the COVID-19 a pandemic, given the rapid spread worldwide. From mid-March, the Greek government began taking measures both to reduce the spread of the disease and mitigate the economic impact of the COVID-19 pandemic on affected businesses and individuals

The Group and the Parent Company implement a series of actions aiming to inform employees, raising their awareness on the prevention and protection measures, providing them with the appropriate Personal Protective Equipment (PPE), protecting both them and their families and at the same time ensuring their business continuity.

(All amounts in thousands of Euro, unless otherwise stated)

3.SIGNIFICANT EVENTS (CONTINUED)

PPC also took extraordinary measures in order to relief electricity consumers, amending its tariffs in electricity bills from March 26th, 2020 and for a quarter, as mentioned below in the section **Commercial policy and Management of overdue debts,** while some of the measures were extended until September 30th, 2020.

The Group's and the Parent Company's Management, during the previous period, monitored daily the developments and measures taken regarding the rapid spread of COVID-19 pandemic and assessed any adverse or positive impacts that may have arisen, making estimates for the following:

- The evolution of the electricity demand
- The availability of the Power Production Units
- The evolution of the expenditures (energy balance, payroll, other expenses etc.)
- The evolution of the revenues from electricity sale
- The evolution of other revenues (i.e. revenues from the use of Distribution Network)
- The evolution of the expected cash flows
- The possibility of breach of contracts by the suppliers (due to extraordinary events)
- The possibility of reduced electricity bills collection
- The possibility of changing the investment plan.
- The degree of achievement its business plan and the need to adjust it.

Due to the fact that the majority of the impacts mainly comes from the measures taken, both worldwide and in Greece since mid-March 2020 to reduce the spread of the pandemic and to mitigate the economic impact on businesses and individuals, the Group's and the Parent Company's operation has been affected, initially causing short-term effects on their financial position, operating results and cash flows, while in the medium - long term horizon there may be impacts on the implementation of their business and investment plans.

The data of the period 01.01.2020-30.06.2020 show the following:

- Increase in the Pre-tax profits compared to the First Half of 2019 by Euro 369,591 for the Group and Euro 422,508 for the Parent Company, mainly due to the decrease of the expenditures in the Energy Balance as a result of the reduction in purchases due to low demand, the low fuel prices and the reduced SMP. The following table shows the corresponding figures, relating to the costs for the periods 01.01.2020 - 30.06.2020 and 01.01.2019 - 30.06.2019 for the Group and the Parent Company:

	Group			**Parent Company**		
	01.01.2020 – 30.06.2020	**01.01.2019 – 30.06.2019**	**D%**	**01.01.2020 – 30.06.2020**	**01.01.2019 – 30.06.2019**	**D%**
Liquid Fuels	224,566	319,713	(30%)	222,851	311,730	(29%)
Natural Gas	112,328	222,488	(50%)	112,328	222,488	(50%)
Energy purchases	589,443	750,268	(21%)	615,816	867,652	(29%)
Emission allowances	171,203	251,131	(32%)	146,912	182,126	(19%)
TOTAL	**1,097,540**	**1,543,600**	**(29%)**	**1,097,907**	**1,583,996**	**(31%)**

- Increase of trade receivables by Euro 94,851 mil. for the Group and Euro 80,906 mil. for the Parent Company.

3.SIGNIFICANT EVENTS (CONTINUED)

The overall economic impact of the current crisis, from the COVID-19 pandemic, on the global and the Greek economy as well as on business activity, cannot be assessed at this moment due to the high degree of uncertainty resulting from the inability to predict the final outcome. In any case, the Group's and the Parent Company's Management monitors constantly the developments in COVID-19 pandemic and evaluates any possible further effects on the operation, financial position and results of the Group and the Parent Company, and stays alert to take further appropriate precautionary measures to safeguard the Group's and the Parent Company's liquidity and business activities.

Collection of a prepayment from the Greek State for electricity consumption of its entities for the year 2020

On February 28th, 2020, according to the Decision of the Ministry of Finance No. Οικ. 2/10850/ΔΛΤΠ(Α)2020, (OG 645/B/27.02.2020), the Greek State paid to the Parent Company an amount of Euro 587 mil., as a prepayment for electricity consumption of its entities for the year 2020, based on a five-year agreement signed with the Greek State on June 14th, 2018.

Commercial policy and Management of overdue debts

PPC in order to meet its customers' needs during the difficult period of COVID-19 pandemic, announced extraordinary measures applicable from March 26th, 2020 until June 25th, 2020.

- Abolition of the fixed charge in all Low Voltage tariffs.
- Abolition of the second consumption range of the electricity charge in tariffs Γ1 and Γ1Ν, for the consumption within the peak period.
- Abolition of the Euro 1 charge for every printed bill.
- Readjustment of the discount on each issued electronic bill, from Euro 1 for Bimonthly bills and Euro 0.50 for Monthly bills to Euro 5 and Euro 2.50 respectively.
- For vulnerable customers which are included in the categories Β & Γ, the Company applied an 8% discount on the competitive component of their bill.
- Application of an 8% discount in all Business Tariffs Γ21, Γ22 and Γ23 for the consumption of more than 2,000 kWh within the peak period.

Subsequently, part of the above-mentioned measures were extended for another quarter, until 30.9.2020, and specifically:

- The abolition of the second consumption range of the electricity charge in tariffs Γ1 and Γ1Ν, for the consumption within the peak period.
- The abolition of the Euro 1 charge for every printed bill.
- The readjustment of the discount on each issued electronic bill for business customers.

The discount due to the prepayment of the electricity bills is adjusted to 2% from 01.01.2020.

Since 16.04.2020, PPC provides to the farmers a favorable debt repayment plan with the option of paying 15% or 20% of the debt and repayment of the remaining amount in 18 or 24 installments, respectively. Regarding the other categories of customers, it maintains the new debt repayment plan from 01.10.2019.

Retrospective revision of natural gas supply prices

In April 2020, DEPA returned a net amount of Euro 44.8 mil. plus interest of Euro 3.8 mil. due to a retrospective revision by DEPA, of the contractual natural gas supply prices to PPC for the years 2012-2019. This revision was made following a decision by the International Court of Arbitration for the contract BOTAS-DEPA and for which, as the Company was informed, BOTAS has filed an appeal. The above amounts are included in other (income)/expenses in the interim condensed statement of income for the six-month period ended June 30th, 2020.

4. BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

4.1 BASIS OF PREPARATION

Basis of preparation of financial statements

The accompanying interim condensed consolidated and separate financial statements for the six-month period ended June 30th, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" which determines the form and the content of the interim financial statements. The accompanying financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the latest annual financial statements as at December 31st, 2019 made publicly available.

The accompanying financial statements have been prepared under the historical cost concept, except for fixed assets (with the exception of mines and lakes) and financial assets that have been measured at fair value through other comprehensive income, assuming that PPC will continue as a going concern. The financial statements are presented in thousands of Euro and all values are rounded to the nearest thousand, unless otherwise stated.

On June 30th, 2020, the Group's and the Parent Company's total current liabilities exceed the total current assets by approximately Euro 550.2 mil. and Euro 919.3 mil., respectively (2019: Euro 803 mil. and Euro1,141 mil. for the Group and the Parent Company respectively). This difference is due to a significant extent, inter alia, to the obligation to repay within the next twelve (12) months the current portion of the long-term borrowings of Euro 408.5 mil. and the obligation to purchase CO_2 emission rights amounting to Euro 198.7 mil. It should be noted that the Group and the Parent Company as of June 30th, 2020, are in full compliance with all loan covenants.

In order for the Group and the Parent Company to be able to meet their liabilities as long as they become overdue, they have taken the following actions:

1) Securing raising funds from long term borrowings and releasing restricted cash (guarantees provided due to borrowing) totaling Euro 369.2 mil. within the next twelve (12) months.

2) Raising funds from the securitization of receivables up to sixty (60) days amounting to Euro 200 mil. approximately.

3) Reduction of investments which in 2019 at Group and Parent Company level amounted to Euro 649 mil. and Euro 608 mil. respectively, while in 2020 are estimated at Euro 579 mil. and Euro 413 mil. respectively and in 2021 are budgeted at Euro 613 and Euro 474 mil. respectively.

Additionally, the increased operating profitability of the Group and the Parent Company is expected to continue, which is due to a large extent to the reduced expenditures of the Energy Balance because of the reduction in purchases, low fuel prices and reduced SMP.

It should be noted that despite the above, it is expected that the total current liabilities will continue to exceed the total current assets during the next twelve months.

Since March 2020, the spread of COVID-19 proves to be a major global and European challenge. The Group and the Parent Company already from the initial appearance of the pandemic, implement a series of actions aiming to inform employees, raising their awareness on the prevention and protection measures, providing them with the appropriate Personal Protective Equipment (PPE), protecting both them and their families and at the same time ensuring their business continuity.

The Group's and the Parent Company's Management, monitors daily the developments regarding the rapid spread of COVID-19 and the measures taken by the State, assessing on an ongoing basis any negative or positive impacts that may arise in their financial position, operating results, cash flows and the implementation of their business and investment plans, making estimates and quantifying the relevant figures where possible.

4.1 BASIS OF PREPARATION (CONTINUED)

From the assessment carried out up to date, it does not seem to arise any significant negative impact for the Group and the Parent Company from the measures taken for reduction of the spread of COVID -19. On the contrary, there is an increase in the profitability of the Group and the Parent Company due to the significant decrease of the expenditures in the Energy Balance that covers the decrease of electricity sales, and simultaneously the negative impact from the increase of overdue receivables.

Taking into consideration the estimated cash flows until December 31st, 2021, and all the available information for the foreseeable future including the data up to date on the impact of the COVID-19 pandemic, Management concludes that the Group and the Parent Company have ensured that they will continue to operate as a going concern.

In particular, the interim condensed consolidated and separate financial statements for the six-month period ended June 30th, 2020, have been prepared under the going concern principal as Management does not intend to liquidate the Group or the Parent Company or to cease their transactions and under no circumstances is forced to do so.

Consequently, Management concluded that the basis of the going concern is the correct one, after having taken into consideration a wide range of factors.

Approval of Financial Statements
The Parent Company's Board of Directors approved the accompanying financial statements on September 3rd, 2020.

4.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

A) <u>New standards, amendments to standards and interpretations adopted</u>

The accounting principles and calculation methods on the basis of which the interim condensed separate and consolidated financial statements were prepared are consistent with those used in the preparation of the annual separate and consolidated financial statements for the year ended December 31st, 2019 with the exception of the following amendments and standards, which were adopted by the Group and the Parent Company on January 1st, 2020 and did not have a significant impact on the interim condensed separate and consolidated financial statements for the six month period ended June 30th, 2020. Moreover, new standards, amendments to standards and interpretations were published that are compulsory for accounting periods commencing on January 1st, 2020 and thereafter.

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

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Materiality (Amendments)**
  The amendments clarify the definition of materiality and the way it should be applied. The new definition states that «Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". In addition, the interpretations accompanying the definition of materiality have been improved. The amendments ensure that the definition of materiality is consistent across all IFRS standards.

4.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments regarding the definition of a business (amendments to IFRS 3) in order to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply to business combinations for which the acquisition date is determined in the first annual accounting period commencing on or after January 1st, 2020 and for the acquisition of assets that occur at or after the beginning of that period, while earlier application is permitted.

- **IFRS 9, IAS 39 and IFRS 7 (Amendments) - Interest Rate Benchmark Reform**
  The amendments, deal with issues arising in financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 "Financial Instruments" and IAS 39 "Financial Instruments: Recognition and Measurement". The amendments provided temporary reliefs, applicable to all existing hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 "Financial Instruments: Disclosures" regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. In Phase two (ED), the IASB focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR).

B) Standards and Interpretations which are mandatory for subsequent periods and have not been applied earlier by the Company and the Group

The following new standards, amendments to standards and interpretations have been issued but are mandatory for subsequent periods. The Company and the Group have not yet applied the following standards.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group is in the process of assessing the effect of applying the amendments to its financial statements.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (Amendments)**
  The amendments are effective for annual periods beginning on or after January 1st, 2022 while earlier application is permitted. The IASB has issued an exposure draft to defer the effective date to January 1st 2023. The amendments aim to achieve consistency in the application of the standard's requirements, helping companies to determine whether the loans and other liabilities with uncertain settlement date are classified as Current or Non-Current liabilities, in the Statement of Financial Position. The amendments affect the presentation of liabilities in the Statement of Financial Position, while they do not amend the existing requirements regarding the measurement or the time of recognition of an asset, liability, income or expense or their disclosures. The amendments also clarify the classification requirements for the borrowing, which can be settled by a company by issuing equity instruments. The amendments have not yet been endorsed by the European Union. The Group is in the process of assessing the impact of these amendments in its financial statements.

4.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)**
  The amendments are effective for annual periods beginning on or after January 1st, 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - ***IFRS 3 Business Combinations:*** amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - ***IAS 16 Property, Plant and Equipment:*** amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. A company will recognize such sales proceeds and related cost in profit or loss.
  - ***IAS 37 Provisions, Contingent Liabilities and Contingent Assets:*** amendments specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - ***Annual Improvements*** make minor amendments to **IFRS 1-First-time Adoption of International Financial Reporting Standards, IFRS 9-Financial Instruments, IAS 41-Agriculture** and the Illustrative examples accompanying **IFRS 16-Leases**

  The amendments have not yet been endorsed by the EU. The Group is in the process of assessing the impact of these amendments in its financial statements.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendments)**
  The amendment applies, retrospectively, to annual reporting periods beginning on or after June 1st, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28th, 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before June 30th, 2021.
  - There is no substantive change to other terms and conditions of the lease.

  The amendment has not yet been endorsed by the EU. The Group has not early adopted this amendment in its interim condensed financial statement as it does not apply. The Group's Management will assess the early adoption of this amendment, in case that impacts due to COVID-19 arise on its leases.

(All amounts in thousands of Euro, unless otherwise stated)

5. REVENUES AND SEASONALITY OF OPERATIONS

Revenues are analyzed as follows:

	Group		Company	
	01.01.2020 - 30.06.2020	**01.01.2019 - 30.06.2019**	**01.01.2020 - 30.06.2020**	**01.01.2019 - 30.06.2019**
Energy sales and natural gas sales				
- High voltage	186,391	217,652	173,763	210,557
- Medium voltage	218,748	283,733	219,961	284,916
- Low voltage	1,511,296	1,551,378	1,511,304	1,552,683
- Renewable Energy Sources	6,722	6,763	-	-
- Revenues from natural gas sales	316	-	316	-
	1,923,473	**2,059,526**	**1,905,344**	**2,048,156**
- Customers' contributions	43,932	43,274	44,045	43,223
- Public Service Obligations	80,138	16,003	80,237	16,039
- Distribution Network Revenues	96,565	76,895	-	-
- Income from the sale of electricity from NII thermal units	82,523	80,399	82,523	80,399
- Other	22,949	29,105	25,658	27,954
	326,107	**245,676**	**232,463**	**167,615**
Total	**2,249,580**	**2,305,202**	**2,137,807**	**2,215,771**

The analysis of revenues by geographical region for the period ended on June 30th, 2020 and June 30th, 2019 is presented in note 17.

Seasonality of operations

PPC's operation is subject to seasonality due to the increased demand for electricity during the summer and winter months, a trend which is not reflected in its operating results as these are affected by external factors (e.g. fuel prices, hydrological conditions etc.).

6. DISCONTINUED OPERATIONS

Spin-off of the lignite power generation sectors

Pursuant to Law 4533/2018 "Structural measures on access to lignite and the further opening of the wholesale electricity market", on May 23rd, 2018, the Parent Company's Board of Directors decided the spin-off of two of PPC's lignite power generation sectors and their related assets, liabilities and human resources and their contribution to two new companies, with the intention of selling them.

Moreover, the Board of Directors' proposal to the Extraordinary General Meeting of PPC's shareholders was approved, which was convened on June 26th, 2018, inter alia, for this purpose and approved the above, as well as any other relevant issue with the spin-off the two PPC's lignite power generation sectors.

On June 30th, 2018 the spin-off and contribution process of the two lignite sectors of PPC S.A. to the two new companies with the sole shareholder being PPC S.A. and with the main purpose being the extraction of lignite and the production of electricity using lignite, according to the provisions of the above mentioned Law was completed.

The closing date for the submission of tenders, following extensions given with the consent of the European Commission, was finally set on February 6th, 2019, on which date two (2) of the interested parties submitted a binding offer. One of those was deemed inadmissible as it did not meet the criteria of the Invitation to Tender, while the second one was deemed not economically advantageous by the Board of Directors of PPC S.A., (due to the low price offered). As a result of the above, the relevant tender procedure was declared barren.

6. DISCONTINUED OPERATIONS (CONTINUED)

Law 4602/2019, which was passed by the Greek Parliament on March 7th, 2019 and published in the Government Gazette (OG A' 45) on March 9th, 2019, amended and supplemented Law 4533/2018. Under the new provisions, PPC was required to launch a repeat bidding process, inviting prospective bidders which participated in the previous bidding process, as well as other investors wishing to express their interest in the bid for the shares issued by "Lignitiki Megalopolis S.A." or / and "Lignitiki Melitis S.A.", within 7 days from the call. Pursuant to the above provisions of the Law, following a decision of its Board of Directors, PPC posted on March 8th, 2019 on its website a Joint Call for Proposals & Invitation to Bid, with which investors were invited to express initially their interest to participate in the bidding process by March 15th, 2019.

At the same time, PPC's management took additional measures to further improve the financial position of the two (2) lignite power generation subsidiaries for sale. The above-mentioned measures included the announcement of additional incentives for early retirement of employees (mainly in the lignite subsidiary of Megalopolis), and also the launch of negotiations to reduce Meliti's purchasing cost of lignite from the Achlada mine, aiming to reduce their operating costs.

Furthermore, the date of submission of the binding offers, following successive extensions, was set on July 15th, 2019 to give investors an opportunity to evaluate in detail the effects of the measures taken on the financial position of the two (2) lignite power generation subsidiaries.

On July 18th, 2019, the repeated bidding procedure for the sale of the lignite subsidiaries was declared barren by the Parent Company's Board of Directors, as no binding offer was submitted by any eligible participant.

The Group's and the Parent Company's Management concluded that after July 18th, 2019, the criteria of IFRS 5 for the classification of lignite subsidiaries as Assets Held for Sale were not met.

According to the provisions of IFRS 5 (par. 15), before the classification of the two (2) lignite subsidiaries as Assets Held for Sale on June 30th, 2018, December 31st, 2018, and June 30th, 2019, an impairment test of the two (2) Subsidiaries was carried out so as to be stated at the lower of their carrying amount and recoverable amount, which was determined as the fair value after deducting the costs of their sale.

Furthermore, pursuant to par. 25 of IFRS 5, depreciation on tangible and intangible assets of the two (2) lignite subsidiaries ceased to be accounted for as of July 1st, 2018. On the reporting date, June 30th, 2019, the total impaired value of tangible and intangible assets of the two (2) lignite subsidiaries amounted to 137,660 thousands of Euro for "Lignitiki Melitis S.A." and 77,335 thousands of Euro for "Lignitiki Megalopolis S.A."

Due to the fact that, as stated above, on July 18th, 2019, the criteria of IFRS 5 for the classification of the two lignite subsidiaries as Assets Held for Sale ceased to be met, their results are not shown separately as Results from Discontinued Operations Lignite in the Group. For this reason, the comparative figures of the Group and the Parent Company in the statement of income for the period ended June 30th, 2020 have been restated and no longer show the Results from Continued Operations and Discontinued Operations.

In addition, in the Group's statement of financial position, the total assets of the two (2) lignite subsidiaries that no longer meet the classification criteria set by IFRS 5 are measured based on IFRS 5 (par. 28) at the lower of:

A) their carrying amount before the assets were recognized as assets of discontinued operations, including the depreciation that was not accounted for as those assets were considered as discontinued operations and
B) The recoverable amount of the next day from which the classification criteria as discontinued operations no longer meet, therefore on July 19th, 2019.

(All amounts in thousands of Euro, unless otherwise stated)

6. DISCONTINUED OPERATIONS (CONTINUED)

From this comparison, the total assets and liabilities of the two (2) lignite subsidiaries will continue to be recognized at their recoverable amount, as the carrying value including depreciation of those impaired fixed assets, is greater than their recoverable amount.

In addition, on December 31st, 2019 and on June 30th, 2020, following an impairment test, the Parent Company fully impaired its value of the shareholding in the two Lignite Subsidiaries "Lignitiki Melitis S.A." and "Lignitiki Megalopolis S.A." (Note 8).

7. INCOME TAXES (CURRENT AND DEFERRED)

	Group		Company	
	30.6.2020	**30.6.2019**	**30.6.2020**	**30.6.2019**
Current income taxes	852	4,915	-	-
Deferred income tax	21,039	(48,432)	22,630	(45,929)
Total income tax	**21,891**	**(43,517)**	**22,630**	**(45,929)**

According to the current Income Tax Code (L.4172/2013), as amended by the Law 4646/2019, the income tax rate for the legal entities residing in Greece for the income of the fiscal year 2019 and onwards is set at 24%. The prepayment of income tax remains at 100%.

Tax returns for companies residing in Greece are filed annually but profits or losses declared remain provisional, until the tax authorities audit the Company's returns and records and a final tax audit report is issued. The Group establishes a provision, if deemed necessary, on a case by case basis and per company, against any possible additional taxes being imposed by the tax authorities.

Based on the applicable Income Tax Code, from the fiscal year 2011 and onwards, the Statutory Auditors issue an "Annual Tax Compliance Report" after conducting a tax audit at the same time with the financial audit. The tax audit is conducted on particular tax areas, specified by an audit program, according to the provisions of the tax law. Audit matters which are not covered by the above-mentioned decision are dealt with in accordance to the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

From January 1st, 2016 and onwards, pursuant to Law 4410/2016, the issuance of the tax certificate became optional, however, the Parent Company continues to apply the procedure for its issuance by the Statutory Auditors.

The tax audit of the Parent Company for the issuance of the tax certificate for the fiscal year 2019 is in progress by the Statutory Auditors and the relevant Tax Compliance Report is expected to be issued after the publication of the interim condensed financial statements of June 30th, 2020. If additional tax liabilities arise until the completion of the tax audit, Management considers that these will not have a material effect on the financial statements.

(All amounts in thousands of Euro, unless otherwise stated)

7. INCOME TAXES (CURRENT AND DEFERRED) (CONTINUED)

Tax unaudited years for the companies of the Group are presented in the following table:

Company	Country	Unaudited years since
PPC S.A. (Parent Company)	Greece	2014
PPC Renewables S.A.	Greece	2014
HEDNO S.A.	Greece	2014
Arkadikos Ilios 1 S.A.	Greece	2014
Arkadikos Ilios 2 S.A.	Greece	2014
Iliako Velos 1 S.A.	Greece	2014
Amalthia Energiaki S.A.	Greece	2014
SOLARLAB S.A.	Greece	2014
Iliaka Parka Ditikis Makedonias 1 S.A.	Greece	2014
Iliaka Parka Ditikis Makedonias 2 S.A.	Greece	2014
PPC FINANCE PLC	United Kingdom	2009
PPC BULGARIA JSCo	Bulgaria	2014
PPC Elektrik Tedarik ve Ticaret A.S.	Turkey	2014
PHOIBE ENERGIAKH S.A.	Greece	2014
GEOTHERMIKOS STOCHOS S.A.	Greece	2017
WINDARROW MOUZAKI ENERGY S.A.	Greece	2018
EDS AD Skopje	Republic of North Macedonia	2012
EDS DOO Belgrade	Serbia	2016
EDS International SK SRO	Slovakia	2013
EDS International KS LLC	Kosovo	2016
LIGNITIKI MELITIS S.A.	Greece	2018
LIGNITIKI MEGALOPOLIS S.A.	Greece	2018

8. INVESTMENTS IN SUBSIDIARIES

The direct subsidiaries of the Parent Company and the value of the investment are as follows:

	Company	
	30.06.2020	**31.12.2019**
HEDNO S.A.	56,982	56,982
PPC Renewables S.A.	155,608	155,608
PPC FINANCE PLC	59	59
PPC BULGARIA JSCo	522	522
PPC ELEKTRIK TEDARIK VE TICARET AS	1,350	1,350
PPC ALBANIA	150	150
EDS AD Skopje	6,600	6,600
LIGNITIKI MELITIS S.A.	-	-
LIGNITIKI MEGALOPOLIS S.A.	-	-
	221,271	**221,271**

The consolidated financial statements include the financial statements of PPC and its subsidiaries (full consolidation method).

In February 2020, the Parent Company's Board of Directors decided to further increase the share capital of its 100% subsidiary under the name "Lignitiki Melitis S.A." by Euro 15 mil. with the issuance of 3.75 mil. common shares with a nominal value of four (4) Euros per share and an issue price of four (4) Euros per share. The amount of the share capital increase was paid in three (3) monthly installments until April 30th, 2020.

(All amounts in thousands of Euro, unless otherwise stated)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In April 2020 the Parent Company's Board of Directors decided to further increase the share capital of its subsidiaries under the name "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A." amounting to Euro 104.426 mil. by capitalizing the liabilities of the subsidiaries to the Parent Company, as follows:

- increase in the Share Capital of "Lignitiki Megalopolis S.A." by Euro 65,604,088 with the issuance of 16,401,022 common shares with a nominal value of four (4) Euros per share and an issue price of four (4) Euros per share
- increase in the Share Capital of "Lignitiki Melitis S.A." by Euro 38,822,000 with the issuance of 9,705,500 common shares with a nominal value of four (4) Euros per share and an issue price of four (4) Euros per share.

On December 31st, 2019, the Parent Company recognized a provision of expected credit loss on the above capitalized receivables.

In July 2020, the Parent Company's Board of Directors decided to grant to "Lignitiki Megalopolis S.A." temporary cash facility of Euro 4.8 mil. which will be repaid by the end of October 2020.

On June 30th, 2020, the shareholding in "Lignitiki Melitis S.A." and in "Lignitiki Megalopolis S.A." before impairments amounts to Euro 166.8 mil. (31.12.2019: Euro 113 mil.) and Euro 101.6 mil. (31.12.2019: Euro 36 mil.) respectively.

Since the tender procedure for the sale of the lignite subsidiaries "Lignitiki Melitis S.A." and "Lignitiki Megalopolis S.A." within 2019 was declared barren, their operational profitability (EBITDA) within 2019 was negative, it is not expected to be received any dividend in the future, and also taking into account the fact that the Parent Company decided in April 2020 to capitalize its receivables from these subsidiaries of Euro 104.4 mil., on December 31st, 2019, the Parent Company fully impaired its shareholding in the Lignite Subsidiaries. On June 30th, 2020, the indications for the impairment of the shareholding in the Lignite Subsidiaries of December 31st, 2019, remain in force and therefore the Parent Company fully impaired its increase in the shareholding of the Lignite Subsidiaries of Euro 119.4 mil.

	Ownership Interest		Country and Year	
Subsidiaries	**30.06.2020**	**31.12.2019**	**of Incorporation**	**Principal Activities**
PPC Renewables S.A.	100%	100%	Greece, 1998	RES
HEDNO S.A.	100%	100%	Greece, 1999	HEDN
Arkadikos Ilios 1 S.A.	100%	100%	Greece, 2007	RES
Arkadikos Ilios 2 S.A.	100%	100%	Greece, 2007	RES
Iliako Velos 1 S.A.	100%	100%	Greece, 2007	RES
Amalthia Energiaki S.A.	100%	100%	Greece, 2007	RES
SOLARLAB S.A.	100%	100%	Greece, 2007	RES
Iliaka Parka Ditikis Makedonias 1 S.A.	100%	100%	Greece, 2007	RES
Iliaka Parka Ditikis Makedonias 2 S.A.	100%	100%	Greece, 2007	RES
PPC FINANCE PLC	100%	100%	UK, 2009	Financing Services
PPC Bulgaria JSCo	85%	85%	Bulgaria, 2014	Supply of power
PPC Elektrik Tedarik Ve Ticaret A.S.	100%	100%	Turkey, 2014	Supply of power
PHOIBE ENERGIAKI S.A	100%	100%	Greece, 2007	RES
PPC ALBANIA	100%	100%	Albania, 2017	Supply of power
GEOTHERMIKOS STOCHOS S.A.	100%	100%	Greece, 2017	RES
WINDARROW MOUZAKI ENERGY S.A.	100%	100%	Greece, 2018	RES
EDS AD Skopje	100%	100%	Republic of North Macedonia, 2012	Supply of power
EDS DOO Belgrade	100%	100%	Serbia, 2016	Supply of power
EDS International SK SRO	100%	100%	Slovakia, 2012	Supply of power
EDS International KS LLC	100%	100%	Kosovo, 2016	Supply of power
LIGNITIKI MELITIS S.A.	100%	100%	Greece, 2018	Generation of power
LIGNITIKI MEGALOPOLIS S.A.	100%	100%	Greece, 2018	Generation of power

(All amounts in thousands of Euro, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES

The Group's and the Parent Company's associates as of June 30th, 2020 and December 31st, 2019 are as follows (equity method):

	Group		Company	
	30.06.2020	**31.12.2019**	**30.06.2020**	**31.12.2019**
PPC Renewables ROKAS S.A.	2,876	2,675	-	-
PPC Renewables TERNA Energiaki S.A.	3,474	3,247	-	-
PPC Renewables NANKO Energy – MYHE Gitani S.A.	2,041	1,965	-	-
PPC Renewables MEK Energiaki S.A.	580	263	-	-
PPC Renewables ELTEV AIFOROS S.A.	2,667	2,572	-	-
PPC Renewables EDF EN GREECE S.A.	8,015	7,838	-	-
Aioliko Parko LOYKO S.A.	12	13	-	-
Aioliko Parko MBAMBO VIGLIES S.A.	13	13	-	-
Aioliko Parko KILIZA S.A.	17	18	-	-
Aioliko Parko LEFKIVARI S.A.	16	17	-	-
Aioliko Parko AGIOS ONOUFRIOS S.A.	19	20	-	-
OROS ENERGIAKI L.T.D.	289	229	-	-
VOLTERRA LYKOVOUNI SOLE SHAREHOLDER COMPANY S.A.	7,960	8,701	-	-
VOLTERRA K-R SOLE SHAREHOLDER COMPANY S.A.	8,674	7,801	-	-
WASTE SYCLO S.A.	29	32	37	37
PPC Solar Solutions S.A.	960	960	960	960
	37,642	**36,364**	**997**	**997**

The full list of the Group's and the Parent Company's associates are as follows:

Associates	Note	Ownership Interest 30.06.2020	Ownership Interest 31.12.2019	Country and year of Incorporation	Principal Activities
PPC Renewables ROKAS S.A.		49.00%	49.00%	Greece, 2000	RES
PPC Renewables TERNA Energiaki S.A.		49.00%	49.00%	Greece, 2000	RES
PPC Renewables NANKO Energy – MYHE Gitani S.A.		49.00%	49.00%	Greece, 2000	RES
PPC Renewables MEK Energiaki S.A.		49.00%	49.00%	Greece, 2001	RES
PPC Renewables ELTEV AIFOROS S.A.		49.00%	49.00%	Greece, 2004	RES
PPC Renewables EDF EN GREECE S.A.		49.00%	49.00%	Greece, 2007	RES
EEN VOIOTIA S.A.	1	46.60%	46.60%	Greece, 2007	RES
Aioliko Parko LOYKO S.A.		49.00%	49.00%	Greece, 2008	RES
Aioliko Parko BAMBO VIGLIES S.A.		49.00%	49.00%	Greece, 2008	RES
Aioliko Parko KILIZA S.A.		49.00%	49.00%	Greece, 2008	RES
Aioliko Parko LEFKIVARI S.A.		49.00%	49.00%	Greece, 2008	RES
Aioliko Parko AGIOS ONOUFRIOS S.A.		49.00%	49.00%	Greece, 2008	RES
Waste Syclo S.A.		49.00%	49.00%	Greece, 2011	Waste Management
PPC Solar Solutions S.A.		49.00%	49.00%	Greece, 2014	RES
OROS ENERGIAKI S.A.		49.00%	49.00%	Greece, 2017	RES
ATTIKA GREENESCO ENERGIAKI S.A.	2	49.00%	49.00%	Greece, 2017	En. Serv.
VOLTERRA LYKOVOUNI SOLE SHAREHOLDER COMPANY S.A.		45.00%	45.00%	Greece, 2017	RES
VOLTERRA K-R SOLE SHAREHOLDER COMPANY S.A.		45.00%	45.00%	Greece, 2014	RES

1. It is consolidated from the associate company PPC Renewables EDF EN GREECE S.A., as it participates by 95% in its share capital.
2. Amalthia Energiaki S.A., PPC Renewable's subsidiary, acquired 49% of this entity.

(All amounts in thousands of Euro, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

In 2019, PPC RENEWABLES S.A. acquired 45% of the two companies' (SPVs) share capital and more specifically of VOLTERRA K-R S.A. and VOLTERRA LYKOVOUNI S.A. The company VOLTERRA K-R SA has put into operation two wind parks of 16MW total capacity at the location Kouromandri-Riganolakka of the Municipality of Nafpaktia in Etoloakarnania Regional Unit. VOLTERRA LYKOVOUNI S.A. is constructing a wind park of 42.9MW capacity at the location Kastro Lykovouni, of the Municipality of Thebes in Viotia Regional Unit and a wind park of 10.8MW capacity at the location Abelia-Platanakia, of the Municipality of Thebes in Viotia Regional Unit. The commissioning of the two wind parks is expected within 2020.

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES

The Parent Company's balances with its subsidiaries as of June 30th, 2020 and December 31st, 2019 are as follows:

	June 30, 2020		December 31, 2019	
	Receivables	**(Payables)**	**Receivables**	**(Payables)**
Subsidiaries				
PPC Renewables S.A.	1,464	-	1,420	-
HEDNO S.A.	297,745	(463,062)	309,426	(562,819)
LIGNITIKI MEGALOPOLIS S.A.	28,957	(315)	69,226	(1,309)
LIGNITIKI MELITIS S.A.	4,497	-	39,000	-
PPC Finance Plc.	-	(44)	-	(57)
PPC Elektrik	773	-	645	-
PPC Bulgaria JSCO	-	(1,537)	2	(1,808)
PPC Albania	340	-	230	(20)
EDS AD Skopje	406	(28)	386	-
	334,182	**(464,986)**	**420,335**	**(566,013)**

The above-mentioned balances with the subsidiary PPC Finance Plc relate to its management costs which eventually burden the Parent Company.

In July 2019, the Parent Company's Board of Directors approved the corporate transformation of the subsidiary EDS DOOEL Skopje from Single-Member LTD to a Société Anonyme (JSC).

It also approved the payment of Euro 1,800,000 as initial capital in order to cover the company's negative equity for the year 2018, to pay the amount required by the Law of Northern Macedonia for the transformation of the company into a Société Anonyme and to create positive equity for the commencement of its operation as S.A. The above payment took place on August 7th, 2019, while on 16.01.2020 the transformation of the subsidiary company into a Société Anonyme with a new distinctive title EDS AD Skopje was approved by the competent local authorities.

On June 30th, 2020, the Parent Company recognized a provision of expected credit loss on receivables and accrued revenues for the subsidiaries "Lignitiki Megalopolis S.A." and "Lignitiki Melitis S.A." of Euro 28.6 mil. (December 31st, 2019: Euro 65.6 mil.) and Euro 4.5 mil. (December 31st, 2019: Euro 38.8 mil.) respectively.

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

PPC's transactions with its subsidiaries for the period ended June 30th, 2020 and June 30th, 2019, respectively, are as follows:

	June 30, 2020		June 30, 2019	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
Subsidiaries				
PPC Renewables S.A.	1,087	-	1,015	-
HEDNO S.A.	848,137	(906,735)	923,262	(1,078,386)
LIGNITIKI MEGALOPOLIS S.A.	25,606	(256)	57,366	(463)
LIGNITIKI MELITIS S.A.	3,954	-	24,506	-
PPC Finance Plc	-	(3)	-	(6,418)
PPC Elektrik	268	(3,310)	-	(1,908)
PPC Bulgaria JSCO	-	(16,478)	-	(20,794)
PPC Albania	-	-	-	(31)
EDS AD Skopje	60	(67)	962	(2,360)
Total	**879,112**	**(926,849)**	**1,007,111**	**(1,110,360)**

Guarantees in favor of subsidiaries

As of June 30th, 2020, the Parent Company has provided a guarantee for a total credit line of up to Euro 8 mil., through overdraft facilities, out of which PPC Renewables S.A. has used an amount of 465 thousands of Euro relating to letters of guarantee.
As of June 30th, 2020, the Parent Company has provided a guarantee of Euro 15.5 mil., for Energy Delivery Solutions AD (EDS) loans concerning working capital. EDS Group drew an amount of Euro 13.5 mil.

As of June 30th, 2020, the Parent Company provided a guarantee to EDS for the Electricity Supplier, Energy Financing Team AG up to an amount of Euro 2 mil.

Material Transactions and balances with other companies into which the Greek State participates

The following table presents transactions and balances with companies Hellenic Petroleum ("ELPE") and National Gas Company ("DEPA"), which are PPC's liquid fuel and natural gas suppliers, respectively, and into which the Greek State participates. Additionally, transactions and balances with DAPEEP S.A., HEnEx S.A., IPTO S.A., and LARCO S.A. are presented.

	1.1.2020 – 30.06.2020		1.1.2019 – 30.06.2019	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
ELPE	22,290	(38,796)	21,058	(79,245)
DEPA	178	(67,096)	157	(216,845)
DAPEEP S.A.	119,864	(250,133)	91,199	(114,974)
HEnEx S.A.	309,392	(702,073)	563,808	(1,315,402)
IPTO S.A.	105,133	(222,283)	88,863	(338,048)
LARCO S.A.	17,465	(1,044)	35,986	(2,481)

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

	June 30, 2020		December 31, 2019	
	Receivables	(Payables)	Receivables	(Payables)
ELPE	20,075	(12,220)	15,968	(24,996)
DEPA	-	(14,981)	-	(19,603)
DAPEEP S.A.	109,434	(389,150)	64,954	(382,174)
HEnEx S.A.	14,501	(35,447)	20,313	(61,197)
IPTO S.A.	192,758	(374,909)	208,774	(388,194)
LARCO S.A.	357,447	-	353,336	-

PPC's total receivables from LARCO S.A., relating to electricity bills, are fully covered by a provision.

In addition to the above-mentioned transactions, PPC enters into commercial transactions with many state-owned entities, both profit and non for profit, within its normal course of business (sale of electricity, services received, etc.). All transactions with state-owned entities are performed at arm's length terms and are not disclosed, with the exception of transactions that the Group and the Parent Company enter into with the Hellenic Corporation of Assets and Participations S.A. (HCAP S.A.) and the companies in which HCAP S.A. participates. The Group's and the Parent Company's balances as of June 30th, 2020 and December 31st, 2019 with HCAP S.A. and the companies, in which HCAP S.A. participates, are presented below:

	GROUP		COMPANY	
	June 30, 2020		June 30, 2020	
	Receivables	(Payables)	Receivables	(Payables)
HCAP S.A.	7	-	7	-
ATHENS INTERNATIONAL AIRPORT S.A.	2,053	(19)	2,031	(19)
ELTA S.A.	4,801	(3,697)	-	(3,639)
ELTA COURIER S.A.	1	(83)	-	(46)
EYDAP S.A.	3,648	(45)	3,648	(2)
ETVA INDUSTRIAL PARKS S.A.	166	(14)	166	(11)
THESSALONIKI INTERNATIONAL FAIR S.A.	17	-	17	-
ODIKES SYNGKOINONIES S.A.	5,841	(1)	5,841	-
PUBLIC PROPERTIES COMPANY S.A.	4,538	-	4,538	-
URBAN RAIL TRANSPORT S.A.	36,054	-	36,054	-
C.M.F.O. S.A.	12	-	12	-
O.A.S.A. S.A.	5	-	5	-
CENTRAL MARKET OF THESSALONIKI S.A.	-	(25)	-	(25)
E.Y.A.TH. S.A.	2,305	-	2,305	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	1	-	1	-
A.E.DI.K	4	-	4	-
EYDAP NISON	4	-	4	-
TOTAL	**59,457**	**(3,884)**	**54,633**	**(3,742)**

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

	GROUP		COMPANY	
	December 31, 2019		December 31, 2019	
	Receivables	(Payables)	Receivables	(Payables)
ATHENS INTERNATIONAL AIRPORT S.A.	1,962	(54)	1,962	(31)
ELTA S.A.	6,538	(4,682)	-	(3,939)
ELTA COURIER S.A.	-	(192)	-	(166)
EYDAP S.A.	3,523	(14)	3,523	(3)
ETVA INDUSTRIAL PARKS S.A.	214	(33)	214	(28)
ODIKES SYNGKOINONIES S.A.	3,951	(3)	3,951	-
PUBLIC PROPERTIES COMPANY S.A.	4,491	-	4,491	-
URBAN RAIL TRANSPORT S.A.	24,441	-	24,441	-
C.M.F.O. S.A.	60	-	60	-
O.A.S.A. S.A.	2	-	2	-
E.Y.A.TH. S.A.	2,559	-	2,558	-
HELLENIC SALTWORKS S.A.	19	-	19	-
TOTAL	**47,760**	**(4,978)**	**41,221**	**(4,167)**

The Group's and the Parent Company's transactions as of June 30th, 2020 and June 30th, 2019 with HCAP S.A. and the companies, in which HCAP S.A. participates, are presented below:

	GROUP		COMPANY	
	1.01.2020 – 30.06.2020		1.01.2020 – 30.06.2020	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
ATHENS INTERNATIONAL AIRPORT S.A.	1,145	(53)	1,037	(53)
ELTA S.A.	8,265	(9,469)	21	(7,411)
ELTA COURIER S.A.	4	(90)	3	(42)
EYDAP S.A.	8,171	(79)	8,138	(58)
ETVA INDUSTRIAL PARKS S.A.	453	(9)	453	(9)
THESSALONIKI INTERNATIONAL FAIR S.A.	364	(2)	364	(2)
ODIKES SYNGKOINONIES S.A.	1,424	(7)	1,424	-
PUBLIC PROPERTIES COMPANY S.A.	886	-	886	-
URBAN RAIL TRANSPORT S.A.	8,594	-	8,594	-
C.M.F.O. S.A.	477	-	477	-
O.A.S.A. S.A.	17	-	17	-
CENTRAL MARKET OF THESSALONIKI S.A.	91	-	91	-
E.Y.A.TH. S.A.	5,763	(3)	5,763	-
HELLENIC SALTWORKS S.A.	71	-	71	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	4	-	4	-
GAIAOSE S.A.	1	-	1	-
A.E.DI.K	9	-	9	-
TOTAL	**35,739**	**(9,712)**	**27,353**	**(7,575)**

(All amounts in thousands of Euro, unless otherwise stated)

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

	GROUP		COMPANY	
	1.01.2019 – 30.06.2019		1.01.2019 – 30.06.2019	
	Invoiced to	Invoiced from	Invoiced to	Invoiced from
HCAP S.A.	5	-	5	-
ATHENS INTERNATIONAL AIRPORT S.A.	1,965	(76)	1,875	(76)
ELTA S.A.	8,629	(11,147)	4	(8,391)
ELTA COURIER S.A.	5	(63)	5	(27)
EYDAP S.A.	7,699	(67)	7,648	(50)
ETVA INDUSTRIAL PARKS S.A.	557	(8)	418	(7)
THESSALONIKI INTERNATIONAL FAIR S.A.	401	(5)	401	(3)
ODIKES SYNGKOINONIES S.A.	1,787	(1)	1,787	-
PUBLIC PROPERTIES COMPANY S.A.	1,032	-	1,032	-
URBAN RAIL TRANSPORT S.A.	10,098	(297)	10,098	(297)
C.M.F.O. S.A.	415	-	415	-
O.A.S.A. S.A.	15	-	15	-
CENTRAL MARKET OF THESSALONIKI S.A.	98	-	98	-
HELLENIC CASINO OF PARNITHA S.A.	263	-	263	-
E.Y.A.TH. S.A.	5,097	(2)	5,064	-
HELLENIC SALTWORKS S.A.	54	-	54	-
MANAGEMENT OF INDUSTRIAL PARK OF KASTORIA	2	-	2	-
GAIAOSE S.A.	1	-	1	-
A.E.DI.K	8	-	8	-
TOTAL	**38,131**	**(11,666)**	**29,193**	**(8,851)**

Management remuneration

Management Members remuneration (Board of Directors' members and General Managers) for the periods ended on June 30th, 2020, and June 30th, 2019, is as follows:

	GROUP		COMPANY	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Remuneration of the Board of Directors' members				
- Remuneration of executive members	296	178	164	29
- Remuneration of non-executive members	219	160	54	-
- Employer's Social Contributions	111	108	40	25
- Other Benefits	102	81	76	51
	728	**527**	**334**	**105**
Remuneration of the Deputy Chief Executive Officers and General Managers				
- Regular remuneration	522	343	439	259
- Employer's Social Contributions	104	91	86	69
-Compensation / Extraordinary fees	-	4	-	4
	626	**438**	**525**	**332**
Total	**1,354**	**965**	**859**	**437**

10. BALANCES AND TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES (CONTINUED)

Remuneration to members of the Board of Directors does not include standard salaries and employer's social contribution, relating to the representatives of employees that participate in the Parent Company's Board of Directors. Also, it does not include the benefit of the electricity supply based on the PPC personnel tariff to the executive members of the Board of Directors, the Deputy Chief Executive Officers and the General Managers.

11. SHARE CAPITAL

Under Law 2773/1999 and P.D. 333/2000, PPC was transformed, into a société anonyme.

On December 31st, 2019, and on June 30th, 2020, PPC's share capital amounted to Euro 575,360 divided into 232,000,000 common shares with a nominal value of Euro 2.48 per value each.

On March 20th, 2018, the automatic and free of charge transfer of 79,165,114 PPC's shares (34,123%) by the Greek State to Hellenic Corporation of Assets and Participations S.A. (HCAP) was completed, in implementing the provisions of par. 20 of Article 380 of L.4512 / 2018, as amended the paragraph 1 of Article 197 of Law 4389/2016.

It is noted that, following the above transaction, HCAP S.A. holds directly the 34.123% of PPC's shares and indirectly the 17% through HRADF. The total percentage of voting rights of HCAP S.A. is 51.123%, while the total percentage of the Greek State, remains indirectly, as above 51.123%.

12. LOANS AND BORROWINGS

During the period January 1st, 2020 – June 30th, 2020, the Parent Company proceeded to debt repayments of loan installments amounting to Euro 160.6 mil.

From January 1st, 2020 till June 30th, 2020, the Parent Company, drew an amount of Euro 12.4 mil. from a Bond Loan of a total amount of Euro 680 mil., with a consortium of foreign banks supported by the German Export Credit Insurance Organization ''Euler Hermes'', for financing part of the construction cost of the new Lignite Unit "Ptolemaida V".

In January 2020, the Parent Company signed a loan agreement with the European Investment Bank (EIB) amounting to Euro 100 mil. to carry out investments relating to the modernization and strengthening of the Mainland's and Islands' Distribution Network in Greece for the period 2017-2020, under a total funding of Euro 255 mil., bearing the Greek State's guarantee. The Parent Company drew the relevant amount in February 2020.

In February 2020, an overdue loan of Euro 40 mil. from a loan with balance on 31.12.2019 of Euro 50 mil. in the form of a Revolving Credit Facility (RCF) maturing 2/2020 was extended by one year, i.e. until February 2021 with interim repayments of Euro 30 mil. within 2020.

In June 2020 the Company's Board of Directors approved 2 new loan agreements amounting to Euro 160 mil. and Euro 15 mil., of a 2-year and 3-year duration from the EBRD and Optima Bank respectively. Those loans have not yet drawn.

Moreover, in the context of measures to deal with the effects of the Covid-19 pandemic, the payment of the installments of the Syndicated Bond Loan with Greek banks totaling Euro 50 mil. in 2020 was suspended and transferred in 2023.

(All amounts in thousands of Euro, unless otherwise stated)

12. LOANS AND BORROWINGS (CONTINUED)

The Parent Company is exploring possible opportunities to access the international capital markets, depending on market conditions.

	GROUP		COMPANY	
	30.06.2020	**31.12.2019**	**30.06.2020**	**31.12.2019**
- Bank Loans	1,989,831	1,942,663	1,906,076	1,911,000
- Bonds Payable	2,039,081	2,078,769	2,027,100	2,066,589
Unamortized portion of loan issuance fees	(88,297)	(93,120)	(88,297)	(93,120)
Total long-term borrowings	**3,940,615**	**3,928,312**	**3,844,879**	**3,884,469**
Less current portion:				
- Bank Loans	219,015	229,848	219,015	229,848
- Bonds Payable	204,663	202,712	204,673	202,722
Unamortized portion of loan issuance fees	(15,200)	(15,209)	(15,200)	(15,209)
Total Short-Term portion of loans and borrowings	**408,478**	**417,351**	**408,488**	**417,361**
Total Long-Term portion of loans and borrowings	**3,532,137**	**3,510,961**	**3,436,391**	**3,467,108**

Credit rating of PPC from rating agencies

In May 2020, ICAP credit house confirmed the credit rating to “F”.

13. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value and fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value and are not based on observable market data.
During the reporting period there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

(All amounts in thousands of Euro, unless otherwise stated)

13. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The following tables compare the carrying amount of the Group's and the Parent Company's financial assets that are carried at amortized cost and their fair value:

	Carrying amount		Fair value	
Group	**30.06.2020**	**31.12.2019**	**30.06.2020**	**31.12.2019**
Financial Assets				
Trade receivables	778,342	683,491	778,342	683,491
Restricted cash	58,202	67,752	58,202	67,752
Cash and cash equivalents	534,006	286,917	534,006	286,917
Financial Liabilities				
Long-term borrowings	3,940,615	3,928,312	3,940,615	3,928,312
Trade payables	1,391,067	1,689,234	1,391,067	1,689,234
Short term borrowings	14,279	18,630	14,279	18,630

	Carrying amount		Fair value	
Parent Company	**30.06.2020**	**31.12.2019**	**30.06.2020**	**31.12.2019**
Financial Assets				
Trade receivables	660,119	579,213	660,119	579,213
Restricted cash	58,202	67,752	58,202	67,752
Cash and cash equivalents	419,906	205,461	419,906	205,461
Financial Liabilities				
Long-term borrowings	3,844,879	3,884,469	3,844,879	3,884,469
Trade payables	1,203,517	1,523,818	1,203,517	1,523,818
Short term borrowings	-	-	-	-

The fair value of trade receivables and trade payables approximates their carrying amounts.

The fair value of the remaining financial assets and financial liabilities is based on future cash flows discounted using either direct or indirect observable inputs and are included in the Level 2 of the fair value hierarchy.

As of June 30th, 2020, the Group and the Parent Company held the following financial instruments measured at fair value:

	Fair value		Fair value Hierarchy
Financial Assets	**30.06.2020**	**31.12.2019**	
Group			
Financial Assets at fair value through Other Comprehensive income	804	1,251	Level 1
Parent Company			
Financial Assets at fair value through Other Comprehensive income	606	879	Level 1

There were no transfers between Level 1 and 2 fair value hierarchy, and transfers to / from Level 3 fair value measurement of financial receivables and liabilities for the period ended June 30th, 2020.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION

OWNERSHIP AND INSURANCE OF PROPERTY

The Group's fixed assets are located all over Greece.

The National Cadastral process is in progress. It has been completed about 50% of the Country. In this context, 82 cadastral lawsuits are pending, out of which 12 are in Athens, on which relevant judgements have not yet been issued.

Furthermore, PPC intends to file cadastral lawsuits (at least for 125 identified cases, with a significant increase is likely) for registration of PPC in the relevant Cadastres of the wider area of the Western Macedonia Lignite Center. In particular, the properties in question, which are mainly located in expropriated lignite-bearing areas and in the official records appear to have an unknown owner, the relevant lawsuits must be filed no later than the end of December 2020. At the pre-trial / preliminary level, 123 objections are pending.

The posting of temporary cadastral tables in Athens (72 areas under cadastre) where the Company has many properties is expected.

Major matters relating to the ownership of the Group's assets, are as follows:

1. The Group does not carry any form of insurance coverage on its fixed assets in operation (except for its information technology equipment), and as a result if a sizable damage occurs to its properties, it might affect its profitability. Materials, spare parts as well as liabilities against third parties are not insured.
2. In a number of cases, expropriated land, as presented in the expropriation statements, differs from the cadastral survey, a reason why the Group is in the process of cadastral settlement.
3. Agricultural land acquired by the Parent Company through expropriation in order to be used for the construction of hydroelectric power plants, must be transferred to the State at no charge, following a decision of the Parent Company's Board of Directors and a related approval by the Ministry of Development, if such land is no longer needed by the Parent Company for the fulfilment of its purposes according to article 9, of Law 2941/01.
4. According to article 15 of Law 4273/14 (O.G./A'/146), the compulsory expropriation of real estate in areas where exclusive research and exploitation rights have been granted to PPC S.A., is declared in favor of the Greek State with expenses of the applicant who declared the expropriation. Following the completion of expropriation, the aforementioned areas are transferred to the Greek State's ownership and PPC (which pays the compensations) uses them for the mining of the lignite deposit.
5. Moreover, 16-18 applications for lifting the expropriations status of abolished HV Transmission Lines through the arrangement of real rights are pending.

LITIGATION AND CLAIMS

The Group is a defendant in several legal proceedings arising from its operations. The total amount claimed as at June 30th, 2020, amounts to Euro 859 mil. (31.12.2019: Euro 826 mil.) as further detailed below:

1. *Claims with contractors, suppliers and other claims:*

A number of contractors and suppliers have raised claims against the Group. These claims are either pending before courts or under arbitration and mediation proceedings. The total amount involved is Euro 395 mil. In most cases the Group has raised counter claims, which are not reflected in the accounting records, until the time of collection.

2. *Fire incidents and floods:*

A number of individuals have raised claims against the Group for damages incurred as a result of alleged electricity-generated fires and floods. The total amount involved is Euro 91 mil.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

3. *Claims by employees:*

A number of the Groups' Employees are claiming the amount of Euro 65 mil., for allowances and other benefits that according to the employees should have been paid by PPC.

4. PPC's lawsuit against ETAA (former TSMEDE)

ETAA (former TSMEDE) by its Decision 7/2012 has imposed on PPC the amount of Euro 27 mil. applying article 4 of L. 3518/2006, relating to employer contributions due to the Main pension Branch for the period 01.01.2007 – 30.04.2012 and pertaining to the engineers insured before 01.01.1993 to the above-mentioned Insurance Fund, that have been employed by PPC for the above-mentioned period.
Against the above mentioned 7/2012 decision of the Insurance Fund in question, PPC has filed legally and timely the 05.09.2012 appeal to the Athens Administrative Court of First Instance. The discussion of the appeal took place on 03.11.2014. The preliminary ruling 11872/2016 was issued, which obliges TSMEDE to produce to the Court the documents referred to the judgment and then the case will be discussed again in order to issue a final decision. Already the case was determined to be discussed at the hearing on April 9th, 2019 and was postponed for October 8th, 2019 and it was postponed again for January 14th, 2020, in which it was postponed for May 26th, 2020 and it was postponed again for October 27th, 2020. Since its employees – who are engineers- are insured mandatorily to PPC's Insurance Fund based on L. 4491/1966, thus resulting to PPC paying on their behalf to the above mentioned Insurance Fund the corresponding employer contributions while insurance for the above mentioned engineers in ETAA is optional and is done by choice, with them paying the corresponding insurance contributions provided for engineers that are independently employed, the Parent Company considers that the possibilities of a negative outcome of its appeal are minimal and therefore has not established a provision.

5. *Lawsuits and extrajudicial documents of IPTO against PPC S.A.*

On February 28th, 2019, two IPTO's lawsuits (February 2015) against PPC for a total amount of Euro 540 mil. for amounts due from the Parent Company's participation in the wholesale electricity market were discussed before the Multimember Court of First Instance in Athens and a decision is pending. By its first lawsuit IPTO is asking for an amount of Euro 242.7 mil. (with interest) for amounts due which PPC collects from electricity bills and conveys to IPTO, that in turn conveys them to EMO. By its second lawsuit, IPTO is asking for the payment of Euro 232.6 mil. (with interest) for amounts due which PPC collects from electricity bills and conveys to IPTO.

The decision **944/2020 of the Multimember Court of First Instance in Athens**, which is not provisionally enforceable, was issued and sent to PPC on July 8th, 2020, and obliges PPC to pay:

- to IPTO regarding the <u>first lawsuit</u>: a) the legal interest on the amount of one hundred eighty-eight million three hundred twenty-nine thousand two hundred eighty-eight euro and forty cents (Euro 188,329,288.40) for the period from 3-2-2015 until the payment of each of the legal invoices paid after that date, and b) the amount of eighteen million nine hundred eighty-four thousand seven hundred eighty-six euro and eighty-six cents (Euro 18,984,786.86) with the legal interest from the service of the lawsuit until the full payment
- regarding the <u>second lawsuit</u>:
    - to IPTO: a) the legal interest on the amount of two hundred twenty-seven million six hundred seven thousand seven hundred forty-one euro and forty-two cents (Euro 227,607,741.42) for the period from 3-2-2015 until the payment of each of the legal invoices, paid after that date, and b) the amount of forty million three hundred eleven thousand one hundred ninety-four euro and eighty-two cents (Euro 40,311,194.82) with the legal interest from the service of the lawsuit until the full payment,
    - to HEDNO: a) the legal interest on the amount of five million twenty-two thousand five hundred forty-nine euro and ninety-eight cents (Euro 5,022,549.98) for the period from 3-2-2015 until the payment of each of the legal invoices, paid after that date and b) the amount of Euro 244,600.25 with the legal interest from the service of the lawsuit until the full payment.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

The interest corresponding to these overdue receivables amounts to Euro 62 mil.

PPC will file an appeal against the above decision.

On its side, PPC has served an extrajudicial document to IPTO (without the latter having answered), requesting the payment of a total amount of Euro 14 mil. for overdue interest on invoices which incorporate debts to PPC from March 2012 until the 02.02.2015.

In October 2017, a new (third) lawsuit of IPTO against PPC was discussed (without a relevant judgment having been issued yet by the Multimember Court of First Instance in Athens) by which IPTO asks PPC to pay an amount of Euro 406.4 mil. (with interest) for overdue receivables arising also from PPC's participation in the wholesale electricity market and relate to specific non-competitive charges of IPTOs' invoices. A written letter to the Administration of the Court of First Instance is being prepared in order to issue this expected judgment.
The interest corresponding to these overdue receivables amounts to Euro 59 mil.

On November 29th, 2018, IPTO S.A. served an extrajudicial document to PPC S.A. with which IPTO S.A. asks PPC S.A.:
- to pay-off debts of Euro 495.3 mil. from PPC's participation in the wholesale electricity market for the period January 2018 to August 2018, which have become overdue, plus overdue interest.
- to pay overdue interest amounting to Euro 83.4 mil, arising from the overdue payment of PPC's debts from its participation in the wholesale electricity market for the period August 2016 to September 2018.

Of the above amounts, only the amount of Euro 82 mil. concerns IPTO, while for the rest, DAPEEP (former EMO) has become the universal successor.

Until today, all the above lawsuits' principal amounts excluding interest have been paid.

6. *Alleged claims of former EMO against PPC S.A. due to deficits of the Day Ahead Schedule (DAS)*

Due to the deficits created by the suppliers ENERGA POWER TRADING S.A. and HELLAS POWER S.A. during 2011 and 2012, PPC was obliged under RAE's Decision 285/2013 [whose legality was confirmed by the State Council's decision 1761/2016], as well as by the Power Exchange Code for Electricity, to pay to EMO a total amount of Euro 126.3 mil. (after a final clearing according to Article 61 of the Power Exchange Code for Electricity) within 2017 [see PPC's BoD Decision No.146/21.12.2016 that approved the payment of the debt with an advance payment and for the remaining amount in twelve (12) equal monthly interest-free installments starting from January 1st, 2017].

A. Although EMO explicitly accepted the proposed debt settlement, in December 2016, it filed a lawsuit against PPC asking the residual amount of Euro 78 mil., plus interest. In February 2017, PPC filed a counter lawsuit asking EMO to be ordered to pay the amount of Euro 126 mil. (plus an amount of 100 thousands of Euro for PPC's moral damage). On these lawsuits, the Multimember Court of First Instance in Athens issued the decision 4810/2018 which accepted EMO's lawsuit and rejected PPC's counterclaim. PPC has filed a relevant appeal which will be discussed on September 16th, 2021, before the 13th section of the Three-Member Court of Appeal in Athens.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

B. In December 2017, EMO sent to PPC two new "Information Notes on the allocation of the monthly deficits of the Day Ahead Schedule (DAS), totaling 833 thousand of Euro. With the attached letters, EMO claimed that its new claims arose from the second settlement of the Deficit in 2011 and 2012, due to the disappearance or insolvency of the previous third party electricity suppliers of that time. In this context, in March 2018, PPC filed before the Multimember Court of First Instance in Athens its lawsuit against EMO, requesting a declaration that it does not owe the above-mentioned amount and EMO to be condemned to pay an amount of 50 thousands of Euro as a compensation due to PPC's moral damage. In May 2018 EMO filed its counterclaim. The two opposite lawsuits were judged and the decision No. 932/2020 of the Multimember Court of First Instance in Athens was recently issued, the content of which is still unknown, due to Covid-19 restrictions, and is expected to be announced so that there will be a relevant briefing / information and a relevant appeal to be filed.

For the above amounts, on June 30th, 2020, the Group and the Parent Company have established provisions amounting to Euro 338 mil. and Euro 299 mil., respectively (31.12.2019: Group: Euro 320 mil. and Parent Company: Euro 278 mil.), which are considered adequate for the expected losses arising from the final judgment.

Lawsuit of former EMO against HEDNO in which a notice was served to PPC

On June 19th, 2017, HEDNO S.A. served a notice to PPC on EMO's lawsuit against HEDNO S.A. With this notice HEDNO S.A. asked PPC S.A. to intervene in favor of HEDNO S.A. in the trial in which EMO claims from HEDNO S.A. overdue amounts from invoices issued. In particular, EMO S.A. with its lawsuit claims amounts with interest from partially paid and unpaid invoices which incorporate receivables from the RES Special Account in the Non-Interconnected Islands (mainly debts from ETMEAR, PVs on rooftops, RES Generation in the Non-Interconnected Islands and balancing of the Special Account in the Non-Interconnected Islands). The claim from EMO's part amounts to approximately Euro 140 mil. while interest due for late payment amounts to Euro 3.9 mil.
The Multimember Court of First Instance in Athens, with its decision 1302/2019, rejected in favor of PPC HEDNO's notice to PPC as unlawful considering that there is no relationship of procedural guarantee between HEDNO and PPC, and that, on the contrary, the only relationship that binds them is contractual one. In particular, the Court considered that according to the NII Code there is no obligation of PPC to pay-off HEDNO's lenders other than PPC's contractual obligations towards HEDNO regarding the timely payment of invoices under the NII Load Representatives contract.
The decision has not yet been served on PPC. HEDNO is likely to file an appeal.

Corrective settlements of IPTO, concerning the Special Account of art. 143, of Law 4001/2011

According to L.4152/2013, RES energy purchases in the Interconnected System are paid through the market operation, on the higher amount of either their revenue from DAS plus Deviations or the value of energy they inject to the system multiplied by the weighted average variable cost of the conventional thermal power plants. This amendment started being applied from August 14th, 2013, when RAE's Decision 366/2013 was published in the O.G., amending the relevant articles of the Power Exchange Code and specifying the methodology of calculations, with which the provision of the law was implemented.
In October 2013, IPTO sent to PPC S.A. corrective clearing statements for May, June, July and part of August of 2013, totaling to an amount of Euro 48.2 mil., which was derived from the retrospective application of the relevant methodology.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

PPC's lawsuit against IPTO for the invoices in question was accepted by the Multimember Court of First Instance in Athens (Decision 2260/2016) and is considered that PPC does not have to pay the invoices issued totaling Euro 54.4 mil., which incorporate claims for the weighted average variable cost of the conventional thermal power plants for the months May to August 2013. IPTO has filed an appeal which was due to be heard on March 19th, 2020, following a postponement from April 4th, 2019, requested by DAPEEP. The hearing of the case was further postponed due to the COVID-19 pandemic.
However, other decisions have been issued (Athens Court of Appeal 5413/2017 and Multimember Court of First Instance in Athens 702/2016 as well as opinions) in corresponding cases that justify PPC's point of view. According to a new regulatory framework, the relevant claims now concern DAPEEP.

Old Bank of Crete

The dispute with the old "Bank of Crete" is dating back to 1989, when the bank was under liquidation. More precisely, by a mandatory action of the then trustee of the Bank, PPC's deposits were mandatorily converted to stake-holding in the share capital of the Bank and to obligatory credit to the Bank. PPC by its July 22nd, 1991 lawsuit against the bank asked to be compensated for GRD 2.2 billion approximately, (Euro 6.5 mil.) because the above-mentioned Act of the trustee of the Bank was held invalid. Moreover, PPC had outstanding loan balances, received under six (6) loan agreements for which it was agreed upon to be repaid gradually through installments. However, on June 10th, 1991, although PPC has paid the overdue installments, the Bank has terminated all the above-mentioned loan agreements and thus on that date the claim against PPC became overdue for the whole amount of the loans. For that reason, in the context of hearing of PPC's above mentioned lawsuit, the Bank proposed before Court an offset of its claim resulting by the above-mentioned loans, amounting to GRD 4 bil. approximately, and furthermore has asked the payment of this amount by PPC by its lawsuit dated 28.12.1995. The Court of First Instance postponed the hearing of the Bank's lawsuit against PPC until the final outcome of the hearing, which started with PPC's lawsuit against the Bank.

PPC's lawsuit against the Bank was rejected by the Court of First Instance and PPC appealed against the said Decision of the Court which was also rejected by the Court of Appeals. The above-mentioned decision was brought to review by PPC before the Supreme Court, which accepted it and in consequence the case was again brought to trial before the Court of Appeals, which ordered that an accounting expert report should take place. After the said expert report the Court's decision was held partially in PPC's favor (Court of Appeals decision 2005). However, a petition for review before the Supreme Court was filed against the aforementioned Decision which was then accepted by the Supreme Court and then was resubmitted to the Court of Appeals which by its inconclusive decision (Nr. 4093/2009) ordered the completion of the accounting expert report.
The official expert report was completed in May 2012. The hearing of the case would have taken place on October 25th, 2012, but it was postponed for September 26th, 2013, due to the strike of both judges and lawyers. The case was heard on the latter date.

Decision 3680/2014 of the Athens Court of Appeals was issued, which only partially accepts PPC's lawsuit while essentially accepting the results of the ordered by the same Court above mentioned official expert report, as following : a) the amount due by the Bank of Crete to PPC at the time of the filing of the lawsuit by PPC on 22.07.1991 amounted to GRD 1,268,027,987 and b) The amount due by PPC to the Bank of Crete on 01.07.1991 due to the termination of the above loan agreements by the Bank and after the proposed by the Bank offsetting of its counterclaim against the above-mentioned PPC's claim, amounted to GRD 2,532,936,698. Therefore, the above decision of the Court of Appeals recognizes that on 22-7-1991 the amount due by PPC to the Bank of Crete was 2,532,936,698 - 1,268,027,987 = GRD 1,264,908,711. On June 19th, 2017, PPC appealed against the above-mentioned decision (Decision 3680/2014 of the Court of Appeals in Athens), the hearing date of which had been scheduled for March 18th, 2019 before the Supreme Court. This hearing was postponed for March 9th, 2020. The case was heard on the latter date and a decision is pending. It is noted that until the final judgment on the appeal, the discussion of the aforementioned (December 28th, 1995) lawsuit of the Bank of Crete against PPC remains suspended. In case that the Supreme Court accepts PPC's appeal, then it will judge the case again and the decision which will issue will be irrevocable.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

PPC, with its appeal, requests to be recognized that the Bank's loans to PPC had not been credited to overdraft facilities and therefore the Bank's termination of the loan agreements on 10-6-1991 was invalid.

If PPC's appeal is accepted, this means that the Bank's lawsuit against PPC will be rejected (because this lawsuit is based precisely on the fact that the Bank's claims from the loans had been credited to overdraft facilities which the Bank legally closed with a complaint on 10-6-1991, and consequently PPC owed to the Bank that year the amount of GRD 2,532,936,698 which is reduced due to the proposed by the Bank offsetting of its claim against PPC's counterclaim amounting to GRD 1,268,027,987, and so the difference is 2,532,936,698 - 1,268,027,987 = GRD 1,264,908,711).

However, this does not mean that PPC can request from the Bank the amount of GRD 1,268,027,987, because this PPC’s claim was settled until 1996 with offsetting proposed by PPC against the Bank’s counterclaims that the latter had against PPC from the above loans and which arose when each installment of these loans became overdue. Therefore, if PPC’s appeal is accepted, then neither the Bank has a claim against PPC nor the PPC against the Bank.

However, if PPC’s appeal is rejected, then the assumptions of the decision taken by the Court of Appeal will become irrevocable and therefore the court that has undertaken the second lawsuit, i.e. the Bank's lawsuit against PPC, is obliged to accept that on 22-7-1991 PPC owed to the Bank of Crete the amount of GRD 1,264,908,711 due to the closing of the overdraft facilities on 10-6-1991, and the court will condemn PPC to pay this amount to the Bank with overdue interest (with different interest-bearing dates per loan amount, from the year 1993 until 1995) and with quarterly compounding until the repayment, taking into account decreases of the amount due, pertaining to the payments that PPC made to the Bank in repayment of the loan installments, when they became overdue.

Therefore, if the Bank's lawsuit against PPC is accepted, the amount due by PPC to the Bank of Crete cannot be calculated at present. There is a possibility that an accounting expert report may be needed as well.

LARCO Tariffs

With the submission of the amendment plan - addition to a Bill, which related to the regulation of LARCO’s Issues and in order not to be hindered, for reasons of public interest, the process of LARCO’s privatization, as described in the above amendment plan, PPC’s Board of Directors decided to continue the electricity supply to LARCO (Decision No. 11/11.2.2020), under the following conditions: a) the fully and timely payment of electricity bills upon the entry into force of the law and b) the signing of the Electricity Supply Contract, with the special administrator as a counterparty, immediately after its appointment. Already, after the publication of the relevant article 21 of L.4664/14.02.2020 and the appointment of the special administrator in LARCO, the new Electricity Supply Contract for the period 01.03.2020-31.03.2020 with the special administrator of the Company was signed. Under this contract, LARCO has paid on time the relevant electricity bills. It is noted that as of 30.06.2020, a provision of expected credit loss amounting to Euro 356.5 mil., has been established for the total amount of receivables from LARCO amounting to Euro 357.4 mil.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

PPC's claims from HALYVOURGIKI S.A.

PPC filed an application for a payment order before the Court of First Instance in Athens against the company under the name "HALYVOURGIKI S.A.", in which PPC claimed from HALYVOURGIKI to pay the total amount of Euro 30,473,320.80 plus interest from the day following the expiry of the final bill issued after the termination of the Electricity Supply Contract between PPC S.A. and HALYVOURGIKI S.A. and until repayment.

The payment order No. 1769/2019 of the Single-Member Court of First Instance in Athens was issued which orders "HALYVOURGIKI S.A." to pay to PPC the above total amount, plus the amount of Euro 15,237 for court costs. PPC notified the payment order in question to "HALYVOURGIKI S.A." and further, on 15.03.2019 proceeded to serve the writ of garnishment for conservative seizure in the banks under the above payment order against "HALYVOURGIKI S.A."

Subsequently, on March 22nd, 2019, a Caveat and an Application for Suspension were served to PPC with a request for a temporary injunction of "HALYVOURGIKI S.A." against PPC S.A. During the discussion of the request for a temporary injunction, which was heard on March 26th, 2019, the request was rejected.

PPC, at the request of "HALYVOURGIKI S.A.", proceeded to the Bank EUROBANK in a partial withdrawal of imposed conservative seizure up to the amount corresponding to the payroll cost of that company's employees.

On the Caveat of "HALYVOURGIKI S.A." against PPC S.A. which was discussed on October 2nd, 2019, the Multimember Court of First Instance in Athens by its decision No. 1080/2020, accepted partially the above caveat, annulling partially the Payment Order No. 1769/2019 for the amount of Euro 7,167,365.19, and confirming the above Payment Order for the remaining amount.

Furthermore, on February 15th, 2019, "HALYVOURGIKI S.A." filed against PPC an appeal for arbitration before the ICC (INTERNATIONAL COURT OF ARBITRATION) "*due to PPC's failure to comply with the obligations under the Shareholders Agreement of 2009*" between PPC S.A. and "HALYVOURGIKI S.A.", requesting PPC to be condemned to pay the amount of two hundred and seventy million (270,000,000) Euro for consequential damage, which according to the appeal in question, "HALYVOURGIKI S.A." suffered with interest from the service of this appeal, plus one million (1,000,000) Euro for moral damage which according to "HALYVOURGIKI S.A." suffered.

Both "HALYVOURGIKI S.A." and PPC S.A. appointed their arbitrators (each party appointed its arbitrator). The deadline for PPC's reply in order to define the group of its legal representatives as well as to collect the data needed to defend its positions, was set by the ICC on April 25th, 2019. On April 23rd, PPC submitted its Reply to the above Appeal of "HALYVOURGIKI S.A." and requested the rejection of the Appeal entirely and "HALYVOURGIKI S.A." to be obliged with the guarantee measure for the amount of Euro 1,000,000 and to be condemned to pay the total court costs of the Arbitration. Subsequently, following the exemption requests against the appointment of the proposed arbitrators, the two appointed Arbitrators, in their joint letter to the Arbitration Court dated May 14th, 2019, stated that they were unable to appoint a Third Arbitrator jointly and requested from the Arbitration Court to appoint the Third Arbitrator, pursuant to Article 12 par. 5 of the International Arbitration Rules ICC Rules 2017. Furthermore, (on August 10th, 2019) the Parties submitted their comments on the appointment of Third Arbitrator in the trial in question.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Finally, the Arbitration Court sent to the Parties a proposal for the appointment of an Arbitrator, which has lawfully submitted to the Parties its Independence Declaration citing the cases in which the Arbitrator has been involved in relevant legal proceedings and the Court invited the Parties, until September 10th, 2019, to submit any objections to the appointment of the said Arbitrator. Neither PPC nor "HALYVOURGIKI S.A." raised any objections. Therefore, the ICC Court ratified the appointment of the said Third Arbitrator. Following this, on October 16th, 2019, the first meeting of the Arbitration Court was held where the TERMS OF REFERENCE of the Arbitration were agreed. PPC suggested the Bifurcation of the case, (meaning that there will be an interim decision of the Court regarding the Responsibility claimed by the Plaintiff-Claimant and if the Court's Decision is in favor of this claim, then this decision should be followed by an examination of possible damages and amounts). The Court, by its decision, accepted the Bifurcation while the time frame regarding the procedure of evidence was set until October 2020.

More specifically, "HALYVOURGIKI S.A." submitted its Proposals-Memorandum (*Statement of Claim on Liability*) on February 14th, 2020 while PPC had to submit its Memorandum (*Statement of Defense on Liability*) accordingly on April 10th, 2020. However, "HALYVOURGIKI S.A." requested a short postponement due to the COVID-19 pandemic and the Arbitration Court decided to postpone the deadline of Memorandum for April 30th, 2020 and, finally, for May 4th, 2020. PPC timely submitted the Memorandum in question with the relevant documents. The submissions from both sides of the Parties' Additions – Rebuttals before the hearing, which is scheduled to take place in October 2020, are expected.
The Company has not established a provision for the consequential and moral damage claimed by "HALYVOURGIKI S.A." as it considers that the possibility of a positive outcome of the case against the Company is very low.

Other High Voltage Tariffs

Taking into account that the supply contracts with the High Voltage customers for the energy consumed in the period 2016-2017 expired on December 31st, 2017, PPC, in December 2017, sent letters to all High Voltage customers, with a proposal to extend the existing Supply Contract for the period 2016 - 2017, until February 28th, 2018, in the framework of the Electricity Code and of the contractual relationships.

Subsequently, PPC's Board of Directors, by its related decision, approved the extension of the High Voltage Tariffs until 28.2.2019 and on 26.6.18 PPC's AGM approved the extension of the discounts, which were approved by AGM's decision on 7.12.2015, until 28.2.2019. In this context, a new round of meetings with High Voltage customers was held to inform them on the above issues. Out of the total of 91 supplies that electrify installations of 58 High Voltage customers, electricity supply contracts relating to 72 supplies of 48 High Voltage customers were signed, while for one customer with one supply, namely HALYVOURGIKI S.A., a cessation of the representation has taken place on 17.12.2018 due to debts.

PPC's BoD, with its decision no. 34/19.3.2019 approved the submission of proposals to High Voltage customers (except MYTILINEOS S.A. - GROUP OF COMPANIES and LARCO S.A. whose pricing terms were approved by the competent bodies to be valid until 31.12.2020) for the adjustment of the existing tariffs by + 10%, in order for supply contracts to be signed for the period 1.03.2019 - 31.12.2020. Already, on 04.04.2019, an agreement to sign a High Voltage supply contract with the companies of VIOHALKO Group by the end of 2020 has been reached. Furthermore, in July 2019 PPC announced the agreement to sign a High Voltage supply contract with AGET HERACLES, member of the Lafarge Holcim Group, for its installations which are connected to High Voltage until the end of 2020 and provides for an increase in tariffs by 10%.

For all supplies that electrified installations of High Voltage customers until 28.2.2019, (except for "HALYVOURGIKI S.A." and a customer who was under liquidation), electricity supply contracts for the period 1.3.2019 - 31.12.2020 were signed with the revised tariffs.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

By the October 5th, 2016 Decision of the EGM of PPC's Shareholders the customer's ALOUMINION (now MYTILINEOS S.A. - GROUP OF COMPANIES) pricing terms for the period 1.7.2016 - 31.12.2020 as well as the pricing for the clearing of the period 1.1.2014 - 30.6.2016 were approved. Based on the Decision of the EGM, a Supply Agreement was signed on October 20th, 2016 between ALOUMINION and PPC. Under the signed agreement, MYTILINEOS S.A. - GROUP OF COMPANIES proceeded to a prepayment of Euro 100 mil. for electricity bills for the first contractual period (July 1st, 2016 to June 30th, 2017), as well as to a prepayment of the estimated amounts for the second contractual period (July 1st, 2017 to June 30th, 2018), the third contractual period (July 1st, 2018 to June 30th, 2019) and the fourth contractual period (July 1st, 2019 to June 30th, 2020).

However, it is noted that regarding the previous pricing of the company in question, on the one hand the Court of the European Union issued the final decision [C-332/18 P] on December 11th, 2019, which confirmed the legality of the Commission's decision 2012/339/EC of July 13th, 2011, regarding the state aid SA.26117 - C 2/2010 (ex NN 62/2009), which was implemented by Greece, through PPC, in favor of Alouminion of Greece S.A. (EU 2012, L 166, p. 83) and ordered the legal recovery of state aid amounting to Euro 17.4 mil. due to the implementation of a favorable tariff for the period January 5th, 2007- March 6th, 2008. On the other hand, three cases (T-639/14 RENV, T-352/15 and T-740/17) are pending before the General Court of the European Union and were scheduled to be heard in June 2020 regarding the corresponding PPC's appeals for the annulment of the (corresponding) European Union's decisions, with which put (respective) PPC's complaints for violations of state aid's provisions against RAE's (346/2012, of May 9th, 2012) and Arbitration Court's decision in the file, which set a temporary PPC electricity price for the ex Alouminion of Greece S.A., Euro 42/MWh and the special Arbitration Court's decision (1/2013, of October 31st, 2013), which amended the above RAE's decision No. 346/2012 by reducing the price for the supply of electricity to Alouminion for the period from July 1st, 2010 to December 31st, 2013 at a gross amount of Euro 40.7/ MWh, i.e. a net amount of Euro 36.6 / MWh.

PPC's relation to its personnel's Social Security Funds

Despite the fact that under the current legislation the Group does not have any obligation to cover in the future any deficit between revenues and expenses to PPC's personnel Social Security Funds, there can be no assurance that this regime will not change in the future.

PPC's audit by the European Commission's Directorate-General for Competition

Since February 2017, a European Commission's Directorate-General for Competition audit of PPC is in progress in accordance with Article 20 of the Regulation 1/2003 of the European Union. The audit is carried out pursuant to a relevant Commission's decision dated February 1st, 2017 for alleged abuse of a dominant position on the wholesale market for the production of electricity from 2010 and onwards. This audit is in progress.

ENVIRONMENTAL OBLIGATIONS

Key uncertainties that may impact the final level of environmental investment which the Group will be required to undertake, over the forthcoming decade, include:

1. During 2017, the Joint Ministerial Decision regarding the Environmental Terms for HPP Messochora was issued under which PPC is obliged to undertake protection projects for the preservation part of the Messochora Village (Sector D). Along with the procedure for the expropriation (a) of the remaining areas which will be flooded by the Reservoir and the Sectors A, B, and C of Messochora Village in favor of PPC, (b) the expropriation of the expansion area - relocation area of the village in favor of the Municipality of Pyli, and (c) the fulfillment of the remaining obligations introduced by the new Joint Ministerial Decision, the preparation of Tender Documents for the remaining projects, is planned, with a transfer of the estimated operation of the Project from 2022 to 2023.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

The completion of the project depends both on the progress of the expropriation in favor of PPC, which expects the issuance of the State Council's decision on the residents' appeal, which was discussed on 12.06.2019, as well as on the progress of the expropriation in favor of Municipality of Pyli, which expects the approval of the new Spatial Planning of the Municipality of Pyli for the Messochora Village. On June 30th, 2020 the aggregate expenditure amount for HPP Messochora (following impairments of Euro 8 mil.) amounted to Euro 281 mil., while an estimated additional amount of Euro 83 mil. will be required in order to complete the project.

2. In December 2010, the new Directive (2010/75/EU) was issued for industrial emissions (Industrial Emissions Directive – IED), revising Directives IPPC and 2001/80/ EC, which is effective from January 6th, 2011. Following the provisions of Article 32 of Directive 2010/75/EU, a Transitional National Emissions Reduction Plan (TNERP) for the period 2016-2020 was elaborated and officially submitted by Greece to the EU at the end of 2012. The TNERP was approved by the EU on November 26th, 2013. In December 2013, PPC submitted to the Ministry of Environment and Energy an application for limited changes to the TNERP, along with its declaration to use the limited life-time derogation (Article 33 of the Directive) for certain Power Plants.
   After the approval from the Ministry of Environment and Energy, the revised TNERP was resubmitted on March 18th, 2014 by the Greek authorities and was approved by the EU on July 7th, 2014. The Joint Ministerial Decision for TNERP was issued in August 2015 (Nr. 34062/957/E103/2015).

   Finally, according to the above, SES Agios Dimitrios, as well as the Units of Meliti and Megalopolis 3 and 4 are included in the TNERP, while SES Amyntaion and Kardia will use the limited life-time derogation.

   The duration of TNERP was from 01.01.2016 to 30.06.2020 and PPC fully complied with its objectives in the entire period. Upon expiration of TNERP, Units I and II of Agios Dimitrios used the limited life-time derogation (from 01.07.2020, 1500 hours per year as a rolling average of five years), while in Units III, IV and V, the necessary environmental investments in order to continue their operation have been completed or are in the final stage of completion. The time delay that has occurred in some of them is mainly due to the restrictive measures to deal with the pandemic.

   From the Units that had used the limited life-time derogation, SES Amyntaion and the Units I and II of SES Kardia ceased permanently their operation, while the Units III and IV of SES Kardia will only operate next winter, under the terms and conditions of the Joint Ministerial Decision No. ΥΠΕΝ/ΥΠΡΓ/56257/7231, article 1, par. 1 & 2, dated 01.07.2019, until the completion of the permitted operating hours.

3. In 2011 began the process of revising the Reference Document on Best Available Techniques Manual for Large Combustion Plants within the framework of Directive 2010/75/EU and is coordinated by the EIPPCB (European IPPC Bureau). With the European Commission's decision 2017/1442 on 31.07.2017, the Conclusions on Best Available Techniques for Large Combustion Plants – BREF LCP were determined under Directive 2010/75/EU. The Decision was published in the Official Journal of the European Union on August 17th, 2017. Following the adoption, of the legally binding, conclusions of the revised Manual, additional investments in PPC's major thermal stations may be required.
   In particular, further environmental investments in SES Agios Dimitrios are not planned, apart from the investments that have been completed or are already in progress. If, however, during the operation there are small deviations from the emission levels of EA 2017/1442 / EU, taking into account the remaining useful life of the Units, the derogation of article 15.4 of the IED Directive will be used. The same applies to the new Unit Ptolemaida V.
   Finally, in the combined cycle unit s of Komotini and Lavrio V, small-scale upgrades of the combustion systems will be implemented (total budget for both Units Euro 3.6 mil., the environmental part corresponding to the DLN Lavrio V upgrade is only Euro 3 mil.) to reduce NOx emissions.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

4. On November 28th, 2015 Directive 2015/2193 of the European Parliament and the Council of November 25th, 2015 was published in the Official Journal of the European Union, on the limitation of emissions of certain pollutants into the air from Medium Combustion Units, regardless of the type of fuel used. As Medium Combustion Units, are defined units with a rated thermal input equal to or greater than 1 MW_{th} and less than 50 MW_{th}. Pollutants in question are sulfur dioxide (SO2), Nitrogen oxides (NOx) and dust, while rules for the monitoring of emissions of carbon monoxide (CO) are defined. Production units of such a size, operate mainly in the islands (engines and turbines). Also, in many of PPC's SES, there are many G/S and auxiliary boilers, but with limited operating time.
The provisions of the new Directive should be thoroughly examined by the competent departments of PPC, so as together with the competent Greek authorities to timely promote the appropriate strategies for the electrification of the islands with technically and economically viable solutions which should also be promptly implemented, and in any case before the expiry of the deadline laid down by the Directive.
For the existing units in Small Isolated Systems, the compliance with the new Emission Limit Values will start from 01.01.2030.

   All the Aegean islands, starting from Crete, will be interconnected within the period 2020-2030, in accordance with IPTO's Ten-Year Development Plan 2021-2030 and the National Energy and Climate Plan (NECP), while any remaining electricity generation units will operate as a backup solution only in case of emergency in accordance with the provisions of the Directive for these cases.

   The extent of land contamination is assessed by PPC for its liable facilities, following the provisions of art. 22 of Directive 2010/75/EU and Environmental Terms Approval taking all appropriate precautionary measures. In the context of the decommissioning of the Unit Agios Georgios in Keratsini, a remediation study for the land and the underground water in the Unit was submitted in November 2016 and was approved by the Competent Authorities on July 2017. The remediation cost is estimated at 213 thousand Euro.

5. PPC has performed studies on the presence of asbestos-containing materials, at its facilities. Upon submission by PPC of a full environmental impact assessment study, the Ministry of Environment issued in May 2004 the environmental permit for the construction and operation by PPC, in its facilities in Ptolemaida area of an environmentally – controlled Industrial Waste Management Area for the management and final disposal of asbestos containing construction materials, from the plants of the Northern System. With the real estate transfer contract no. 37244 / 05.06.2015, which is legally transcribed, PPC transferred full ownership of the Industrial Waste Management Area, located at the Kardia Mine of the Western Macedonia Lignite Centre, in DIADYMA S.A. From the date of signing the contract, DIADYMA S.A. is responsible for the Area's management.
It should be noted that any dismantling/removal of asbestos-containing materials from PPCs' facilities is carried out by companies licensed for this purpose.

6. In April 2018 the Environmental Terms for Klidi and Megalopolis Mines were issued. These mines belong to the two subsidiaries "LIGNITIKI MELITIS S.A." and "LIGNITIKI MEGALOPOLIS S.A." respectively. At the beginning of January 2020, the Council of State announced the revocation of the Environmental Terms of SES Melitis, resulting in its temporary decommissioning. The approval of the new Environmental Terms was completed at the end of May 2020 and the SES has returned to normal operation.

7. In June 2020 the Decision Approving the Environmental Terms for Amyntaio Mine was issued.

   In addition to the environmental obligations arising from the Environmental Terms Approval of the Power Stations and Mines, PPC in 2019 undertook voluntarily to dismantle all the Power Plants' and Mining facilities and remove their equipment when these cease to operate as well as to restore the land areas. For this liability necessary provisions are recognized amounting to Euro 422.6 mil. on June 30th, 2020, (December 31st, 2019: Euro 409.3 mil.) and are included in the line item "provisions" of the interim condensed Statement of Financial Position as of June 30th, 2020.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

8. During March and May 2013, CO_2 emission licenses were issued for all 31 PPC's installations, for the 3rd implementation phase of the European Union Emissions Trading System (EU ETS phase III, from January 1st, 2013 to December 31st, 2020). In November 2015 the license of the Lignite Centre of Western Macedonia thermal station was revoked due to its decommissioning. In May 2017 the licenses of SES Ptolemaida and SES Agios Georgios thermal stations were revoked due to their decommissioning. In February 2018 the CO_2 emission license of the Power Plant in South Rhodes was issued. Following the establishment of subsidiaries LIGNITIKI MELITIS S.A. and LIGNITIKI MEGALOPOLIS S.A., SES Melitis belongs now to LIGNITIKI MELITIS S.A. SES Megalopolis A belongs to LIGNITIKI MEGALOPOLIS S.A. while SES Megalopolis B was separated in SES Megalopolis Unit IV, belonging to LIGNITIKI MEGALOPOLIS S.A. and in SES Megalopolis Unit V, belonging to the Parent Company PPC S.A. As a result of these modifications, PPC's bound installations (including the aforementioned installations of subsidiaries) amount to thirty (30).

   Based on provisional ex-post data for the first half of 2020, the total CO_2 emissions of the Parent Company's bound plants for the period 01.01.2020 – 30.06.2020 amount to 7.43 Mt. Moreover, according to updated forecasted data, the total CO2 emissions of the Company's bound plants from 01.07.2020 to 31.12.2020 are estimated at about 8.74 Mt. It should be noted that the emissions of 2020 will be considered final by the end of March 2021, when the verification of the annual emissions reports (for the year 2020) by accredited third party verifiers will be completed. Consequently, the total CO_2 emissions rights that PPC will have to deliver for the period 01.01.2020 – 31.12.2020 is estimated at 16.17 Mt.
   On 31.03.2020, the verification of the annual emissions reports for the 30 bound plants of PPC Group for 2019 by accredited third party verifiers was completed and the reports were promptly submitted to the Competent Authority, according to the current legislation. The total verified CO_2 emissions for 2019 amounted to 23.09 Mt including the facilities of subsidiaries.
   During 2019, PPC has been allocated with about 43 thousand emission allowances corresponding to the generation of thermal power for district heating.

   According to the current European and National legislation, during the 3rd implementation phase of the EU-ETS (period 2013-2020), PPC is not entitled to free allocation of emission allowances for its bound stations, with the exception of allowances allocated for emissions corresponding to the generation of thermal power for district heating.

INVESTMENTS

A new Steam Electric Unit 660 MW in Ptolemaida

The Convention 11 09 5052 of Thermal Projects Engineering – Construction Department, that entered into force on 21.03.2013, assigned to the company TERNA SA. the execution of the Project: "SES PTOLEMAIDA - Study, supply, transportation, installation and commissioning of a Steam Electric Unit V of mixed capacity 660 MWel, with powder lignite fuel, and ability to generate thermal power 140 MWth for district heating", for a Contractual Consideration Euro 1,388,634,138.
Following the issuance of Supplement No.1 and No.2, the Total Contractual Consideration amounts to Euro 1,389,556,338.
For financing part of the Project [supply by HITACHI POWER EUROPE GmbH (HPE) of the main high-value equipment] with borrowed funds, a Loan Agreement between PPC S.A. and a Consortium of Banks headed by the German Bank KFW IPEX-BANK GmbH, amounting to Euro 739,000,000, with the insurance coverage of the German Organization Euler-Hermes was signed on 18.09.2013.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

On June 30th, 2020, the total expenditure for the Project (after an impairment of Euro 589 mil.) amounts to Euro 805 mil. (2019: Euro 766 mil.). On December 31st, 2019, the impairment loss of the project amounted to Euro 589 mil. following an impairment test carried out, since the immediate withdrawal plan of lignite units was an indication of impairment. The recoverable amount of the above investment was determined on the basis of the Value in Use method.
The construction of the project is in progress and the unit is expected to be put into commercial operation in 2022.

Hybrid Project in Ikaria

The Hybrid Energy Project in Ikaria "Naeras", of 6.85 MW total capacity, which was inaugurated on June 5th, 2019, combines the utilization of two renewable energy sources, Wind and Hydroelectric. The entire project has been connected to HEDNO's electricity network and operates since the beginning of 2019. The automated operation of the Project is expected to be completed during the third quarter of 2020. It is estimated that "Naeras" will produce clean energy of about 9.8 GWh/year. The expected submarine energy interconnection of Ikaria with Samos will enable better use of the "Naeras" energy produced.

Research, Development and Exploitation of Geothermal potential

PPC RENEWABLES S.A. has leased from the Greek State the Geothermal Research and Management rights of four (4) public mining sites: a) Milos-Kimolos-Polyagos, b) Nisyros, c) Lesvos and d) Methana. While maintaining the exclusive Research and Management rights, the subsidiary PPC RENEWABLES S.A. sought a Strategic Partner to co-exploit the geothermal potential of the above areas through an international tender. The submission of binding offers was completed in August 2018 and the "Highest Bidder" and the "Reserved Bidder" were announced in September 2018. In March 2020, the competent Ministry of Environment and Energy approved the establishment of a subsidiary under the name "Geothermikos Stochos II S.A." by PPC Renewables S.A., which will undertake the development of geothermal power plants in these areas. Moreover, with article 103 of law 4685/2020 (OG A 92 / 7.5.2020) the initial above lease term was extended by five years. Following the two above approvals (establishment of a subsidiary and extension of the lease term), the Board of Directors of PPC RENEWABLES S.A. decided at its meeting on 25.6.2020, to declare the company HELECTOR S.A. as a "Preferred Partner". The agreement will be completed after the approval by the Competition Commission.

Biomass project in Amyntaio, Florina

The tender for the selection of a Strategic Partner for the project "Installation and Operation of a Biomass Combustion Plant for the production of electricity and thermal energy" in Amyntaio, Florina is in progress.
The first phase of the international tender was completed in 2018. The organization of the second phase of the tender is pending.

Development of a Photovoltaic Plant from the 100% subsidiary of PPC RENEWABLES S.A. "Iliaka Parka Ditikis Makedonias 1 S.A."

PPC Renewables S.A. has successfully participated in RAE's Tender Procedure which took place in July 2019, ensuring a Reference Price for the Photovoltaic Plant of its 100% subsidiary "Iliaka Parka Ditikis Makedonias 1 S.A." of 14.99 MW capacity, which is going to be installed at the location Paliabela in the Prefecture of Kozani. The company proceeded in January 2020 to an international open tender for the study, supply, transportation, installation and commissioning of this project, including and the required Substation (Agios Christoforos Substation) and in July 2020 the Contract for the Construction of the Project was signed with the contractor company METKA-EGN LTD.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Development of a Photovoltaic Plant from the 100% subsidiary of PPC RENEWABLES S.A. “Iliaka Parka Ditikis Makedonias 2 S.A.”

PPC Renewables S.A. has participated successfully in RAE’s Tender Procedure which took place in December 2019, ensuring a Reference Price for the Photovoltaic Plant of its 100% subsidiary “Iliaka Parka Ditikis Makedonias 2 S.A.” of 14.99 MW capacity, which is going to be installed at the location Xiropotamos in the Prefecture of Kozani. The company proceeded in March 2020 to an international open tender for the study, supply, transportation, installation and commissioning of this project, including and the required Substation (Haravgi Substation), while the company TERNA S.A. have been declared as a temporary contractor.

Participation of the Photovoltaic Plant from the 100% subsidiary of PPC RENEWABLES S.A. “Iliako Velos 1 S.A.” in RAE’s Tender Procedure in April 2020 and tender for the construction of the Project

PPC Renewables S.A. participated successfully in RAE’s Tender Procedure which took place in April 2020, ensuring a Reference Price for the Photovoltaic Plant of its 100% subsidiary “Iliako Velos 1 S.A.” of 200 MW capacity, which is going to be installed at the location West Macedonia Lignite Center (WMLC) in the Prefecture of Kozani. The company proceeded in April 2020 to an international open tender for the study, supply, transportation, installation and commissioning of this project, including the expansion of two (2) Substations 33kV/ 150kV (Haravgi Substation and Agios Christoforos Substation) with the implementation of three new transformer gates, which is in progress.

Repowering of 9 Wind Parks in Aegean Sea and Construction of a new Wind Park in Tigani of Mykonos

In 2018 the old Wind Parks were decommissioned and the execution of a Contract concerning the Study, Supply, Transportation, Installation and Commissioning of Ten (10) Wind Parks in Aegean Sea of 19.80 MW total capacity with a total budget of Euro 28.1 mil. was started. These Wind Parks are: Sigri of Lesvos, Ag. Ioannis of Karpathos, Vigla of Lemnos, Potamia of Chios, Prophet Elias of Psarra, Melanios of Chios, Pythagorio of Samos, Perdiki of Ikaria, Marmari of Evia and Tigani of Mykonos. Moreover, the Contract for the Study and Construction of Infrastructure Projects of Wind Parks, with a total budget of Euro 5.9 mil. is executed. In 2019, 8 Wind Parks: Ag. Ioannis of Karpathos, Perdiki of Ikaria, Pythagorio of Samos, Tigani of Mykonos, Marmari of Evia, Prophet Elias of Psarra, Potamia of Chios and Sigri of Lesvos have been repowered and electrified. The Wind Parks Melanios of Chios and Vigla of Lemnos are expected to be completed by the end of 2020. On June 30th, 2020, the total expenditure for the Wind Parks Melanios of Chios and Vigla of Lemnos amounts to Euro 4.2 mil. and Euro 1.5 mil. respectively, while the total contractual consideration has been paid.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Repowering of Wind Park in Monis Toplou Sitia Crete

The Contract for the Study, Supply, Transportation, Installation and Commissioning of a new Wind Park of 6.00 MW total capacity is in progress for a Contractual Consideration of Euro 6.3 mil. The contract for the Infrastructure Projects was signed within May 2020 and the construction works of the Wind Park have already begun. On June 30th, 2020, the total expenditure for the project amounts to Euro 4.5 mil.

Wind Park in Aera of Karditsa

A tender for the Study, Supply, Transportation, Installation and Commissioning of one (1) Wind Park at the locations of "Aera" of the Municipality of Mouzaki and "Afentiko" of the Municipality of Argithea and one (1) High Voltage Center 20 / 400 KV, Power 100 MVA of closed type with gas insulated equipment, at the location "Diaselo-Pr. Elias" of the Municipality of Mouzaki, Regional Unit of Karditsa, is in progress . The total contractual consideration amounts to Euro 43 mil. The Wind Park is of 27.6 MW total capacity. The construction works began in February 2019, and the semi-commercial operation is expected to begin at the end of 2020. On June 30th, 2020, the total expenditure for the project amounts to Euro 35.6 mil.

Repowering of SHPP Louros

In July 2020, the tests for the commissioning of the project under limited capacity (5MW) were completed and it was put into semi-commercial operation in the same month. At the same time, preliminary works are carried out for the reconstruction of the adjacent Substation for the full absorption of the capacity of the station. On June 30th, 2020, the total expenditure for the project amounts to Euro 6.8 mil., while the total contractual consideration amounts to Euro 6.8 mil.

Construction of SHPP Smokovo II

The Contract with the Joint Venture “EYDROMOS S.A.- GH CONSTRUCTIONS IKE” for the Construction of SHPP Smokovo II (3.2 MW) is under execution. On June 30th, 2020, the total expenditure for the project amounts to Euro 0.8 mil., while the total contractual consideration amounts to Euro 3.7 mil.

Construction of Small Hydro Plant (SHP) Makrochori II

In June 2020, the Contract with the construction company "CHRISTOPHER D. CONSTANTINIDIS" for the Construction of SHP Makrochori II was signed and during the current period the Implementation Study of the Project is under preparation. On June 30th, 2020, the total expenditure for the project amounts to 88 thousands of Euro, while the total contractual consideration amounts to Euro 7.4 mil.

Wind Park in Xerakia, Kefalonia

The tender for the “Study, Supply, Transportation, Installation and Commissioning of one (1) Wind Park of 9.2 MW total capacity at the location of Xerakia-Dilinata of the Municipality of Kefalonia, region of Ionian Islands” was completed and "AMERESCO ENERGY HELLAS S.A." was declared as the contractor for the Supply. The tender for the “Study and Construction of Infrastructure Projects of the same Wind Park at the location of Xerakia-Dilinata of the Municipality of Kefalonia, Region of Ionian Islands” was completed and the joint venture "AMERESCO ENERGY HELLAS - RES INVEST- ENERGY PROFIT" was declared as a temporary contractor. The total contractual consideration amounts to Euro 11.8 mil., while on June 30th, 2020, the total expenditure for the project amounts to Euro 6.4 mil.

14. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)

Wind Park in Mamados Tinos

During 2020, the tender for the Wind Park in Mamados Tinos is expected to be launched again, as the tender which was launched in August 2017 was declared barren.

Repowering of SHPP Vermio

The tender for the renovation of SHPP Vermio, of 1.96 MW capacity with a budget of Euro 4.05 mil. has been completed and the Joint Venture "EYDROMOS S.A.- GH CONSTRUCTIONS IKE" has been appointed as the final contractor of the project. On June 30th, 2020, the total expenditure for the project amounts to 65 thousands of Euro.

International Partnerships with other Groups for the joint development of RES Projects

In the context of broader turn of PPC Group in the field of renewable energy sources and its declared extroversion, PPC Renewables signed a Memorandum of Understanding (MoU) with MASDAR TAALERI GENERATION D.O.O. (MTG).

According to MoU, both parties will jointly explore the possibilities of cooperation in the construction and development of RES projects in Greece focusing on wind and photovoltaic projects. The development of the projects will be in accordance with the corporate practices of each party based on the optimal cooperation structure and the most appropriate business model.

A Memorandum of Understanding (MoU) was also signed with EDPR, a subsidiary of ENERGIAS DE PORTUGAL S.A. (EDP), which aims to build and develop RES Projects in Greece of at least 400MW installed capacity.

Finally, in March 2020, PPC Group signed a Memorandum of Understanding with RWE for the development of RES projects in Greece through PPC Renewables S.A., in the context of its lignite phase-out strategy and its broader turn in the field of renewable energy.

15. OTHER DISCLOSURES

Additions - Disposals of Tangible Fixed Assets

On the six-month period ended June 30th, 2020, Group's and Parent Company's new tangible assets amounted to Euro 77.2 mil. and Euro 75.4 mil. respectively (2019: Group Euro 70.5 mil., Parent Company Euro 70.2 mil.). These amounts concern mainly investments in the Distribution Network. Furthermore, the construction of tangible assets was completed, and their cost was transferred from the Construction in Progress to the Group's and Parent Company's assets that are in operation totaling to Euro 11 mil. and Euro 6.2 mil. respectively, (for the period ended June 30th, 2019: Group Euro 98.8 mil., Parent Company Euro 90.6 mil.).

The capitalized expenses recorded in the Group's and Parent Company's construction in progress amounted to Euro 83 mil. and Euro 72.5 mil. respectively (2019: Group Euro 305 mil., Parent Company Euro 239.6 mil.) and include capitalized borrowing costs totaling to Euro 11.4 mil. (for the period ended June 30th, 2019: Euro 9.8 mil.).

15. OTHER DISCLOSURES (CONTINUED)

On June 30th, 2020, capitalized costs in Parent Company's Construction in Progress were impaired totaling Euro 22.5 mil. out of which Euro 10.6 mil. concern investments that are implemented gradually in order for Units I, II, III and V of SES Agios Dimitrios to adapt to the environmental requirements of Directive 2010/75/EU and to comply with the objectives of Transitional National Emissions Reduction Plan (TNERP). On December 31st, 2019, the Parent Company recognized a provision for losses based on IAS 37 (onerous contracts) amounting to Euro 45.7 mil. for the aforementioned investments that cannot be avoided and derive from the specific environmental obligation. Therefore, this impairment of the capitalized costs by Euro 10.6 mil., reduced equally the relevant provision recognized on December 31st, 2019 and did not charge the income statement of the period. The remaining part of the impairment concerns mainly additions made to the Mines (Euro 10 mil.) and the specific amount charged the income statement of the period.

For the period ended June 30th, 2020, fixed assets with a total net book value of Euro 1.3 mil. were dismantled / sold by the Group and the Parent Company, respectively (2019: Group and Parent Company Euro 1.3 mil.).

Employee benefits

On June 2nd, 2020, based on the Decision No. 131, the Parent Company's Board of Directors decided to implement for the current year a voluntary retirement program by providing financial incentive equal to Euro 20,000 to employees with indefinite employment contracts aged 55 and older, including those who reach the age of 55 by December 31st, 2020, regardless of the establishment of a pension right due to the withdrawal of the Lignite Units (Mines and SES) of Western Macedonia, in the context of Business Planning and Lignite phase-out. This financial incentive will be paid in addition to the legal compensation of up to Euro 15,000 as defined in article 2, par. 2 of A.N. 173/1967. Employees who met the requirements of the program had to declare their voluntary participation in it until June 30th, 2020. On June 30th, 2020, the Parent Company recognized an additional provision for benefits to the employees who joined the program amounting to Euro 12.88 mil.

On June 5th, 2020, the Board of Directors of Lignitiki Melitis S.A. and the Board of Directors of Lignitiki Megalopolis S.A. decided (Decision No. 17 and Decision No. 13 respectively) to provide to the employees of the lignite subsidiaries the above-mentioned financial incentive under the same conditions of the voluntary retirement program of the Parent Company. For the period ended June 30th, 2020, the Group recognized an additional provision for benefits to the employees due to the new voluntary retirement program amounting to Euro 14.765 mil.

On July 14th, 2020, based on the Decision No. 75, the Parent Company's Board of Directors decided to implement for the current year a voluntary retirement program by providing financial incentive equal to Euro 20,000 to all Company's employees, including those who have been transferred to other State agencies and are occupied with indefinite employment contracts regardless of the specialization, to the executives of the company who are employed on a fixed-term contract and come from the permanent staff and to the lawyers with mandated pay aged 55 and older, including those who reach the age of 55 by December 31st, 2020, regardless of the establishment of a pension right. Employees who meet the requirements of the program and wish to join it, must declare their voluntary participation within September 2020. For this voluntary retirement program, provision for benefits will be established within the second half of 2020.

16. SUBSEQUENT EVENTS

In addition to those presented in other notes, the following events occurred from June 30th, 2020 until the date of approval of the Financial Statements:

Repayment of loans and new loans

During the period July 1st, 2020 – September 3rd, 2020, the Parent Company proceeded to debt repayments of loan installments amounting to Euro 82.2 mil.

During the period July 1st, 2020 – September 3rd, 2020, the Parent Company has drawn an amount of Euro 2.1 mil. from a Bond Loan amounting to Euro 739 mil., with a consortium of foreign banks supported by the German Export Credit Insurance Organization ''Euler Hermes'', for financing part of the construction cost of the new Lignite Unit “Ptolemaida V”.

The Parent Company, having activity in the supply and distribution of electricity, belongs to the companies affected by the pandemic and based on Business Activity Code Number is included in the package of measures announced by the government (OG 1457/16.04.2020).

In the above content, the Board of Directors approved within July 2020, a financing through a Bond Loan, of a five-year duration, amounting to Euro 30 mil. from the CoViD-19 Business Guarantee Fund with the guarantee of the Hellenic Development Bank, for working capital.

Lease contract of the former camp "PLESSA MICHAEL” and establishment of the new company

In March 2020 the Parent Company’s Board of Directors decided the establishment of the 100% subsidiary company "PPC Project Mesogeion Sole Shareholder Company S.A." whose purpose is the implementation of the lease contract of the former camp "PLESSA MICHAEL” which was awarded to PPC S.A. by the National Defense Fund (NDF) after a public tender and generally, the undertaking of the best possible way of its use and exploitation, the necessary, according to the tender, demolition of existing buildings and construction of new ones as well as the relocation of PPC’s Services to it.
The company’s share capital amounted to Euro 25,000 divided into 250 common shares with a nominal value of Euro 100 per share. The total amount of the above share capital will be paid by the sole founder PPC S.A. The Board of Directors will consist of (3) to (5) Members, for a five-year term.

On July 3rd, 2020, PPC S.A. signed the above-mentioned lease contract with a lease term 50 years and the option of 10 years extension and an annual lease payment of Euro 2.7 mil. which will be adjusted every five years based on the consumer price index. Also, due to the substantial costs that will be required for the reconstruction and relocation of the former Camp Units, PPC has the right not to pay rentals in the first year of the lease, while for the next four years of the lease has the right to pay 50% of the rental. The lessor will obtain the ownership of the new building after the termination of the lease or after the end of the lease term.

Securitization of Trade Receivables from Energy sales of current electricity bills and due electricity bills of up to 60 days

On August 6th, 2020, PPC S.A. signed the contracts for the securitization of trade receivables from energy sales of current electricity bills and due electricity bills of up to 60 days for a net consideration of up to Euro 200 mil. with an interest rate of 3.5% and with an estimated gross amount of trade receivables of Euro 260 mil. The arranger of the transaction is Finacity Corporation with an investor a company of JP Morgan Group. With the finalization of the transaction, the Parent Company will recognize a financial liability to a special purpose vehicle, that will issue notes of an amount up to € 200 mil. for the securitization of the previous mentioned trade receivables. The trade receivables that will be included in the securitization will continue to be recognized in the statement of financial position, as the criteria of IFRS 9 for de-recognition are not met. Moreover, the conditions of IFRS for the consolidation of the special purpose vehicle are not met.

17. SEGMENT INFORMATION

There are no differences in the definition or the base of calculation of the profit or loss for each segment in comparison with the annual consolidated financial statements for the year ended December 31, 2019. There are no material changes in the definition of segments or the analysis per segment of total assets and liabilities in comparison with the annual consolidated financial statements for the year ended December 31, 2019.

Sales and inter segment results are as follows:

SUMMARY FINANCIAL RESULTS OF THE GROUP

JUNE 2020

AMOUNTS IN THOUSANDS OF EURO

	Sales		Profit (Loss) Before Tax	
	01.01.2020-30.06.2020	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Company	2,137,807	2,215,771	84,054	(338,454)
HEDNO S.A.	1,299,540	1,385,281	2,716	13,263
Groups' Other Companies	72,798	113,860	(6,091)	(91,718)
Eliminations (Group)	(1,260,565)	(1,409,710)	(29,449)	98,547
Grand total (Group)	**2,249,580**	**2,305,202**	**51,229**	**(318,362)**

SUMMARY FINANCIAL RESULTS OF THE PARENT COMPANY

JUNE 2020

AMOUNTS IN THOUSANDS OF EURO

	Sales to Third Parties		Internal Sales		Profit (Loss) Before Tax	
	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Interconnected system						
Mines	4,614	13,264	127,092	166,404	(73,863)	(79,986)
Generation	382,604	576,653	-	-	(220,337)	(273,848)
Distribution Network	168,574	173,263	-	-	34,586	37,116
Supply	1,937,637	2,160,565	21,919	34,167	284,660	(34,044)
Natural Gas (Supply)	319	-	-	-	138	-
	2,493,748	**2,923,745**	**149,011**	**200,571**	**25,184**	**(350,762)**
Creta Network						
Generation	201,751	247,175	-	-	(3,041)	11,091
Distribution Network	12,409	11,906	-	-	(104)	(2,254)
Supply	270,106	284,041	804	615	36,940	13,615
	484,266	**543,122**	**804**	**615**	**33,795**	**22,452**
Non-Interconnected Islands System						
Generation	176,772	202,185	-	-	12,377	(16,044)
Distribution Network	10,537	10,769	-	-	(203)	(578)
Supply	211,546	227,690	664	374	16,307	(2,857)
	398,855	**440,644**	**664**	**374**	**28,481**	**(19,479)**
Eliminations	(1,239,062)	(1,691,740)	(150,479)	(201,560)	(3,406)	9,335
Company	**2,137,807**	**2,215,771**	**-**	**-**	**84,054**	**(338,454)**