GRID TELECOM SINGLE MEMBER SA

ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31ST ,2019

Period from January 14, 2019 to December 31, 2019

According to International Financial Reporting Standards

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GRID TELECOM SINGLE MEMBER S.A.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF GRID TELECOM SINGLE MEMBER S.A.

For the period from 14th January 2019 to 31st December 2019

Dear Shareholders,

This Annual Management Report, which follows, (hereinafter referred for brevity as "the Report") was prepared in accordance with the applicable Law and the Articles of Incorporation of the company GRID TELECOM SINGLE MEMBER S.A. (hereinafter referred as "GRID TELECOM" or "the Company") and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by Law, in order to provide substantial and detailed information about the activity during the first fiscal year ended at December 31, 2019.

The Company's Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

1. Company development and financial performance overview

Business model description, goals and core values

GRID TELECOM was established on January 14, 2019 by the INDEPENDENT POWER TRANSMISSION OPERATOR SA (or "IPTO" or "the Parent"). Its share capital amounts to € 300,000.00 (three hundred thousand Euro), was paid in full in the period, while the Company as a subsidiary of IPTO is fully consolidated in the Group's results. The Company's sole purpose and activity consists of:

a) The provision of electronic communications services, products and integrated services/solutions, as well as broadband access.

b) Installation, operation, exploitation, management and development of any kind of electronic communications networks and any kind of electronic communications infrastructure and related services, in local, national, cross-border and international level.

c) The development, installation, operation, management and exploitation of all types of mobile and fixed communication services.

d) Undertaking activities related to the provision of electronic communications services, telecommunications, including system design, as well as the development, production, use, sale, rental, leasing and maintenance of telecommunications equipment.

e) The acquisition of ownership of equipment and media for the provision of services that fall within the scope of the Company and the acquisition of ownership, use or exploitation rights through purchase, lease or otherwise of movable or immovable property or rights.

f) The development, installation, operation, management and exploitation of new services, based on technological developments in the fields of telecommunications, information technology, multimedia and Internet, as well as any other service that may be provided through the Company's network or other networks in the which the Company has or may have access to.

g) The provision of electronic data processing services, databases and internet services.

h) Provision of leased or subleased lines and network and leasing of capacity.

i) The provision of consulting services or services related to line/network operations, to companies affiliated with the Company, operating domestically or abroad.

(Amounts in Euro)

To fulfill the above purpose, the Company may:

a) Establish, with or without the participation of third-party physical or legal entities, or to participate in any business of any corporate type, with a similar or relevant purpose, in a broadly defined sense, in Greece and/or abroad.

b) Cooperate with any physical or legal entities in any way in Greece and / or abroad and enter into any agreements or contracts, of any kind.

c) Develop any kind of financial activity for the purpose of achieving its goals (e.g. lending, issuing bills of exchange, checks, banknotes, bonds, pledges and other debt securities or documents incorporating debt, etc.).

d) Lease, sublease, buy or sell or otherwise acquire or transfer real estate or movable property or rights or establish collateral or other rights.

e) Make use of funding programs and tools, in particular those offered by the European Union and its associated Agencies.

f) Perform technical, financial, organizational studies related to the construction, operation, organization, management, maintenance of any form of telecommunications facility, unit or structural projects including any related construction.

GRID TELECOM's registered office is located at 89, Dyrrachiou str., 104-43, Athens, Greece, and its duration has been set at 20 years from the date of its registration in the Commerce Register.

Principles of Administration and internal management systems

The administration bodies of the Company are the General Assembly of Shareholders and the Board of Directors which is elected, appointed and controlled by The General Assembly . The Company's organizational structured is approved by the Board of Directors.

Performance analysis and tangible and intangible assets

Financial overview of year 2019

The Company's total revenue represent operating and maintenance services and financial revenue related to the leasing of optical fiber to its customers.

Expenses relate to third party costs, including parent company IPTO based on the related intercompany contract, payroll costs and the formation of a credit risk provision.

In relation to the subleasing to customers, of part of the Fiber Optic Network leased by the Company from IPTO and in accordance with IFRS, a recognized gain of € 1.453.432 represents the difference between, the net book value of the Right of Use asset that was derecognized (lease of part of the network from ADMIE) and the value of financial receivable (sublease to customers).

The financial situation of the Company as at December 31, 2019 is judged to be satisfactory with its equity at the same date amounting to €1.309.798. For the period 14.1.2019 – 31.12.2019 the financial performance was as follows:

	14/01/2019 - 31/12/2019
Turnover (Sales from Operations & Maintenance)	144.247
Earnings Before Interest Tax and Depreciation (EBITDA)	1.223.945
Earnings Before Tax	1.329.198
Net Income	1.009.798

Cash flows

The cash inflows consist mainly of the payment of the share capital at the time of the Company's establishment, while cash outflows mainly concerned the payment of the Company's payroll and operating expenses. In December 2019, the Company held a bank account with the National Bank of Greece.

Dividend policy

Pursuant to Article 24 of the Articles of Association, the distribution of net profits and the payment of dividends shall be made in accordance with the provisions of the law.

On May 7, 2020 the Board of Directors approved the Financial Statements for the fiscal year 2019 and proposed to the Ordinary General Meeting of Shareholders the non-distribution of dividend for the fiscal year ended December 31, 2019.

Tangible and intangible assets

As of December 31, 2019 the Company only had equipment in its tangible asset while its intangible assets related to the right of use on real estate (office space) of € 65.207.

2. Major risks

The Company is constantly monitoring developments with the aim of limiting as much as possible the potential adverse effects that may result from various events.

Inventory

Risk of Inventory impairment

The Company at each reporting date assesses whether or not there is any indication of impairment of inventories. Determining whether there is any evidence of impairment requires Management to make estimates. As at December 31, 2019 the Company had no inventories.

Future prospects and how these are affected by the existing regulatory framework

Risk of decline in demand

GRID TELECOM takes advantage of the nationwide fiber optic network ADMIE has in place to promote telecommunications services in the domestic and international market. This optical network has a large number of alternative routes, which ensure high availability of services to customers. Due to the profile of potential customers of the Company and the nature of the telecommunications market activity which is characterized by strong growth, demand is not expected to decline in the near future.

Other risks related to the activity or the sector in which the Company operates

Risks related to the sector in which the Company operates

Considering the Greek State holds (directly or indirectly) 51% of the share capital of the parent company IPTO, GRID TELECOM as a 100% subsidiary of IPTO may be considered, in certain areas, as a Greek Public Sector Company. Consequently, its operations will continue to be subject to laws and regulations applicable to companies in the Greek Public Sector that affect specific procedures. Indicatively, and not restrictively, those relating to remuneration, pay ceilings, and procurement procedures. Nonetheless, the Company's business sector is completely different from that of its regulated parent entity's and is characterized by complete competitiveness as a free market. Consequently, the main risk is therefore the risk of competition, as the market involves established companies in the sector. This risk is largely offset by the Company's access to the IPTO network which is characterized by high penetration, excellent quality and increased safety. Features that are considered attractive and essential by interested customers.

Liquidity risk

Liquidity risk is associated with the need for adequate financing for the operation and development of the Company. The Company manages its liquidity risk by monitoring and scheduling its cash flows, and acting appropriately by securing adequate cash levels, seeking long-term relationships with its customers. The Company ensures efficient and low-risk placement of cash keeping cash available for investments specified in its business plan.

Credit risk

For trade receivables arising from long-term leases, the Company is exposed to credit risk to the extent that account receivables are not ensured. In this context, the Company acts by requesting advances as a part of the total future liability, letters of guarantee of good repayment and recognizing relevant loss allowances in its income statement.

Currency risk

Currency risk is insignificant for the Company and relates mainly to any potential agreements for the supply of materials or equipment whose payment is in foreign currency. As at December 31, 2019, the Company had not entered into any material or equipment supply contract and has no Assets or Liabilities in Foreign Currency.

Risk of changes in taxation and other regulations

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

3. Environmental issues

The Company recognizes the need for continuous improvement of its environmental performance and compliance with laws and international standards and aims at a balanced economic development in harmony with the natural environment. Following a path of sustainable development, it carries out its activities in a way that ensures environmental protection. Management considers that there are currently no conditions for the recognition of provisions for environmental liabilities.

4. Labor issues

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

Promoting equal opportunities and protecting diversity are fundamental principles of the Company. Company Management does not discriminate in recruitment / selection, remuneration, training, job assignment or any other job activity. The factors that are exclusively taken into account in management responsibilities are the experience, personality, theoretical training, qualifications, efficiency and competences of the individual. The Company encourages and recommends all its employees to respect the diversity of each employee or supplier or customer of the Company and not to accept any behavior that may be discriminatory in any form. The Company had one employee as of December 31, 2019.

Respect of employees rights and trade union freedom

The Company respects the rights of its employees, ensures the maintenance and enhancement of a work peace climate and observes labor laws.

(Amounts in Euro)

Health and safety at work

Employee safety is a top priority and a prerequisite for the operation of the Company. The Company maintains in all workplaces "first aid" materials (medicines, bandages, etc.)

In March 2020 in response to the spread of coronavirus disease (Covid-19) and following the instructions of the National Public Health Organization, the Company adopted all measures regarding the protection and safety of personnel.

Recruitment process, training, promotions

The selection and recruitment procedures are based on the qualifications required without discrimination.

5. Financial key performance indicators (KPIs)

Indicators of financial structure	**14/01/2019 - 31/12/2019**
Current assets/Total Assets	21,06%
Non-Current assets/Total Assets	78,94%
The above indicator depicts the allocation of capital between current and non-current assets	
Equity/Total Liabilities	33.31%
The above indicator shows the financial self-sufficiency of the Company	
Total Liabilities/Total Equity and Liabilities	75.01%
Equity/ Total Equity and Liabilities	24.99%
The above indices show the loan dependency of the Company	
Equity/Non-Current Assets	31.66%
This ratio shows the extent of equity financing of the Company	
Current Assets/Current Liabilities	99.56%
The above ratio reflects the overall liquidity of the entity	

Performance and efficiency indicators	**14/01/2019 - 31/12/2019**
Earnings Before Tax /Equity	101.48%
This index reflects the profitability of the Company's equity	

6. Future development of the Company

Prospects for 2020

The network that GRID has access to today has 2,500 kilometers of fiber optic cable nationwide and the network is constantly expanding. Alternative methods of installing fiber optic cables (Skywrap, ADSS) have also been evaluated and implemented.

This optical network, to a large extent, has alternative routes that ensure high availability of services to customers. The services initially provided by GRID-TELECOM primarily concern the distribution of Dark Fiber to Telecommunications Providers and large companies.

The immediate plans for the Company are the implementation of optical rings to the big Data Centers of Athens and Thessaloniki. These Data Centers house all major telecommunications providers as well as the largest businesses in the field, the lot of them being potential customers of GRID TELECOM.

In 2019, the Company expressed interest in participating in the “Ultra-Fast Broadband” (UFBB) competition, which concerns the construction and operation of an optical fiber network in various regions of the country and the provision of wholesale services to telecommunication providers. This is the largest Public-Private Partnership project, with a budget of € 700 million (€300 million from public funding), involving 2.4 million citizens and businesses. GRID TELECOM expects to be actively involved in the next phases of the competition aiming to undertake sections or regions where it identifies a competitive advantage.

The appearance of coronavirus (Covid-19) in early 2020 and its spread over the next period has led to both preventive and restrictive measures. Some of these measures - including: suspension of educational structures, department stores and crowded areas as well as the reduction of unnecessary movements - affecting the day-to-day operation of the Company and are therefore expected to affect its financial performance for the year 2020, but the impact cannot currently be evaluated. The Company monitors the developments in order to be able to respond directly to the demands of the global and domestic environment. In addition, in order to protect employees, the Company has implemented measures to reduce the risk of staff exposure to the virus (teleworking when possible) and is in constant contact with the National Public Health Organization on coronavirus issues for further instructions and measures regarding staff protection and safety.

7. Company activity in the field of Research & Development

The Company did not incur expenses in the field of "research and development" in 2019.

8. Information regarding the acquisition of treasury shares as provided in article 52 of Law 4548/2018

No treasury shares were acquired during the fiscal year 2019.

9. Company Branches

The Company has not established any branches.

10. Use of financial instruments

The Company does not use financial instruments.

11. Significant transactions with related parties

The Company is controlled by IPTO, which holds 100% of the paid up share capital and is the Parent Company.

On January 15,2019, the Company leased from IPTO SA part of the optical fiber network with a 15 year right of use for commercial exploitation through long-term sub-leasing to customers.

There are no material transactions that have not been carried out under normal market conditions.

12. Management Remuneration

No administration fees were paid for the period ended December 31, 2019.

13. Key Accounting Principles

For the preparation of the Statement of Financial Position for the fiscal year, as well as the Income Statement and other comprehensive income, Equity and Cash Flow Statements, the accounting policies as set forth by the Parent Company were applied and detailed in the Financial Statements.

14. Other issues

The Company has no foreign exchange currency.

There are no encumbrances, as the Company has no property.

By the decision of the Board of Directors on November 26, 2019 an Extraordinary General Meeting of the Company's Shareholders was convened to approve the increase of the Company's share capital in order to meet the Company's financial needs for operating and capital expenditures.

The Extraordinary General Meeting took place on January 2, 2020 and approved a share capital increase of € 1,500,000. The increase of the share capital will be effected by cash payment from IPTO, 100% shareholder of the Company and the issuance of 15,000 new ordinary shares, with a nominal value of one hundred euros (€ 100) each.

The same Extraordinary General Assembly elected a new Chairwoman of the Board of Directors to replace a resigned member.

Following this report, we kindly request that you

1. Approve the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, the summary of significant accounting policies and methods, and other explanatory information for the year 2019 (financial period 14/01/2019 - 31/12/2019)
2. Discharge the members of the Board of Directors and Auditors from all liability for the operations for the year 2019 (financial period 14/01/2019 - 31/12/2019)
3. Appoint one (1) regular and one (1) alternate certified auditor for the year 2020.

Athens, May 7, 2020

For the Board of Directors

The Chairwoman

Eleni Zarikou

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company GRID TELECOM SINGLE MEMBER SOCIETE ANONYME

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GRID TELECOM SINGLE MEMBER SOCIETE ANONYME (the Company), which comprise the statement of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GRID TELECOM SINGLE MEMBER SOCIETE ANONYME as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 150 of L. 4548/2018 and its content corresponds with the accompanying financial statements for the year ended 31/12/2019.

b) Based on the knowledge we obtained during our audit of GRID TELECOM SINGLE MEMBER SOCIETE ANONYME and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, May 7, 2020

KONSTANTINOS L. TAKIS

Certified Public Accountant Auditor

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(Amounts in Euro)

STATEMENT OF INCOME

	Notes	14/01/2019 -31/12/2019
Optical Fiber Maintenance Revenue	4	144.247
Total Revenues		**144.247**
EXPENSES:		
Payroll cost		(54.941)
Third party Services	6	(17.639)
Third party fees	7	(242.441)
Other Taxes	8	(2.505)
Depreciation and Amortization	9	(6.938)
Provisions against expected credit losses		(55.021)
Other expenses	10	(1.187)
Other sales	5	1.453.432
Total		**1.072.761**
PROFIT BEFORE TAX AND FINANCIAL RESULTS		**1.217.008**
Financial expenses	11	(233.239)
Financial income	12	345.430
PROFIT / (LOSS) BEFORE TAX		**1.329.198**
Income tax expense	13	(319.400)
NET PROFIT / (LOSS)		**1.009.798**

(Amounts in Euro)

STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2019
ASSETS		
Non – Current Assets:		
Tangible assets	14	3.595
Right of use asset	15	65.207
Deferred tax asset	13	14.204
Long-term receivables for optical fiber Sublease	16	4.054.639
Total non-current assets		**4.137.645**
Current Assets:		
Trade receivables, net	17	830.800
Other receivables, net	18	17.034
Short-term receivables for optical fiber Sublease	16	175.820
Cash and cash equivalents	19	80.461
Total Current Assets		**1.104.116**
Total Assets		**5.241.761**
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	20	300.000
Legal reserve	21	50.490
Retained earnings		959.308
Total Equity		**1.309.798**
Non-Current Liabilities:		
Long-term Lease liabilities	22	2.822.976
Total Non-Current Liabilities		**2.822.976**
Current Liabilities:		
Trade and other payables	23	596.698
Short-term Lease liabilities	22	134.770
Income tax payable		333.604
Accrued and other current liabilities		18.215
Deferred Income		25.699
Total Current Liabilities		**1.108.986**
Total Liabilities and Equity		**5.241.761**

(Amounts in Euro)

STATEMENT OF CASH FLOW

	14/1/2019-31/12/2019
Cash flows from operating activities	
Profit before tax	1.329.198
Adjustments to:	
Depreciation of Right of Use Aseet	6.938
Provisions against expected credit losses	55.021
Income from RoU	(1.453.432)
Credit Interest	(345.430)
Debit interest	233.239
Net profit before working capital changes	**(174.465)**
(Increase)/decrease in:	
Trade receivables	(330.745)
Other receivables	(17.034)
(Increase)/decrease in:	
Trade payables	256.527
Other payables and accrued expenses	43.914
Net cash flows from operating activities	**(221.804)**
Cash flows from Investing activities	
Interest received	2.329
Net cash flows from Investing activities	**2.329**
Cash flows from financing activities	
Share capital receipt	300.000
Interest Paid	(65)
Net cash flows from financing activities	**299.936**
Net increase/ (decrease) in cash and cash equivalents	80.461
Cash and cash equivalents, opening balance	**0**
Cash and cash equivalents , closing balance	**80.461**

(Amounts in Euro)

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STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Legal Reserve	Retained Earnings	Total equity
Balance 14/01/2019	**300.000**	**0**	**0**	**300.000**
Transfers	0	0	0	0
Reporting Period Results	0	50.490	959.308	1.009.798
Balance 31/12/2019	**300.000**	**50.490**	**959.308**	**1.309.798**

NOTES TO THE FINANCIAL STATEMENTS

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1. ESTABLISHMENT, ORGANIZATION AND OPERATION OF THE COMPANY

GRID TELECOM SINGLE MEMBER SOCIETE ANONYME was incorporated on January 14th, 2019 and is controlled by INDEPENDENT POWER TRANSMISSION OPERATOR S.A .(or «IPTO S.A». or «the Parent company») . The Company' s share capital amounts to Euro 300,000.00 (three hundred thousand euros) and it was paid in full during the year. The Company as a subsidiary of IPTO SA. is consolidated under the full consolidation method.

j) The provision of electronic communications services, products and integrated services/solutions, as well as broadband access.

k) Installation, operation, exploitation, management and development of any kind of electronic communications networks and any kind of electronic communications infrastructure and related services, in local, national, cross-border and international level.

l) The development, installation, operation, management and exploitation of all types of mobile and fixed communication services.

m) Undertaking activities related to the provision of electronic communications services, telecommunications, including system design, as well as the development, production, use, sale, rental, leasing and maintenance of telecommunications equipment.

n) The acquisition of ownership of equipment and media for the provision of services that fall within the scope of the Company and the acquisition of ownership, use or exploitation rights through purchase, lease or otherwise of movable or immovable property or rights.

o) The development, installation, operation, management and exploitation of new services, based on technological developments in the fields of telecommunications, information technology, multimedia and Internet, as well as any other service that may be provided through the Company's network or other networks in the which the Company has or may have access to.

p) The provision of electronic data processing services, databases and internet services.

q) Provision of leased or subleased lines and network and leasing of capacity.

r) The provision of consulting services or services related to line/network operations, to companies affiliated with the Company, operating domestically or abroad.

To fulfill the above purpose, the Company may:

g) Establish, with or without the participation of third-party physical or legal entities, or to participate in any business of any corporate type, with a similar or relevant purpose, in a broadly defined sense, in Greece and/or abroad.

h) Cooperate with any physical or legal entities in any way in Greece and / or abroad and enter into any agreements or contracts, of any kind.

i) Develop any kind of financial activity for the purpose of achieving its goals (e.g. lending, issuing bills of exchange, checks, banknotes, bonds, pledges and other debt securities or documents incorporating debt, etc.).

j) Lease, sublease, buy or sell or otherwise acquire or transfer real estate or movable property or rights or establish collateral or other rights.

k) Make use of funding programs and tools, in particular those offered by the European Union and its associated Agencies.

l) Perform technical, financial, organizational studies related to the construction, operation, organization, management, maintenance of any form of telecommunications facility, unit or structural projects including any related construction.

GRID TELECOM's registered office is located at 89, Dyrrachiou str., 104-43, Athens, Greece, and its duration has been set at 20 years from the date of its registration in the Commerce Register.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND THE MAIN ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

Declaration of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in accordance with their Interpretations as issued by the Commission. IASB Interpretations and Standards have been adopted by the European Union ("EU") and are mandatory for financial years starting as of January 1st,2019.

2.1.1 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the Financial Statements for fiscal year 2019, on May 7th, 2020. The Financial Statements are subject to approval by the Annual General Meeting of the Shareholders.

2.1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the historical cost principle (except for fixed assets measured regularly at fair value) and the going concern principle. The financial statements are presented in thousands of Euros and all values are rounded to the nearest thousand unless otherwise stated. Any differences that may be noticed in the tables are due to rounding's.

The accompanying Financial Statements are subject to the provision of IFRS 1 «First Time adoption of the IFRSs», as they constitute the Company's first application of IFRSs.

2.1.3 MACROECONOMIC AND BUSINESS ENVIRONMENT RISK IN GREECE

n 2019, the growth momentum of the Greek economy continued at the same pace of recovery as in 2018 and 2017, despite a further slowdown of growth rates worldwide.

In particular, the Economic Sentiment Index has been significantly improved, showing continuous dynamic development.

The Economic Sentiment Index stood at 102 points, while in September 2019 stood at 107.2 points. All other indexes of business and consumer confidence improved as well despite the slight decline in October 2019. The improvement reflects the implementation of expansionary fiscal policies up to 1% of GDP that came into effect in May-December 2019.

Positive developments in the financial sector are recorded while bank funding and liquidity conditions have improved. Confidence in the banking sector has improved substantially and capital controls were fully lifted on September 1st. The substantial improvement of liquidity conditions of the Greek banking system led to the increase of bank financing of non-financial corporations. Greek government and corporate bond yields have declined significantly in recent months. Government bond yields have declined sharply since the start of the year. For example, 10- year yields came down to 1.20% at the end of October from nearly 1,49% in September and 2,67% in June 2019, while the interest rate on 3-month Treasury bills was slightly negative -0,02%, in October 2019. The de-escalation of Greek government bonds yield and an early partial repayment of IMF loan, led to lower interest costs and increased the sustainability of the government debt.

The positive, up to now, development, is also reflected in the recent upgrading of Greece credit ratings and GDP growth. Specifically, in 2019, Moody's upgraded Greece ratings to B1 from B3, while on 25/10/2019 rating agency Standard & Poor's (S&P) announced the upgrading of the Greek rating by one notch to BB-, from B+ S&P maintained its positive outlook for Greece. According to Eurosystem staff macroeconomic projections, Greek GDP is expected to grow by 1.9% in 2019

The Company continuously assesses the situation and its potential impacts to ensure that all necessary actions are taken promptly, to minimize any impact on its operations.

2.2 SIGNIFICANT ACCOUNT ESTIMATES AND MANAGEMENT'S JUDGEMENTS

The preparation of the Annual Financial Statements requires estimations, judgements and assumptions from Management that affect the reported amounts of assets and liabilities, the disclosure of Contingent Assets and Liabilities at the date of the Annual Financial Statements and the reported amounts of revenues and expenses during the reporting periods. The Management's estimations and judgements are reviewed annually. The actual results may differ from these estimations.

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

Fair value and useful lives of tangible fixed assets

Management estimates the residual useful life of depreciable fixed assets, based on previous experience and the technical specifications of assets that are subject to periodic review.

Risk provisions

The Company forms provisions against expected credit losses regarding the lease receivable.

Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that a long-term asset may have been impaired. The determination of whether such indications exist, require Management to make assumptions and judgments with respect to external and internal factors that may affect the recoverability of its assets. Impairment loss is recognized when is estimated to be of a permanent nature.

Indications of impairment may include market value declines , negative changes in technology, markets, economy, or laws, increases in market interest rates or other rates that are likely to result in significant reduction in the asset's recoverable value and the obsolescence or physical damage

When the carrying amount of an asset exceeds its recoverable amount, the impairment loss is recognized in Income Statement. Previously recognized impairment losses are reversed when the conditions that caused them cease to exist. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

Income tax and deferred tax

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

2.3 BASIC ACCOUNTING POLICIES

Foreign Currency Conversion

The Company's financial statement items are measured using the currency of the primary economic environment in which it operates («operating currency»). The functional and reporting currency is the Euro.

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

Non-Financial Assets

Intangible Assets

Intangible Assets include acquired software licenses. Software programs are valued at the acquisition cost minus accumulated depreciation and amortization. For all assets retired or sold, their acquisition cost and related depreciation are written off. Any gain or loss is included in the income statement. Software costs are amortized on a straight-line basis over a period of five years.

Tangible Fixed Assets

Tangible Assets are initially recognized at their acquisition cost which includes all directly attributable expenses for their acquisition of their construction until they are ready for use as intended by the Management. Subsequent to their initial recognition, tangible fixed assets are measured at historical cost less any accumulated depreciation and amortization.

Repair and maintenance expenses are charged to the statement of income of the year in which they are incurred. Subsequent future expenditures are capitalized when they meet the criteria to be recognized as assets and increase the value of the fixed assets. For all assets retired or sold, their acquisition cost and related depreciation are written off from the accounts at the time of sale or retirement. Any gain or loss is included in the income statement.

Borrowing Cost

Borrowing costs that are directly related to the acquisition, construction or production of an asset that needs a significant period of time to be accessible for use, are capitalized as part of the related assets' acquisition cost. All other borrowing costs are identified as an expense in the year that they occurred.

Depreciation

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

Right of Use Asset	10
Other equipment	35
Furniture and other equipment	5-25

The useful life of the assets equal to the one used by the "Parent" company IPTO SA.

Impairment of Non-Financial Assets

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

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

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

Financial Assets

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

- At amortized cost.
- At fair value through the statement of other comprehensive income (for equity investments).
- At fair value through the statement of other comprehensive income (for debt investments).
- At fair value through the Income Statement.

based on

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

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

Trade, other receivables and finance lease receivables

Trade, other receivables and finance lease receivables refer to financial assets with determinable flows that are not quoted in an active market. They are measured at amortized cost using the effective interest method. Gains and losses, including impairment and amortization, are recognized in the income statement.

Impairment of Financial Assets

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

Financial assets measured at carrying amount

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

- 12 months of expected credit losses (these expected losses may arise due to contractual default events within 12 months of the reporting date).

- expected lifetime credit losses (these expected losses may arise from events that occur over the life of the financial asset).
- Life time credit losses (if there are objective evidence of impairment of the financial asset).

Measurement of expected credit risk losses

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

Impairment Presentation

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

Write-off of Financial Assets

Financial assets (or, where applicable, the part of a financial asset or part of a group of financial assets) are deleted when:

- contractual rights are expired over Cash flows of the financial Asset or
- transfer the financial asset and this transfer fulfils the conditions of the standard for cessation of recognition.

Cash and Cash Equivalents

Cash and cash equivalents include cash and sight deposits. Cash equivalents are short-term high liquidity investments that are convertible to cash amounts and are subject to insignificant risk of change in value.

Offsetting of Financial Receivables and Liabilities

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

Financial Liabilities

Financial liabilities are presented in the depreciated cost and are derecognized when the obligation under the liability is fulfilled, cancelled or expires.

In case an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

Provisions for Risks and Expenses, Contingent Liabilities and Contingent Claims

Provisions are recognized when the company has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Income Tax (Current and Deferred)

Current income tax

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

Deferred income tax

Deferred income tax is calculated using the liability method, on all temporary differences at the reporting date between the tax base and the book value of assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred income tax liability arises from initial recognition of capital gain or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carried forward tax assets and tax losses, to the extent that it is possible that taxable profit will be available to use against the deductible temporary differences and the carried forward unused tax assets and unused tax losses. A deferred tax asset is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction it does not affect either the book profit or the taxable profit or loss.

Deferred tax assets are reassessed at each financial year and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used. Deferred tax assets and liabilities are calculated based on the tax rates that are expected to be effective for the period in which the asset is realized or the liability settled, based on the tax rates (and tax laws) that are in force or have been enacted at the date of preparation of the Financial Position statements. Income tax relating to items that are recognized directly in other comprehensive income is recognized as well directly in other comprehensive income and not in the Income Statement.

Defined Contribution Plan

The Company recognizes as an expense the employee contributions payable to the National Social Security Entity and as a liability the amount that has not been paid yet.

Revenue Recognition

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

The Company does not enter into contracts where the period between the transfer of the goods or services and the payment by the customer exceeds one year. Therefore, the Company do not adjust the transaction price for the time value of money.

Revenue from services

The Company’s main revenue arises from the provision of specialized services for the Operation & Maintenance of the optical fiber network.

The revenue from the Operation & Maintenance of the optical fiber network is recognized over time as the customer receives and consumes the benefits provided by the Company.

Interest Income
Financial income includes interest income from the Optical Fiber sublease and is recognized at the effective interest rate method. Lease Payments received are recognized as a decrease of the net investment and a portion as a lease income.

Interest on cash deposits represents income recognized with the nominal interest rate method.

Leases

The company as a lessee

Based on IFRS 16, the classification of leases as operating leases and financial leases is terminated for the lessee and all leases are accounted for as items of the Statement of Financial Position, through the recognition of a "right-of-use asset" and a "lease liability", except for short-term leases (defined as leases with a lease term of 12 months or less) and leases whose underlying asset is of low value (ie less than € 5,000). The Company treats these leases as operating expenses using the straight-line method over the term of the lease. The Company recognizes the lease payments relating to these leases as operating expenses in the Income Statement.

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

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

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

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

Initial measurement of the lease liability

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

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

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

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

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

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

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

Subsequent measurement

Subsequent measurement of the right-of-use asset

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

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

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

The Company depreciates the right-of-use asset over the term of the lease 10 years, and determines whether it is impaired.

Subsequent measurement of the lease liability

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

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

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

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

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

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

(a) interest on the lease liability; and

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

The company as a lessor

The Company operates as an intermediary lessor, subleasing assets to third parties. The Company treats the underlying lease and sublease as two separate contracts, recognizing as a finance lease asset the claim arising from the sublease and derecognizing part of the right of use the asset that corresponds to the sublease.

During the lease period, a portion of the installments charged to customers is recognized as a decrease of the net investment and a portion as a lease income.

Upon initial recognition of the financial asset, the Company used the discount rate used for the main lease as the interest rate implicit of the sublease was not easy to determine.

2.4 Changes in accounting policy and disclosures

The Company's accounting policies for the preparation of the Annual Financial Statements are applied consistently, taking into account the new standards. The following amendments to standards and interpretations issued are mandatory for accounting periods beginning on or after January 1, 2019.

Standards and Interpretations mandatory for the current financial year 2019

IFRS 16 "Leases"

On January 13, 2016 the IASB issued IFRS 16, which replaces IAS 17 "Leases". The purpose of this standard is to ensure that lessees and lessors provide useful information that presents fairly the substance of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 effective 1 January 2019 and was adopted by the EU on October 31st, 2017.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances The amendment has no significant impact on the Financial statements.

IFRS 9: Prepayment features with negative compensation (Amendment)

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The amendment has no significant impact on the Financial statements.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The amendment has no significant impact on the Financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRS. The amendments are not expected to have a material impact on the Company's financial statements

- ***IAS 12 Income Taxes:*** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

- ***IAS 23 Borrowing Costs:*** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Standards issued but not yet effective and not early adopted

IFRS 17: Insurance Contracts
The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity The amendment has no impact on the Financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)

On March 29, 2018 the International Accounting Standards Board (IASB) issued the revised conceptual framework which includes:

- the objective of financial reporting,
- the qualitative characteristics of useful financial information,
- the definitions of an entity's assets, liabilities, equity, income and expenses,
- the criteria for recognition and guidance on derecognition of assets and liabilities in the financial statements
- the measurement basis and guidance about the way they should be used and,
- concepts and guidance on presentation and disclosure.

The purpose of the conceptual framework's revision is to help preparers of financial statements to develop consistent accounting policies for transactions or other areas that are not covered by a standard or where there is choice of accounting policy. Also, the revision's purpose is to assist all parties to understand and interpret IFRS.

The International Accounting Standards Board (IASB) has also issued a complementary document, "Amendments to References to the Conceptual Framework in IFRS Standards", which contains amendments to the standards that are affected in order to update the references to the revised conceptual framework.

The amendment is applicable by preparers developing accounting policies by reference to the conceptual framework, for annual periods beginning on or after 1 January 2020.

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

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. The amendments are not expected to have a material impact on the Company's financial statements.

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Company is exposed to financial risk, such as market risk (exchange rate fluctuations, interest rates, market prices), credit and liquidity risk. The Company's overall risk management program, focuses on the unpredictability of financial markets, aiming to minimize their possible adverse effect on Company's financial performance.

The financial risk is related to the following financial assets and liabilities of the Statement of Financial Position: cash, trade and other receivables, lease assets and liabilities as well as trade and other short-term and long-term liabilities.

a) Market Risk

Price Risk
The Company is not exposed to equity or inventory price risk, as no such elements are recognized in the Statement of Financial Position.

Cash Flow Risk due to interest rates changes
The Company has interest bearing assets that include sight deposits. Probable interest rate changes would have no significant impact on the Company's equity.

Foreign Currency Risk
The risk of exchange rate fluctuations is minimal for the Company. Revenue, expenses, financial assets and liabilities are expressed in Euro.

b) Credit Risk

For trade receivables, cash and cash equivalents and deposits to banks and financial institutions, the Company is exposed to credit risk.

In such cases, credit risk may arise from the counterparty's inability to meet its obligations towards the Company.

c) Liquidity Risk

Liquidity risk is connected with the need to ensure adequate cash flow for the financing of the operation and the growth of the company. The company manages its liquidity risk by continuously monitoring and programming its cash flows.

(Amounts in Euro)

As at December 31st, 2019	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and Other Liabilities	566.910	0	0	0	566.910
Lease Liabilities	134.770	134.807	653.892	2.034.278	2.957.747
	701.680	**134.807**	**653.892**	**2.034.278**	**3.524.657**

Trade and Other Liabilities do not include amounts of " Other taxes payable and insurance contributions ".

3.2 CAPITAL RISK MANAGEMENT

The Company's purpose in terms of capital management is to ensure its ability to continue its operations smoothly in order to provide returns to shareholders, benefits to other parties related to the Company and to maintain an optimal capital structure to reduce capital costs

The Company monitors its capital based on the leverage ratio. Leverage ratio is calculated as the net debt divided by total working capital. Net debt is calculated as the company's total Liabilities (short-term and long-term liabilities as they appear in the statement of financial position) minus cash and cash equivalents

Total working capital is calculated as the sum of equity, as it appears in the statement of financial position, with net debt.

The Company's net debt, as a result of IFRS 16 application , as at 31/12/2019 is presented in detail in the following table:

	31/12/2019
Long-term lease liabilities	2.822.977
Short-term lease liabilities	134.770
Minus: Cash and cash equivalents	-80.461
Net Lease Liabilities	**2.877.286**
Total equity	1.309.798
Total working capital	**4.187.084**
Leverage Ratio	**69%**

Below is an analysis of net lending and its movements for the current financial year.

(Amounts in Euro)

	Other Assets	Lease Liabilities		
	Cash/ Bank	Lease Liabilities within 1 year	Lease Liabilities after 1 year	Total
Net debt on January 14, 2019	**0**	**0**	**0**	**0**
Cash Flow	80.461	0	0	80.461
Non-cash movements - Recognition of new leases	0	(134.770)	(2.822.977)	(2.957.747)
Net debt on December 31, 2019	**80.461**	**(134.770)**	**(2.822.977)**	**(2.877.286)**

4. SALES

The company's main revenue arises from the sublease of its fiber optic network to WIND.

The company treats the agreement as a finance lease and as a result, only the fee for operation and maintenance of € 144.247 is recognized as Sales revenue in the income statement.

5. OTHER INCOME

Other Income consists of a profit of € 1.453.432 arising from the difference between the carrying amount of the right of use asset, recognized under the optical fiber lease agreement with IPTO SA, and the derecognition value of the right of use asset at the time of sublease to the client as a relevant lease receivable.

6. THIRD PARTY SERVICES

Third party services are analyzed as follows:

	14/1/2019 - 31/12/2019
Telecommunication	1.662
Common Building Expenses	7.905
Other Services	8.073
Total	**17.639**

(Amounts in Euro)

7. THIRD PARTY FEES

Third party fees are analyzed as follows:

	14/1/2019 - 31/12/2019
Legal fees	17.500
Notary fees	780
Advisory fees	69.747
Audit fees	8.000
Engineer fees	10.000
Accountants fees	12.220
Fees for Telecommunication Services	37.564
Third party fees	81.740
Other Third party fees	4.890
Total	**242.441**

8. OTHER TAXES

Other taxes are analyzed as follows:

	14/1/2019-31/12/2019
Other taxes	1.212
Stamp duty	293
Trade duty fee	1.000
Total	**2.505**

9. DEPRECIATION

	14/1/2019 - 31/12/2019
Depreciation	6.938
Total	**6.938**

10. OTHER EXPENSES

	14/1/2019 - 31/12/2019
Travel Expenses	655
Advertising fees	430
Printing Materials	45
Consumables	57
Total	**1.187**

(Amounts in Euro)

11. FINANCIAL EXPENSES

	14/1/2019 - 31/12/2019
Prorerty lease Finance Expense	2.326
Optical Fiber lease Finance Expense	230.848
Bank charges	65
Total	**233.239**

12. FINANCIAL INCOME

	14/1/2019 - 31/12/2019
Interest on deposits	2.329
Optical Fiber Sublease Finance Income	343.100
Total	**345.430**

13. INCOME TAX

The nominal tax rate for the current year is 24%. The income tax statement is submitted on a yearly basis but the profits or losses declared are temporary until the tax authorities audit the taxpayer's statements and records and the final audit report is issued. Tax losses, to the extent accepted by the tax authorities, may offset future profits for a period of five years from the year in which they were incurred.

The company also recognizes deferred tax as per below.

	31/12/2019
Income Tax	333.604
Deferred tax	-14.204
Total	**319.400**
	0

Amounts in Euro		31/12/2019
Profit before Tax		1.329.198
Tax Rate:		24%
Tax Amount		**319.008**
		Tax on non-deductible expenses
Tax on non-deductible expenses	+	393
Income Tax		**319.400**
Effective tax rate		24%

(Amounts in Euro)

Deferred tax asset	**31/12/2019**
Depreciation on assets	999
Provisions against expected credit losses	13.205
	14.204

14. TANGIBLE AND INTANGIBLE ASSETS

	Machinery and Other Equipment
Gross Value 14/01/2019	0
Additions	3.595
Gross Value 31/12/2019	**3.595**
Cumulative depreciation and amortization 14/01/2019	0
Depreciations	0
Cumulative depreciation and amortization 31/12/2019	**0**
Net book value 31/12/2019	**3.595**

15. RIGHT OF USE ASSET

The RoU relates to the recognition and presentation in the Statement of Financial Position of the company's head office lease as defined by IFRS 16.

	Right of Use Asset
Gross Value 14/01/2019	0
Additions	72.145
Gross Value 31/12/2019	**72.145**
Cumulative depreciation and amortization 14/01/2019	0
Depreciations	6.938
Cumulative depreciation and amortization 31/12/2019	**6.938**
Net book value 31/12/2019	**65.207**

16. RECEIVABLES FROM FINANCE LEASE

The finance lease receivables were formed under IFRS 16 and concern the optical fiber lease.

	31/12/2019
Longterm receivables for optical fiber Sublease	4.109.660
Shortterm receivables for optical fiber Sublease	175.820
	4.285.481
Provisions against expected credit losses	-55.021
	4.230.460

(Amounts in Euro)

The maturity dates of long-term receivables are as follows:

Amounts in Euro	**31/12/2019**
Among 1 and 2 years	197.247
Among 2 and 5 years	927.707
Over 5 years	2.984.706
	4.109.660

Leases

Amounts in Euro

Leasing Receivables	**31/12/2019**
Up to 1 year	539.945
Among 1 and 5 years	2.600.000
Over 5 years	4.160.000
Total	**7.299.945**
Minus: Future finance Income from Leasing	-3.014.465
Present value of Lease receivables	**4.285.481**

17. TRADE RECEIVABLES

	31/12/2019
Trade receivebles	830.800
Total	**830.800**

18. OTHER RECEIVABLES

	31/12/2019
Withholding Tax 15% on deposits	349
Deferred expenses	16.685
Total	**17.034**

19. CASH AND CASH EQUIVALENTS

	31/12/2019
Bank Deposits	80.461
Total	**80.461**

All cash are in Euro.

20. SHARE CAPITAL

The Share Capital amounts to € 300.000 as at 31.12.2019 and is divided into 3.000 Common Shares of nominal value € 100 each. The share capital is fully paid.

(Amounts in Euro)

21. RESERVES

According to the provisions of Greek Law, an amount equals to 5% of the annual net (after tax) profits is required to be transferred to the Legal Reserve until it reaches one third of the paid-up share capital. The statutory reserve is used to offset any debit balance of the income statement, before any dividend distribution.

22. LEASE LIABILITIES

The finance lease Liabilities are formed under IFRS 16 and concern the optical fiber lease from IPTO the company's head office lease.

-

	Optical Fiber	Property	Total
	31/12/2019	**31/12/2019**	**31/12/2019**
Long-term lease Liabilities	2.765.474	57.503	2.822.976
Short-term lease Liabilities	117.802	16.968	134.770
	2.883.276	**74.471**	**2.957.747**

The maturity dates of long-term receivables are as follows:

Amounts in Euro	31/12/2019	31/12/2019	31/12/2019
Between 1 and 2 years	132.791	2.016	134.807
Between 2 and 5 years	624.083	29.809	653.892
Over 5 years	2.008.601	25.678	2.034.278
	2.765.474	**57.503**	**2.822.977**

Leases
Amounts in Euro

Lease Liabilities	31/12/2019	31/12/2019	31/12/2019
Up to 1 year	363.425	16.968	380.393
Between 1 and 5 years	1.750.000	33.936	1.783.936
Over 5 years	2.800.000	33.936	2.833.936
Total	**4.913.425**	**84.840**	**4.998.265**
Minus: Future finance expenses from Leasing	-2.030.148	-10.369	-2.040.518
Present value of Lease Liabilities	**2.883.276**	**74.471**	**2.957.747**

23. TRADE AND OTHER LIABILITIES

	31/12/2019
Domestic suppliers	566.910
Other taxes payable and insurance contributions	29.787
Total	**596.698**

24. TRANSACTIONS WITH RELATED PARTIES

The financial statements of the Company are consolidated by the parent company IPTO SA (100% direct shareholder as at 31.12.2019) with the full consolidation method.

(Amounts in Euro)

The Company is indirectly jointly controlled by the Greek State through IPTO Holdings SA. and DES IPTO SA. which are controlled by the Greek State and control 51% and 25% respectively of its parent company IPTO SA. Below is a list of affiliated companies of the Group

Company	Relation
IPTO SA	Parent
ARIADNI INTERCONNECTION SA	Affiliated
IPTO HOLDING SA	Affiliated
DES IPTO SA	Affiliated
STATE GRID LTD	Affiliated

The Company's transactions with related parties have been carried out under normal market conditions and are analyzed below.

	Purchase of Goods	Purchase of Services	Liabilities
IPTO SA	3.595	339.491	3.523.269
Total	**3.595**	**339.491**	**3.523.269**

25. AUDIT FEES

The audit fees for the year 2019 amount to € 13.000.

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has not been audited by the Tax Authorities for the first fiscal year 2019, however, is subject to tax audit by the Certified Auditors according to the provisions of article 65A Law 4174/2013, as amended by article 37 Law 4646/19 and is in force. The audit is ongoing and the relevant tax certificate is expected to be issued after the financial statements publication for fiscal year 2019. If additional tax liabilities arise before the tax audit is completed, Management estimates that there will be no material impact on the financial statements.

Management estimates that there will be no material impact on the Company's tax obligations as a result of an audit from the tax authorities.
There are no other contingent liabilities at balance sheet date.

27. SUBSEQUENT EVENTS

By the decision of the Board of Directors on November 26, 2019 an Extraordinary General Meeting of the Company's Shareholders was convened to approve the increase of the Company's share capital in order to meet the Company's financial needs for operating and capital expenditures.

The Extraordinary General Meeting took place on January 2, 2020 and approved a share capital increase of € 1,500,000. The increase of the share capital will be effected by cash payment from IPTO, 100% shareholder of the Company and the issuance of 15,000 new ordinary shares, with a nominal value of one hundred euros (€ 100) each.

The appearance of coronavirus (Covid-19) in early 2020 and its spread over the next period has led to both preventive and restrictive measures. Some of these measures - including: suspension of educational structures, department stores and crowded areas as well as the reduction of unnecessary movements - affecting the day-to-day operation of the Company and are therefore expected to affect its financial performance for the year 2020, but the impact cannot currently be evaluated. The Company monitors the developments in order to be able to respond directly to the demands of the global and domestic environment. In addition, in order to protect employees, the Company has implemented measures to reduce the risk of staff exposure to the virus (teleworking when possible) and is in constant contact with the National Public Health Organization on coronavirus issues for further instructions and measures regarding staff protection and safety.

THE CHAIRWOMAN	VICE-CHAIRMMAN	MEMBER	CHIEF ACCOUNTANT
E. ZARIKOY	X. SHI	I. VRETOS	A. TRICHAS
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			PricewaterhouseCoopers Accounting S.A.
			Office License No: 1494