CORINTH PIPEWORKS
PIPE INDUSTRY SINGLE MEMBER S.A.

# ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
# AS AT 31 DECEMBER 2020

According to the International Financial Reporting Standards


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General Commercial Registry No. 003978301000

CORINTH PIPEWORKS
PIPE INDUSTRY SINGLE MEMBER S.A.

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## A. Annual Report by the Board of Directors

# ANNUAL REPORT BY THE BOARD OF DIRECTORS OF "CORINTH PIPEWORKS PIPE INDUSTRY SINGLE-MEMBER S.A." ON THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

**Dear Shareholders,**

In the context of the provisions of Law 2190/1920 as replaced by Law 4548/2018 and the relevant provisions of the Articles of Association of CORINTH PIPEWORKS PIPE INDUSTRY SINGLE-MEMBER S.A. (previously named E.VI.KE. S.A., hereinafter called "Corinth Pipeworks" or the "Company") we hereby submit this Annual Financial Report of the Board of Directors on 2020, namely the period from 1 January 2020 to 31 December 2020.

This Report includes an overview of the financial results and developments of the period, an overview of the important events that took place in 2019, an analysis of the prospects and risks expected during 2020, as well as a presentation of non-financial information.

The Company is exempted from preparing consolidated financial statements because its financial statements are consolidated in the financial statements of parent companies Cenergy Holdings S.A. and VIOHALCO SA/NV. Management has decided to prepare consolidated financial statements in order to improve the quality of information received by users of the financial statements. Preparing consolidated financial statements improves the presentation of the Group's activities and financial position. Initial date for the preparation of consolidated financial statements is January 1st 2017.

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland (hereinafter "WTT"). WTT has a 100% participation in one subsidiary, namely CPW America Co. which is established in Houston, Texas USA (hereinafter "CPW America"). During the year, CPW America acquired a 19.4% participation in Bellville Tube Company which is also based in Houston, Texas, USA and is consolidated as an associate. Moreover, the Company has a 21.75% share in an associate trading as DIA.VI.PE.THI.V. S.A., which is established in Thisvi, Prefecture of Viotia. Company among above participations form Corinth Pipeworks Group or the "Group". These Financial Statements present both the Company's and the Group's figures.

## I. Report on the ending year

2020 was indeed a difficult year for the Group. Energy markets were strongly shaken by the historic oil and gas price drop throughout the year, rooted mainly in a price war between major suppliers and leading to the postponement or even cancellation of many fossil fuel distribution projects. The outbreak of the Covid-19 pandemic further disturbed energy demand due to the extended lockdowns around the globe.

In these adverse market conditions, revenue for the Group declined considerably to EUR 309 million in 2020, 18% lower than its 2019 levels of EUR 378 million. Nonetheless, Corinth Pipeworks showed a lot of resilience amid the turbulences of that period, mainly illustrated by the following:

- The safeguarding of its personnel safety, securing thorough and uninterrupted production for all current projects.
- The continuous efforts to strengthen presence in new markets such as Europe, Americas, North Africa and Asia, and winning new projects:
    - Baltic Pipe (Energinet), a 142 km gas pipeline of 32-36" pipes;
    - King's Quay project, 30km of 16" pipeline in deep water (1,250m) in the Gulf of Mexico;
    - Anglo American, 35km of 24" slurry pipeline in Chile;
    - BG, Shell Colibri, 93km of 16" offshore pipeline in the Gulf of Mexico;
    - 150 km of 12" gas pipeline awarded by PPC in Egypt.
- The strict working capital management which secured liquidity and allowed the operating activities to finance the investments of EUR 15.5 million that took place during 2020.

**Remarks on year results**

Corinth Pipeworks executed significant part of its backlog, while implementing a cost optimisation programme. This action plan helped the Group to maintain and increase its profit margin in terms of adjusted EBITDA (6.7% for 2020 versus 6.6% for 2019).

Overall for 2020, gross profit decreased to EUR 25.1 million (from EUR 32.2 million in 2019) and adjusted EBITDA followed, down to EUR 20.7 million (EUR 25.1 million in 2019). As a result, the Group recorded a marginal profit before tax of EUR 0.5 million for 2020, compared to EUR 2.3 million in 2019.

**Remarks on the Statement of Financial Position**

In 2020, the Group managed to produce significant free cash flows, in spite of the decrease in operating profits. This fact resulted in a large decline in net debt from EUR 160 million as of 31 December 2019, to EUR 89 million on 31 December 2020. Long-term debt was also partially refinanced with more favourable terms, through the issuance of two bond loans amounting to EUR 16 million in total.

The Group and the Company have available adequate credit lines to meet future financing needs, if necessary.

**Investments**

During 2020, the Group made investments totalling EUR 15.5 million which mainly concerned:

- the “double jointing” project that will position the Company in the 500k Tns US pipe market of 24m length pipes;
- the project of the SMS 7” pipe unit’s upgrade so as to manufacture small pipes for the extraction of shale oil and natural gas, targeting mainly the US market;
- the installation of the offline pipe stripping unit;
- selected strategic and operational investments in logistics to enhance safety, optimise cost basis and improve quality of services and products provided;
- selected improvements in productivity optimisation and cost reduction schemes, across all bare and coating / lining production lines.

**Alternative Performance Measures and Ratios**

Group and Corinth Pipeworks Management have adopted, monitor and report internally and externally Alternative Performance Measures (APMs) and certain financial ratios. These APMs allow meaningful comparisons of the Group's and the Company's performance and constitute the base for decision making by management.

**Liquidity ratio:** This ratio is an indicator of how current liabilities are met by current receivables and is calculated by the ratio of current assets to current liabilities. The financials are used as presented in the Statement of Financial Position. This ratio is as follows for the ending and the comparable periods:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Liquidity** | **2020** | **2019** | **2020** | **2019** |
| Current assets / Current liabilities | 1.04 | 1.10 | 0.99 | 1.05 |

**Leverage ratios:** These ratios are an indicator of leverage and each ratio presented below is calculated as follows:

i. by the ratio of equity to debts;
ii. by the ratio of equity to net debt;
iii. by the ratio of net debt to adjusted EBITDA (a-EBITDA). The definitions of EBITDA and adjusted EBITDA are set out in the section on profitability ratios below.

The amounts are used as presented in the Consolidated and Separate Statement of Financial Position, for the Group and the Company, respectively. This ratio is as follows for the ending and the comparable periods:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Leverage** | **2020** | **2019** | **2020** | **2019** |
| Equity/Debt | 1.31 | 0.81 | 1.24 | 0.76 |
| Equity/Net debt | 1.62 | 0.91 | 1.46 | 0.81 |
| Net debt/a-EBITDA | 4.29 | 6.34 | 4.50 | 6.87 |

**Return on capital employed:** It is a ratio that measures the efficiency with which both debt and equity is employed and is measured by the ratio of operating results to debt and equity.
The amounts are used as presented in the Consolidated and Separate Statement of Financial Position as well as the Consolidated and Separate Statement of Profit or Loss.

This ratio is as follows for the ending and the comparable periods:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Return on capital employed** | **2020** | **2019** | **2020** | **2019** |
| Operating results / (Equity + Debt) | 4.7% | 4.5% | 4.5% | 4.5% |

**Return on equity:** It measures the efficiency of the Company's equity and is measured by the net profit/(losses), net of tax to total equity. The amounts are used as presented in the Consolidated and Separate Statement of Financial Position as well as the Consolidated and Separate Statement of Profit or Loss. This ratio is as follows for the ending and the comparable periods:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Return on equity** | **2020** | **2019** | **2020** | **2019** |
| Net Profit/Equity | -0.8% | 1.1% | -0.9% | 0.9% |

**Profitability:**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Gross Profit Margin** (Gross profit/Sales) | 8.1% | 8.5% | 7.5% | 7.9% |
| **Net Profit Margin** (Net profit after tax/Sales) | -0.4% | 0.4% | -0.4% | 0.4% |
| **EBITDA** | 19,862 | 25,112 | 19,757 | 24,468 |
| **EBITDA margin*** (EBITDA/Sales) | 6.4% | 6.6% | 6.4% | 6.9% |
| **a–EBITDA** | 20,776 | 25,128 | 20,671 | 24,468 |
| **a–EBITDA** margin** (a-EBITDA/Sales) | 6.7% | 6.6% | 6.7% | 6.9% |

*EBITDA: It measures Group and Company profitability before interest, taxes, depreciation and amortisation. It is calculated by adjusting depreciation and amortisation, interest charges and interest income as well as dividends in pre-tax results as indicated in the Statement of Profit or Loss.

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

- Exceptional litigation fees and fines
- (Profit)/loss from sale of property, plant & equipment
- Other extraordinary or one-off expenses

| | GROUP 2020 | GROUP 2019 | COMPANY 2020 | COMPANY 2019 |
|---|---|---|---|---|
| **Earnings before taxes** | **535** | **2,321** | **554** | **1,857** |
| *Adjustments for:* | | | | |
| +Depreciation of tangible and intangible assets | 8,826 | 10,456 | 10,588 | 12,335 |
| - Amortisation of grants | (18) | - | (18) | - |
| + Net finance expenses | 10,603 | 12,335 | 8,716 | 10,275 |
| Dividends | (83) | - | (83) | - |
| **EBITDA** | **19,862** | **25,112** | **19,757** | **24,468** |

| | GROUP 2020 | GROUP 2019 | COMPANY 2020 | COMPANY 2019 |
|---|---|---|---|---|
| **EBITDA** | **19,862** | **25,112** | **19,757** | **24,468** |
| *Adjustments for:* | | | | |
| + (Profit)/losses from the sale of tangible assets | - | 16 | - | - |
| + Other extraordinary or one-off expenses | 914 | - | 914 | - |
| **a–EBITDA** | **20,776** | **25,128** | **20,671** | **24,468** |

It is noted that the amount of EUR 51k. which refers to the share of losses from associates has not been added back in the 2019 comparative items of EBITDA and a-EBITDA ratios.

One-off expenses of 2020 refer to Covid-19 related expenses equal to EUR 467k. and to cost optimization expenses equal to EUR 447k. that CPW suffered during the period.

## II. Objectives and Outlook for 2021

As the world lives through the second wave of the Covid-19 pandemic, the prediction of the full extent and duration of its business and economic impact remains challenging. Consequently, the extent of the pandemic’s impact on the Group's operational and financial performance is uncertain and will depend on several factors beyond its control. These factors depend largely on the duration of the pandemic, the application of pandemic controls and restrictions, as well as on the availability and effectiveness of treatments and vaccines worldwide.

Currently, it is difficult to anticipate when the pandemic will be tamed, which would lead to a rebound of energy demand and would accelerate the energy transition.

Despite these headwinds, Corinth Pipeworks remains focused on maintaining its leading position, and invests on the main pillars of energy transition namely natural gas, hydrogen, carbon capture and sequestration technology (ccs), and wind power. More specifically Corinth Pipeworks implements Research & Development program on hydrogen transportation through existing and/ or new pipelines. In addition Corinth Pipeworks becomes more competitive and penetrates in new geographic and product markets while also assessing its entry in the growing offshore wind energy market.

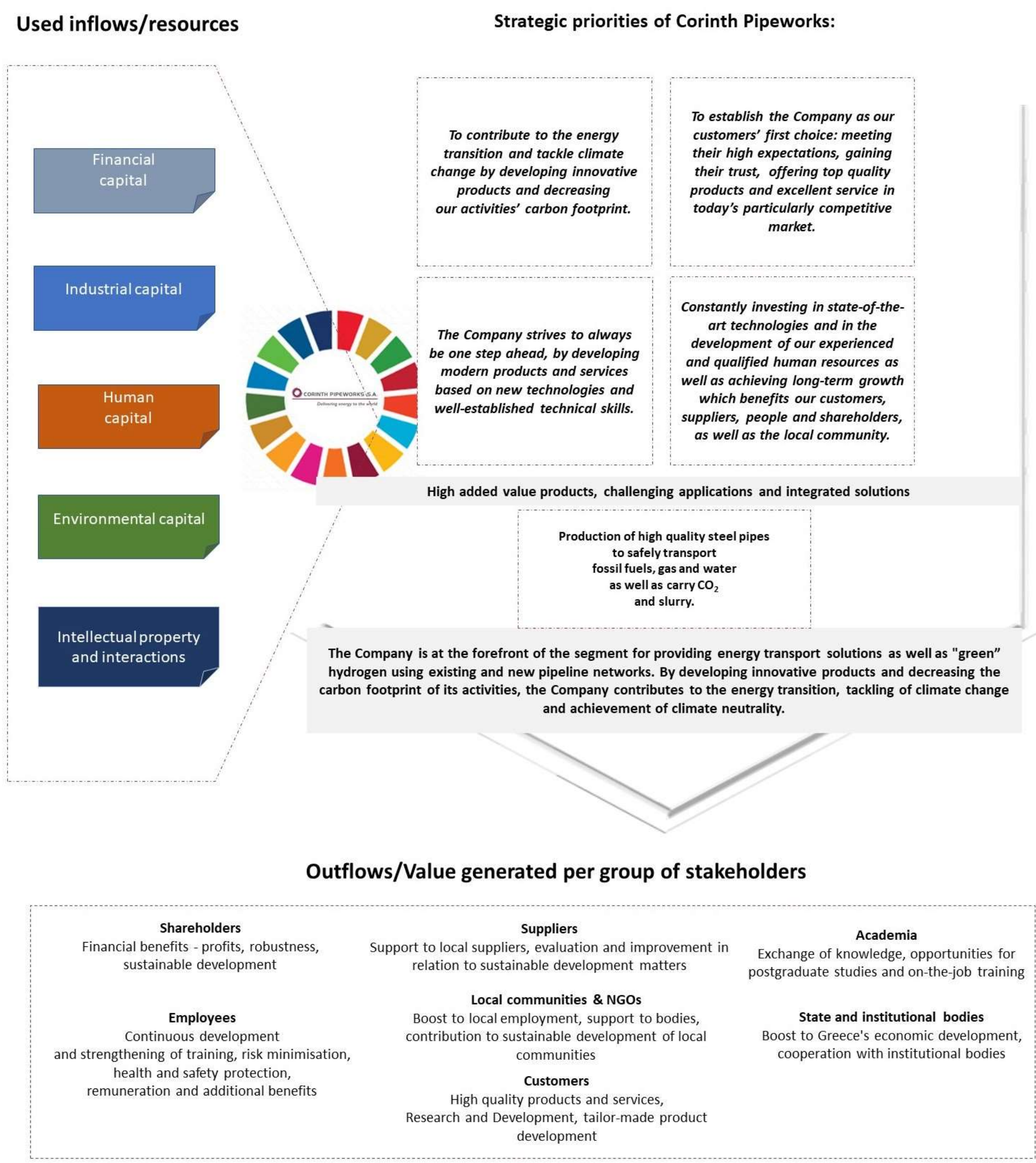
This effort involves, among other projects, the “Manufacturing Excellence” programme, an attempt to promote digitisation and schemes to introduce Industry 4.0 into the Company’s production lines. Its transformation into a company with a more diversified product profile is an essential part of its innovation agenda throughout 2020. Thus, Corinth Pipeworks maintains its positive outlook for 2021, with the execution of its backlog and the upcoming finalisation of many projects that had been put on hold due to the pandemic.

## III. Non-Financial Information

### Business model

The principles of Sustainable Development are an integral part of the philosophy that guides the way in which the Company conducts business and are recognised as a prerequisite for its long-term growth along with prosperity of society as a whole. The Company has incorporated factors such as prompt response to market trends and customer needs, maintaining excellent relationships with its partners and the application of technological innovations in its business model and strategy. Through these practices, the Company aims to improve its business performance and to create added value to all its stakeholders.

**Business model of Corinth Pipeworks**[1]




[1] *Business model development based on the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)*

### Sustainable development matters - Management Policies and Systems

The Company has put in place mechanisms and processes for highlighting and maintaining sustainable development issues with emphasis on work safety, environmental protection and society, while focusing on economic and sustainable operation. Management's commitment and the issues responsible management framework are reflected in the Code of Conduct and Business Ethics, and in the Sustainable Development Policy established and implemented by the Company.

***In detail, the Company's Code of Conduct and Business Ethics is presented on the website***:
*https://www.cpw.gr/about-us/code-of-conduct/*

Wishing to reinforce its sound operation and driven by Sustainable Development, the Company has established specific policies and puts into practice adequate management systems and procedures that uphold responsible operation and define the way in which its goals are achieved. More specifically, the Company has established and implements the following codes and policies:

- Code of Conduct and Business Ethics
- Sustainable Development Policy
- Health and Safety Policy
- Environmental Policy
- Human Rights Process
- Quality Policy
- Suppliers Code of Conduct
- Intengrity and Transparency and regulation of Procurement
- Anti-Corruption and Anti-Bribery, Integrity and Transparency Policy
- Personal Data Protection Policy
- Regulation of internal operations

Integrated management of the Company's material issues is ensured through the Management Systems implemented by the same. The Company applies the following certified systems:

- Quality assurance system, according to ISO 9001:2015
- Environmental Management System as per ISO 14001:2015
- Energy Management System compliant with ISO 50001:2018
- Occupational Health and Safety Management System as per ISO 45001:2018
- Accredited laboratory testing centre compliant with Hellenic Body for Standardisation (ELOT) EN ISO/IEC 17025:2017

**Business Excellence Programme "BEST"**

In July 2019, the Company launched the implementation of an innovative business excellence programme called "BEST" combined with management policies, procedures and relevant systems. The implementation of this programme aims to ensure continuous improvement of its operations and procedures, more efficient -i.e. no losses - operation of its production plants as well as the development of its employees and reinforcement of their everyday tasks. Moreover, BEST programme gives priority to the decrease in energy consumption, more effective use of resources and materials in conjunction with a decrease in inventories and broader product management cost, thus making a dynamic contribution to decreasing the environmental impact of its activities.
A team consisting of executives of Company departments and divisions has been set up and plays an important role in the effective management of Sustainable Development issues. Corinth Pipeworks' Sustainable Development team is responsible for the development and implementation of an annual action plan per priority area, as well as for monitoring and recording material issues in relation to stakeholders.

***A detailed report is included in the Company's Annual Sustainable Development Report at:***
*https://www.cpw.gr/media-center/Publications/*

## Engagement and commitment to stakeholders

Seeking to ensure its continuous improvement in relevant matters, the Company sets specific goals and monitors their progress on an annual basis, based on the relevant key performance indicators (KPIs) it has developed. To attain these indicators and, therefore, the goals, the Company prepares and implements adequate plans and actions of responsible operation. The sections below present the results of the policies and procedures implemented by the Company, setting forth relevant references to the environmental and social performance (presentation of corresponding non-financial indicators).

## Material issues

Corinth Pipeworks assesses the top material issues arising from its operation and activity for each Sustainable Development pillar recognised. The assessment of these issues, which is based on the guidelines of the Global Reporting Initiative (GRI Standards), on the industry-specific reporting standard of the Sustainability Accounting Standards Board (SASB) and on international organisation AccountAbility's AA1000 Standard, is an important tool in finalising the Company's annual action plan and in shaping the content of the annual Sustainable Development Report.

Moreover, acknowledging how important it is to develop actions that seek to contribute to the achievement of the United Nations Sustainable Development Goals (SDG), the Company has associated its material issues with the SDGs.

*The 2020 Sustainable Development Report of Corinth Pipeworks includes a more detailed presentation of material issues, the respective performance indicators and their correlation with the UN Global Sustainable Development Goals (Agenda 2030).*
*The Company's Sustainable Development Report is available on the following website: https://www.cpw.gr/media-center/Publications/*

## Labour and social matters

The Company applies merit-based procedures to select, train and reward employees to develop their skills. Combined with the effective application of its policies, the Company has developed a Code of Conduct and Business Ethics which forms the framework of principles for the Company's smooth operation and serves as a key tool for shaping a unified corporate culture. Constantly oriented towards human values, the Company seeks to apply responsible work practices, focusing on important issues such as:

- ensuring of the health and safety of its employees and associates
- ensuring ongoing training and education
- providing equal opportunities for all employees
- applying fair and objective evaluation systems
- maintaining the working culture.

**Key elements of Human Resources**

| Personnel profile per gender | 2020 | 2019 | 2018 |
|---|---|---|---|
| Male | 442 | 467 | 448 |
| Female | 49 | 50 | 42 |
| **Total** | **491** | **517** | **490** |

| Personnel profile per gender and age | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | <30 | 30-50 | 51+ | <30 | 30-50 | 51+ | <30 | 30-50 | 51+ |
| Male | 22 | 317 | 105 | 29 | 318 | 120 | 30 | 313 | 105 |
| Female | 5 | 38 | 6 | 5 | 40 | 5 | 4 | 36 | 2 |
| **Total** | **27** | **355** | **111** | **34** | **358** | **125** | **34** | **349** | **107** |

| Personnel profile per gender and seniority | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Men | Female | Total | Men | Female | Total |
| Managers | 8 | 1 | **9** | 7 | 1 | **8** | 12 | 1 | **13** |
| Senior executives | 23 | 2 | **25** | 23 | 2 | **25** | 32 | 6 | **38** |
| Employees and workers | 413 | 26 | **459** | 437 | 47 | **484** | 404 | 35 | **439** |

**Combating the Covid-19 pandemic**
Having the protection of its employees' and associates' health and safety as its utmost priority, Corinth Pipeworks took a number of preventative and effective measures while also securing its uninterrupted operation. In this context and fully aligned with the applicable requirements and guidelines of the National Public Health Organisation (EODY) and the Labour Inspectorate, Corinth Pipeworks elaborated a plan to combat the pandemic, thus securing the health and safety of its people. The integrated plan to combat the pandemic includes:

- Assessment of the coronavirus-generated occupational risk
- Emergency plan for incidents of coronavirus infection
- Preparation of prevention and protection measures against the coronavirus
- Personnel information and training on sound protection and how to deal with the coronavirus
- PCR testing on a regular basis for the employees
- Continuous support to the employees throughout the pandemic to protect their physical and mental health

In order to address promptly and in good time all coronavirus incidents, the Company elaborated an emergency plan while also adopting and implementing all necessary measures in order to prevent the coronavirus from spreading (mandatory use of mask, determination of maximum capacity on company buses to 50% and counting of passengers/bus, personnel temperature measurements, weekly disinfection of the production plants, setting up of a crisis management team etc.). The prevention and management measures that were put in place aimed at shielding the Company's plants so as to provide optimum protection of the workforce's health.

Continuous coronavirus testing: In order to maintain a safe work environment and in line with the coronavirus prevention and management plan, Corinth Pipeworks conducted systematically polymerase chain reaction (PCR) tests to its employees. Those employees found at the working place on the specific date the tests were carried out got a test. Overall, 2,315 tests were performed in the Thisvi plant, thus contributing significantly to the sound management of the coronavirus pandemic by the Company.

Wishing to ensure sound prevention and management of this unprecedented situation that arose due to Covid-19, the Company developed a number of training and information seminars aiming to inform the employees and collaborating contractors. The Company created a number of e-learnings regarding stress management, remote work and optimum coronavirus management. Additionally, the personnel were updated on a periodic basis through emails and notice boards on various topics such as testing, proper use of face mask, proper use of masks in common areas, coronavirus symptoms and diagnosis.

**Employee evaluation and development**
The Company uses a modern and interactive system – SuccessFactors platform - as a tool to manage human resources issues, which simplifies all HR procedures for the employees themselves and the Company's competent department. Annual evaluation and selection of training programmes take place, among others, through the system.

The evaluation taking place through SuccessFactors platform helps recognise the employees' high performance, make communication with their evaluators stronger, identify their training needs and set professional and personal goals. During 2020, all staff members of the Company were evaluated including senior executives, managers, administrative employees and foremen as well as workers.

The training programmes prepared and implemented are both in-house and external, and are associated with the input arising from the evaluation procedure. They may refer to the acquisition of specialised training and/or the development of soft skills.

| *Training data* | *2020* | *2019* | *2018* |
|---|---|---|---|
| **Total training hours** | **2,821** | **8,339** | **9,440** |
| Managers | 247 | 486 | 941 |
| Senior executives | 324 | 1,044 | 2,637 |
| Administrative employees and workers | 2,251 | 6,809 | 5,862 |
| Participation in in-house training programmes | 250 | 1,396 | 2,026 |
| Participation in third-party seminars-conferences | 569 | 832 | 191 |
| Total participation in training programmes | 819 | 2,228 | 2,217 |
| Training programmes carried out | 159 | 378 | 336 |

**Equal opportunities and respect for human rights**

Corinth Pipeworks takes steps to maintain a working environment that will stand out not only for the high level of its executives and employees but also for equal opportunities for development, respect for diversity and safeguarding of human rights. The Company applies procedures that incorporate impartial criteria to hiring, remuneration, promotion and training which do not discriminate on the basis of gender, nationality, age, marital status or other characteristics.

Corinth Pipeworks has incorporated in the relevant human rights procedure the provisions required for addressing any issues that may arise while specifying the responsibilities and powers of executives and employees, in compliance with the principles of the UN Global Compact on the protection of human rights.

**Occupational health and safety**

Top priority and primary concern of Corinth Pipeworks is to protect the health and safety of its people and partners. In this context, the Company makes sure all necessary safety measures are adhered to, seeking to achieve the goal of “Zero accidents”. In line with the efforts to manage effectively all relevant issues, a comprehensive occupational health and safety management system (OHSMS) certified to the ISO 45001:2018 international standard is implemented. This System focuses on prevention and ongoing application of measures to minimise occupational risks and accidents, and to promote a culture of prevention.

The Company attaches great importance to the training and participation of its employees in related matters. In order to monitor and evaluate performance in the field of health and safety at work, the Company uses internationally applicable and measurable indicators.

| **Health and safety indicators** | **2020** | **2019** | **2018** |
|---|---|---|---|
| Incidents frequency rate (LTIR) (1) | 1.7 | 1 | 3.4 |
| Incidents severity rate (SR) (2) | 119 | 106 | 118 |
| Fatal accidents | 0 | 0 | 0 |

(1) *LTIR: Lost time incident rate (number of of lost time accidents/incidents relating to safety issues per million (1,000,000) hours worked)*

(2) *SR: Severity rate (number of lost work days/working man-hours per million (1,000,000) hours worked)*

LTIR and SR deteriorated slightly in 2020 compared to the previous year, which led everybody in the Company to make greater effort in order to create a safer working environment.

## Social matters

The Company strives for its business activities to be in a positive and productive interaction with the social environment in which it operates, to contribute to the overall development of the country and to benefit local communities through job creation (priority is given to the recruitment of employees from the local area) and the provision of business opportunities (through cooperation with local suppliers wherever possible).

Corinth Pipeworks supports the local communities close to which it operates, by working in collaboration and maintaining open lines of communication, so as to recognise their needs in a timely manner. The Company supports vulnerable social groups, undertakes sponsorships and makes donations to various bodies and actions of local communities, thus responding to a considerable range of needs. In particular, the Company's social actions are divided into the following areas: education, health, vulnerable social groups, culture, environment and sports.

Through its business activities, the Company generates multiple benefits for the community. In addition to the salaries and other benefits paid to its employees, the relevant taxes and social contributions are paid to the State, investments are made continuously as well as payments to the suppliers of materials and service providers. Thus, the overall positive impact of the Company on local communities as well as on the whole society is important.

| Year | 2020 | 2019 | 2018 |
|---|---|---|---|
| % of employees from local communities | 87% | 90% | 90% |

## Environmental issues

For the Company, reducing its environmental footprint is a priority. The Company plans actions and sets goals to reduce air emissions while making investments in practices and technologies leading to the global energy transition. The initiatives taken by Corinth Pipeworks aim to protect natural environment while enhancing energy efficiency, reducing operational cost and maintaining the Company's capacity to develop business activities in the future. Continuous improvement of its environmental performance is based on the adoption of a specific Environmental Policy (https://www.cpw.gr/sustainability/environment/management-and-compliance) and the implementation of an integrated Environmental Management System.

**Company's route toward zero carbon footprint**

Corinth Pipeworks supports the transition to an economy with zero carbon emissions in line with the EU's goal of climate neutrality by 2050. The Company plans and develops responsible and innovative practices involving its operation and its products design, thus making a positive contribution to the transformation of the economy in zero carbon economy. Given that electricity accounts for 91% of total energy consumption of the company and, therefore, its emissions are indirect in their majority, the Company has set the strategic goal of meeting its needs for electricity by using renewable energy sources (RES).

Given the Company's geographic location and the institutional context governing the bilateral agreements of energy purchase, at the moment there are no sustainable solutions available for achieving this goal. Until its needs can be met by using RES, the Company buys certified Guarantees of Origin that apply to its entire consumption while at the same time Corinth Pipeworks explores the option of being procured electricity directly from RES.

**Air emissions**

Seeking to reduce carbon dioxide emissions and limit climate change, Corinth Pipeworks makes substantial efforts to reduce the air emissions arising from its operation.

**Energy-saving initiatives**

Corinth Pipeworks has developed a 3-year energy- saving plan structured around 36 different actions involving electric energy, fossil fuels and diesel oil. In 2020, the Company made investments totalling € 50,000 for nine energy-saving projects. A new investment totalling the same amount will follow in 2021. These investments are expected to generate significant benefits in relation to the decrease in energy consumption. Furthermore, during 2020, the energy management system was upgraded by using a power monitoring and energy analyst system. The benefits generated for the Company refer to the improved monitoring of real-time energy performance and to easier report generation. At the same time, the new system is expandable as it may also include other meters.

| Year | 2020 | 2019 | 2018 |
|---|---|---|---|
| **Total carbon emissions (tn $CO_2$/tn of product)** (1) | 0.101 | 0.091 | 0.086 |

*(1) Using the "location based" method in accordance with the GHG Protocol Guidance. Total $CO_2$ emissions: the sum of direct and indirect $CO_2$ emissions (tn $CO_2$/ tn of products)*

*Note: To calculate the indirect $CO_2$ emissions for 2019 and 2020, the 2019 coefficients drawn from the European Residual Mixes 2019 - AIB have been used.*

The Company is supplied electricity from Greece's principal energy suppliers given that it does not produce energy on its own.

**Water consumption**

To meet the needs of its production process, Corinth Pipeworks must use water. The Company takes all necessary steps to ensure its efficient use and limit its consumption in compliance with its environmental policy.

| Year | 2020 | 2019 | 2018 |
|---|---|---|---|
| **Special water consumption (m3/ton of product)** | **0.25** | **0.22** | **0.24** |

**Waste Management**

Corinth Pipeworks applies a specific waste management process in order to reduce their volume. It is worth noting that the greatest proportion (92.2%) of waste is recycled and/or forwarded for recovery (energy or other type of utilisation). Corinth Pipeworks has established partnerships solely and exclusively with adequately licensed companies to manage all types of waste.

| Waste management indicators | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total generated waste (kg of waste/tn of production) | 100 | 86 | 83 |
| Recycling and energy utilisation * (%) | 99.2 | 99.3 | 99.5 |

** Proportion of waste forwarded for recycling and energy utilisation in relation to the total of waste generated*

## Transparency and fight against corruption

As economic growth and ensuring transparency in the Company's management approach are important topics for Corinth Pipeworks, special emphasis is placed on taking all precautionary measures against potential risks. To this end, the Company has developed and implements an Integrity and Transparency Policy to combat corruption and bribery in conjunction with the provisions of the Code of Conduct and Business Ethics.

**Ethics Committee and reporting mechanism**

An Ethics Committee was set up within the Company following the recent update of the Code of Conduct and Business Ethics. At the same time, a safe reporting mechanism was put in place, which enables all employees, suppliers, customers and associates to report – anonymously or not - any incidents of the Code's breach to the Ethics Committee. The new procedure allows the Company to take preventative or corrective measures about deviating acts and behaviours in relation to the Code and the relevant procedures and policies while also offering effective protection to those reporting incidents. The key competence of the Ethics Committee is to receive, process and settle all reports that are submitted via the reporting mechanism and involve breaches of the Code.

**Participation in transparency boosting initiatives**

Corinth Pipeworks is a member of the Business Integrity Forum (BIF), which is an initiative of Transparency International-Greece (www.transparency.gr), an organisation in which the Company has been participating for a number of years. By participating in the BIF, Corinth Pipeworks can have access to good practices of sound corporate governance and updates about the latest developments in issues of transparency and fight against the corruption.

## Data and Information Security

The Company protects the privacy and all confidential information that may arise from commercial transactions and partnerships with clients, as an integral part of governance framework. Corinth Pipeworks respects personal data protection and takes adequate steps compliant with the provisions of Regulation (EU) 2016/679 (General Data Protection Regulation) and implementing domestic law 4624/2019. Aiming at the safety and protection of personal data in all business activities, Corinth Pipeworks implements a Personal Data Protection Policy based on international standards and good practices. In the above context, a Data Protection Coordinator (DPC) has been appointed within the Company to ensure the effective implementation of the Policy and internal procedures. Moreover, Corinth Pipeworks ensures the integrity of IT systems through adequate security systems aiming at the effective protection of information and confidential data. In all events, personal and professional data are protected against any unauthorised access, loss or alteration using all available technical means.

*NOTE:*
*The non-financial ratios for 2020 which are presented in this report are compliant with the Sustainability Reporting Guidelines of Global Reporting Initiative (GRI-Standards). These ratios were chosen strictly on the basis of their relevance to the Company's business (according to the materiality analysis conducted by the Company). More details on performance in sustainability issues, and the actions of Corinth Pipeworks' responsible operation will be set forth in the 2019 Sustainable Development Report (June 2021). The Sustainable Development Report is an important tool as it reflects the way in which the Company responds to major issues and to the expectations of all its stakeholders.*
*All Sustainable Development Reports of the Company (pursuant to GRI guidelines) which have been published from 2008 to date are available on the website https://www.cpw.gr.*

## IV. Main risks and uncertainties

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

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

- Financial and
- Business risks

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

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

A. Operational and technology risks are defined as the risk of loss resulting from inadequate or failed processes or systems, acts of natural persons or from external events. Operational risks comprise all risks associated with the day-to-day operations of the Company's production plant such as Health & Safety, environmental issues and any legal risks involved by processes but not strategic or reputation risks.

B. Compliance and Reputation risks include possible negative impacts (economic – fines, penalties, etc. and other – exclusion from markets, etc.) from non-compliance with existing regulations and standards. They also include potential impacts on the Company's brand image and reputation, as well as accounting risk.

C. Strategic risks include risks related to the wider business environment (e.g. the macroeconomic environment, the sector / industry conditions, etc.) the market and the competition, as well as medium to long-term decision making that may have an impact on business continuity and profitability.

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

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

A brief classification of the risks faced by the Company is presented below together with the measures taken to identify, quantify, handle, control and monitor them.

- **Business risks**

**Operations and technology**

- **Procurement risk**

Smooth supply of energy, metals and other primary raw materials and components is a key prerequisite for the Company to manufacture quality products at competitive prices on a timely basis. Therefore, the Company takes adequate measures to reduce such risks from key suppliers and monitors the performance of the supply chain by reviewing the relevant indicators at regular intervals.

- **Operation interruption risk**

Apart from the unexpected unavailability of raw materials or other crucial resources, a lack of skilled labour, a delay in adapting to new technologies and/or the danger for equipment breakdowns may threaten the Company's capacity to continue operations. Consequently, the Company uses specialised maintenance departments to minimise the latter, upgrade plant equipment and production lines to reduce obsolescence risk.

- **Product failure risk**

Any products that do not abide by the specifications set by the Company's clients may expose it to penalties, complaints, claims and returns, which lead to loss of revenues, market share and business reputation. To mitigate such risk, the Company has established rigorous quality management systems at its plant and maintains appropriate insurance coverage against such claims as well as product liability insurance. Quality control includes, among others, sample testing, and defect capturing monitoring systems spread out in production phases.

- **Information Technology (IT) and cyber-security risk**

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

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

Consequently, identifying exposure to these risks at all times and implementing adequate and proportionate measures to restrict the aforementioned exposure are of major importance to ensure both the integrity of the Company's IT systems and fulfilment of all legal requirements.

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

- **Compliance and reputation risks**

Compliance Risk

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

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

Additional details on this topic are provided on the 2020 Sustainable Development Report.

- **Strategic risks**

- **Country risk**

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

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

- **Competitor risk**

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

- **Technological innovation risk**

In a world of rapidly changing technology, not following the technology wave in an efficient manner or not investing in the necessary IT infrastructure may seriously affect current and future business results of the Company. Alternatively, companies that do not leverage such technology advancements to extend their competitive advantage may suffer a severe blow from competition and be placed out of the market. The Company manages this strategic risk primarily through the establishment of technical assistance and know-how transfer agreements with global leaders in their sectors, as well as through extensive investments in Research & Development (R&D).

➢ **Financial risks**

**• Credit risk**

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

*Trade and other receivables*

Company exposure to credit risk is mainly affected by the characteristics of each customer. Whenever deemed necessary, additional insurance coverage is requested as credit guarantee. Receivables from clients established in Greece are a small percentage of the trade receivables of the Group; therefore, there is limited exposure to revoked or delayed payments.

Considering that the nature of Group’s activity mostly concerns clients established outside Greece, and its strong financial position, any negative development of the Greek economy is unlikely to have major impact on its operating activities. Notwithstanding the above, Management is constantly appraising the situation and its consequences and promptly ensures that the adequate measures are taken in order to minimise the impact on the Group’s activities.

**• Liquidity risk**

Liquidity risk is the risk that the Group may not be able to fulfil its financial obligations when these mature. The approach adopted by the Group for liquidity risk management is to ensure, by holding the necessary cash and cash equivalents and adequate credit limits from the cooperating banks, that it will always have sufficient liquidity to meet its obligations when they expire under normal but also difficult conditions, without incurring unacceptable damage or jeopardising Group 's reputation. The Group keeps most of its cash reserves deposited in systemic financial institutions in Greece and the USA.

In addition, liquidity risk management requires the provision of cash and the ability to finance the projects undertaken by the Group through sufficient credit limits. Due to the different working capital needs of each project, the Group analyses the data of each project and uses, whenever necessary, the credit lines secured from banks and other financial institutions for the utilisation of new short term finance and the refinance of existing short term loans. The Group estimates that the refinance of the short term loans will continue in the future if necessary.

**• Market risk**

Market risk is the risk of a change in raw material prices, exchange rates and interest rates, which affects Group’s results or the value of its financial instruments. Market risk management is aimed at controlling the exposure of the Group to such risks within a framework of acceptable parameters, in parallel with optimisation of performance. The Group uses transactions on derivative financial instruments in order to hedge part of market risks.

**• Foreign exchange risk**

The Group is exposed to foreign exchange risk in connection with its sales and purchases. The currency used for such transactions is mainly the US dollar. The Group hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as to the receivables and liabilities in foreign currency. The Group mainly enters into foreign currency futures with its foreign counterparties in order to hedge the risk of exchange rate changes, which primarily mature in less than one year from the Financial Statements date. When necessary, such futures are renewed upon expiry.

- **Interest rate risk**

The Group's interest rate risk arises from Corinth Pipeworks' borrowings. Borrowings issued at variable rates expose the Company to cash flow volatility risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the fiscal years of 2020 and 2019 Company's total borrowings were at variable interest rate (Euribor plus spread) and denominated in Euro.

- **Macroeconomic environment**

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

The macroeconomic and financial environment in Greece, where Corinth Pipeworks is located, is showing clear signs of improvement while the cash flows from the Company's and the Group's operational activities are not significantly affected by Greece's macroeconomic environment as more than 90% of sales in 2020 were directed to international customers. This also minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

**Covid-19**

The progress of the coronavirus pandemic had a negative impact on the economic circumstances around the world. The Company responded promptly to this challenge, setting as priority the health and safety of its human resources, suppliers and partners, by taking measures that secured production continuity with the least possible impact, based on the recommendations of competent authorities and suggestions of international protocols on how to deal with the pandemic. The Company made expenses totalling EUR 467,000 in order to take measures and purchase additional personal protective equipment in accordance with the experts' recommendations, such amount having an adverse impact on its results.

Despite the restrictions in global economy and the lockdowns, the Company managed to implement its investment plan without any delays while achieved the smooth operation of the production plants amid the pandemic.

Finally, the outbreak of the Covid-19 pandemic further disturbed energy demand due to the extended lockdowns around the globe. The Group maintained and slightly increased its profit margin in terms of adjusted EBITDA (6.7% for 2020 versus 6.6% for 2019).

Overall for 2020, gross profit decreased to EUR 25.1 million (from EUR 32.2 million in 2019) and adjusted EBITDA followed, down to EUR 20.7 million (EUR 25.1 million in 2019). As a result, the Group recorded a marginal profit before tax of EUR 0.5 million for 2020, compared to EUR 2.3 million in 2019.

**Brexit**

On 31 December 2020 the transitional period for the United Kingdom to leave the European Union has expired. The final agreement that was reached includes customs controls but does not include any tariffs or quotas. Despite the initial customs difficulties that arose from bureaucratic procedures, the Company does not expect any significant effects on its sales due to such agreement. It is worth noting that our major competitors operate within the Eurozone and are expected to react accordingly to any currency fluctuation or any formal bureaucratic difficulties that may arise in the initial implementation phase of the agreement.

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

## V. Facilities and Branches of the Company and the Group

The Group, through its wholly owned subsidiary Corinth Pipeworks privately owns a production plant located in the industrial area of Thisvi in the prefecture of Voiotia, on a total surface of 496,790 sq.m.

Corinth Pipeworks has the following branches:

1) a branch at Marousi (33, Amarousiou Halandriou Avenue) where the Company's headquarters are established;
2) Branch in Thisvi/ Voiotia, where the Company's production plant and warehouse are established.

**VI. Subsequent events after 31 December 2020**

There are no other events that occurred subsequent to the reporting date, which should be presented in these Financial Statements or would entail any adjustment to them.

14 May 2021

The Chairman of the Board of Directors
Meletios Fikioris

# B. Annual Consolidated Financial Statements

**CONTENTS**

## Statement of Financial Position (Company and Group)

| *(Amounts in ,000 Euro)* | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 December | | 31 December | |
| **ASSETS** | **Note** | **2020** | **2019** | **2020** | **2019** |
| Property, plant and equipment | 5 | 184,219 | 177,450 | 184,524 | 177,742 |
| Right-of-use assets | 6 | 1,509 | 1,394 | 1,010 | 1,001 |
| Intangible assets | 7 | 2,300 | 1,403 | 2,295 | 1,395 |
| Equity accounted investees | 9 | 3,360 | 1,062 | 1,074 | 1,074 |
| Investments in subsidiaries | 8 | - | - | 593 | 593 |
| Other investments | 10 | 8,160 | 8,160 | 8,160 | 8,160 |
| Deferred tax assets | 18 | 12 | 13 | - | - |
| Derivatives | 14 | 871 | - | - | - |
| Other receivables | 13 | 739 | 810 | 703 | 755 |
| **Non-current assets** | | **201,170** | **190,292** | **198,360** | **190,721** |
| Inventories | 12 | 77,917 | 114,945 | 77,917 | 114,877 |
| Trade and other receivables | 13 | 25,835 | 24,469 | 24,116 | 22,373 |
| Contract assets | 23 | 10,002 | 63,215 | 9,965 | 63,083 |
| Contract costs | 23 | 167 | 373 | 167 | 373 |
| Current tax assets | | 21 | - | - | - |
| Derivatives | 14 | 326 | 213 | 326 | 213 |
| Cash and cash equivalents | 15 | 20,675 | 19,792 | 16,226 | 10,895 |
| **Total current assets** | | **134,944** | **223,008** | **128,718** | **211,814** |
| **Total assets** | | **336,114** | **413,300** | **327,078** | **402,535** |
| | | | | | |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | 16 | 78,306 | 78,306 | 78,306 | 78,306 |
| Reserves | 16 | 20,439 | 21,140 | 21,009 | 20,901 |
| Retained Earnings | | 45,359 | 46,534 | 35,925 | 37,236 |
| **Total equity** | | **144,105** | **145,981** | **135,240** | **136,443** |
| | | | | | |
| **LIABILITIES** | | | | | |
| Loans and borrowings | 17 | 43,948 | 48,150 | 43,712 | 48,150 |
| Lease liabilities | 6 | 1,041 | 942 | 651 | 676 |
| Deferred tax liabilities | 18 | 14,345 | 12,546 | 14,421 | 12,643 |
| Employee benefits | 19 | 2,594 | 2,482 | 2,594 | 2,482 |
| Grants | 27 | 227 | - | 227 | - |
| **Total non-current liabilities** | | **62,155** | **64,120** | **61,605** | **63,951** |
| Loans and borrowings | 17 | 64,436 | 129,916 | 64,436 | 129,916 |
| Lease liabilities | 6 | 474 | 447 | 368 | 312 |
| Trade and other payables | 22 | 57,273 | 71,794 | 58,125 | 70,888 |
| Contract liabilities | 23 | 7,631 | 889 | 7,304 | 889 |
| Current tax liabilities | | 39 | 18 | - | - |
| Derivatives | 14 | - | 136 | - | 136 |
| **Current liabilities** | | **129,854** | **203,200** | **130,234** | **202,140** |
| **Total liabilities** | | **192,009** | **267,320** | **191,839** | **266,092** |
| **Total equity and liabilities** | | **336,114** | **413,300** | **327,078** | **402,535** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

**Statement of Profit or Loss (Company and Group)**

| (Amounts in ,000 Euro) | Note | GROUP For the year ended 31 December 2020 | GROUP 2019 | COMPANY For the year ended 31 December 2020 | COMPANY 2019 |
|---|---|---|---|---|---|
| Revenue | 23 | 309,825 | 378,730 | 308,112 | 354,740 |
| Cost of sales | 24 | (284,676) | (346,490) | (285,156) | (326,745) |
| **Gross profit** | | **25,148** | **32,240** | **22,956** | **27,995** |
| Other income | 24 | 1,864 | 1,394 | 928 | 1,094 |
| Distribution expenses | 24 | (5,831) | (8,776) | (3,383) | (4,848) |
| Administrative expenses | 24 | (7,916) | (8,268) | (8,190) | (8,182) |
| Reversal of / (Impairment loss) on receivables and contract assets | 13 | (38) | (1,651) | (41) | (1,651) |
| Other expenses | 24 | (1,260) | (232) | (1,212) | (216) |
| **Operating profit** | | **11,967** | **14,707** | **11,059** | **14,193** |
| Finance income | 25 | 233 | 28 | 233 | 28 |
| Finance costs | 25 | (10,752) | (12,363) | (10,738) | (12,363) |
| **Finance cost, net** | | **(10,520)** | **(12,335)** | **(10,505)** | **(12,335)** |
| Share of profit/(loss) of equity-accounted investees | 9 | (913) | (51) | - | - |
| **Profit/(Loss) before tax** | | **535** | **2,321** | **554** | **1,857** |
| Income tax | 18 | (1,731) | (704) | (1,773) | (615) |
| **Profit / (loss) after taxes** | | **(1,196)** | **1,617** | **(1,220)** | **1,243** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

CORINTH PIPEWORKS
PIPE INDUSTRY SINGLE MEMBER S.A.

**Statement of Comprehensive Income (Company and Group)**

| *(Amounts in ,000 Euro)* | Note | GROUP For the year ended 31 December 2020 | GROUP For the year ended 31 December 2019 | COMPANY For the year ended 31 December 2020 | COMPANY For the year ended 31 December 2019 |
|---|---|---|---|---|---|
| **Profits of the period** | | **(1,196)** | **1,617** | **(1,220)** | **1,243** |
| **Items that will never be reclassified to profit or loss:** | | | | | |
| Actuarial gains/(losses) | 19 | (121) | (682) | (121) | (682) |
| Other movements | | 113 | (1) | - | - |
| Related tax | | 29 | 362 | 29 | 362 |
| | | **21** | **(321)** | **(92)** | **(320)** |
| **Items that are or may be reclassified to profit or loss:** | | | | | |
| Foreign currency translation differences | | (809) | 193 | - | - |
| Gain/ (loss) from derivatives valuation for hedging purposes - effective portion | | 304 | 172 | 304 | 172 |
| Gain/ (loss) from derivatives valuation for hedging purposes – reclassified to profit or loss | | (172) | 2,035 | (172) | 2,035 |
| Other movements | | - | (7) | - | - |
| Related tax | | (24) | (611) | (24) | (611) |
| | | **(701)** | **1,782** | **108** | **1,595** |
| **Other comprehensive income after tax** | | **(680)** | **1,461** | **16** | **1,276** |
| **Total comprehensive income after tax** | | **(1,876)** | **3,078** | **(1,204)** | **2,518** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

## Statement of Changes in Equity

## GROUP

| *(Amounts in ,000 Euro)* | Share capital | Reserves | Foreign exchange gains/(losses) | Results carried forward | Total Equity |
|---|---|---|---|---|---|
| **Balance at 01 January 2019** | **78,306** | **44,234** | **246** | **20,117** | **142,904** |
| Other comprehensive income | - | 1,595 | 193 | (321) | 1,467 |
| Foreign exchange gains/(losses) | - | - | (200) | 193 | (7) |
| Net profit of the period | - | - | - | 1,617 | 1,617 |
| **Total recognised net profit of the period** | **-** | **1,595** | **(7)** | **1,489** | **3,077** |
| Transfer of reserves | - | (24,929) | - | 24,929 | - |
| **Balance at 31 December 2019** | **78,306** | **20,901** | **240** | **46,534** | **145,981** |
| | | | | | |
| **Balance at 01 January 2020** | **78,306** | **20,901** | **240** | **46,534** | **145,981** |
| Other comprehensive income | - | 108 | - | 21 | 129 |
| Foreign exchange gains/(losses) | - | - | (809) | - | (809) |
| Net profit of the period | - | - | - | (1,196) | (1,196) |
| **Total recognised net profit of the period** | **-** | **108** | **(809)** | **(1,175)** | **(1,876)** |
| **Balance at 31 December 2020** | **78,306** | **21,009** | **(569)** | **45,359** | **144,105** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

**COMPANY**

| *(Amounts in ,000 Euro)* | Share capital | Reserves | Results carried forward | Total Equity |
|---|---|---|---|---|
| **Balance at 01 January 2019** | **78,306** | **44,234** | **11,385** | **133,925** |
| Other comprehensive income | - | 1,595 | (320) | 1,275 |
| Net profit of the period | - | - | 1,243 | 1,243 |
| **Total recognised net profit of the period** | **-** | **1,595** | **922** | **2,518** |
| Transfer of reserves | - | (24,929) | 24,929 | - |
| **Balance at 31 December 2019** | **78,306** | **20,901** | **37,236** | **136,443** |
| | | | | |
| **Balance at 01 January 2020** | **78,306** | **20,901** | **37,236** | **136,443** |
| Other comprehensive income | - | 108 | (92) | 16 |
| Net profit of the period | - | - | (1,220) | (1,220) |
| **Total recognised net profit of the period** | **-** | **108** | **(1,311)** | **(1,204)** |
| **Balance as at 31 December 2020** | **78,306** | **21,009** | **35,925** | **135,240** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

**Statement of Cash Flows (Company and Group)**

| *(Amounts in ,000 Euro)* | Note | GROUP For the year ended 31 December 2020 | GROUP 2019 | COMPANY For the year ended 31 December 2020 | COMPANY 2019 |
|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | |
| Profit / (loss) after taxes | | (1,196) | 1,617 | (1,220) | 1,243 |
| *Plus/less adjustments for:* | | | | | |
| Income tax | | 1,731 | 704 | 1,773 | 615 |
| Depreciation of fixed assets and right-of-use tangible assets | 5,6 | 8,308 | 10,190 | 8,207 | 10,021 |
| Depreciation of intangible assets | 7 | 518 | 267 | 518 | 255 |
| Grants amortisation | | (18) | | (18) | |
| Finance costs-net | 25 | 10,603 | 12,335 | 10,588 | 12,335 |
| Dividends | | (83) | | (83) | - |
| (Profits)/Losses from associated companies | 9 | 913 | 51 | - | - |
| (Profit) / loss from sale of tangible assets | | - | 16 | - | - |
| Losses from write-off of tangible fixed assets | | 48 | 57 | - | 57 |
| (Profit) / loss from derivatives valuation | | (978) | (1,632) | (107) | (1,632) |
| Impairment of inventories | | 266 | 262 | 266 | 262 |
| Impairment of receivables | 13 | 38 | 1,651 | 41 | 1,651 |
| | | 20,149 | 25,517 | 19,966 | 24,805 |
| Changes in working capital: | | | | | |
| Decrease/(increase) in inventories | | 36,286 | (5,136) | 36,218 | (9,311) |
| Decrease/(increase) in receivables | | (1,704) | 52,230 | (2,541) | 88,726 |
| (Decrease) / increase in liabilities (except banks) | | (13,418) | (29,859) | (11,336) | (20,116) |
| (Decrease) / Increase in employee benefits | | (9) | 71 | (9) | 71 |
| Decrease/(increase) in contract assets | | 53,214 | 6,239 | 53,118 | (22,746) |
| Decrease/(increase) in contract costs | | 206 | (7) | 206 | (7) |
| (Decrease) / Increase in contract liabilities (409.126 | | 6,742 | (2,311) | 6,415 | (2,311) |
| *Cash flows from operating activities* | | 101,465 | 46,745 | 102,035 | 59,111 |
| Interest charges & related expenses paid | | (10,344) | (11,149) | (10,329) | (11,149) |
| Taxes paid | | (31) | (631) | - | - |
| **Total inflow/ (outflow) from operating activities** | | **91,090** | **34,965** | **91,706** | **47,963** |
| **Cash flows from investing activities:** | | | | | |
| Purchase of tangible assets | 5 | (14,569) | (8,377) | (14,548) | (8,337) |
| Purchase of intangible assets | 7 | (1,420) | (1,012) | (1,417) | (1,005) |
| Acquisition of share capital in associates | | (3,285) | - | - | - |
| Dividend received | | 70 | | 70 | - |
| Interest received | | 25 | 28 | 25 | 28 |
| **Total (outflow) from investing activities** | | **(19,178)** | **(9,360)** | **(15,869)** | **(9,313)** |
| **Cash flows from financing activities:** | | | | | |
| Loans received | 17 | 15,686 | 12,571 | 15,434 | 12,571 |
| Repayment of borrowings | 17 | (85,759) | (53,079) | (85,741) | (53,079) |
| Repayment of lease principal | 17 | (586) | (431) | (323) | (290) |
| **Net cash flows from financing activities** | | **(70,659)** | **(40,940)** | **(70,630)** | **(40,799)** |
| **Net (decrease) / increase in cash and cash equivalents** | | **1,253** | **(15,335)** | **5,207** | **(2,150)** |
| Cash and cash equivalents at the beginning of period | | 19,792 | 34,666 | 10,895 | 13,044 |
| Foreign exchange effect on Cash and Cash equivalents | | (370) | 461 | 124 | - |
| **Cash and cash equivalents at the end of period** | 15 | **20,675** | **19,792** | **16,226** | **10,895** |

The attached notes on pages 29 to 89 are an integral part of the Consolidated Financial Statements.

**Notes on the Separate & Consolidated Financial Statements**

## 1. Information on the Company and the Group

"CORINTH PIPEWORKS PIPE INDUSTRY SINGLE-MEMBER S.A." (hereinafter "Corinth Pipeworks" or the "Company") was established and operates in Greece, at 2-4 Mesogeion Ave., Athens. The Company's Commercial Registry Number is 003978301000 and its web address is www.cpw.gr.

Corinth Pipeworks is a wholly-owned subsidiary of the Belgian holding Company "Cenergy Holdings" which is listed on Euronext Brussels and the Athens Stock Exchange. The ultimate parent company "VIOHALCO SA/NV" is also listed on Euronext Brussels and the Athens Stock Exchange.

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland (hereinafter "WTT"). WTT has a 100% participation in CPW America Co. which is established in Houston, Texas, USA. During the year, CPW America acquired 19.4% of shares of Bellville Tube Company which is also based in Houston, Texas, USA and was consolidated as an associate. Bellville Tube Company manufactures steel tubular products for the local market. The Company also holds a 21,75% participation in DIAVIPETHIV S.A. The above participations form the Group of Corinth Pipeworks Companies or hereinafter the "Group".

The Company is engaged in:

1) the production of high-quality medium and large-diameter steel pipes that are used in the petrochemical industry to transfer liquid and gas fuels.
2) the construction of hollow structural sections which are used in construction works.

## 2. Presentation basis of Financial Statements

The Company is exempted from preparing consolidated financial statements because its financial statements are consolidated in the financial statements of parent companies Cenergy Holdings S.A. and VIOHALCO SA/NV. Management has decided to prepare consolidated financial statements in order to improve the quality of information received by users of the financial statements. Preparing consolidated financial statements improves the presentation of the Group's activities and financial position. Initial date for the preparation of consolidated financial statements is January 1st 2017.

### 2.1 Statement of Compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and their interpretations, as adopted by the European Union, on the basis of the going concern principle.

These financial statements were approved by the Board of Directors on 14 May 2021 and have been uploaded on the website at www.cablel.gr. where they will remain for at least 5 years from publication date.

### 2.2 Basis of measurement

The Consolidated Financial Statements have been prepared according to the principle of historical cost, with the exception of the valuation of specific financial assets and financial liabilities (including derivative instruments) and defined benefit plans which are measured at their fair value.

### 2.3 Functional and presentation currency

Consolidated financial statements of the Group's subsidiaries are measured using local currency of the countries where they operate, which is their functional currency. The Consolidated Financial Statements are presented in Euro (€), which is the Company's functional currency. Starting from this year, the Consolidated Financial Statements are presented in thousand Euro (€) while in the past they were presented in Euro (€).

### 2.4 Use of estimates and assumptions

The preparation of financial statements according to the IFRS requires the use of estimations and the adoption of assumptions by Management which may affect the accounting balances of assets and liabilities as well as the income and expense figures. The actual results may differ from these estimations.

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

The accounting decisions made by Management when applying the accounting policies and expected to affect mostly the Consolidated Financial Statements of the Group and the Company are as follows:

- the useful life and residual value of depreciable tangible and intangible assets;
- the recoverable value of holdings in subsidiaries, associates and other companies;
- the amount of provisions for employee benefits;
- the amount of provisions for doubtful debts;
- the amount of provisions for income tax for unaudited tax years;
- the recoverability of the deferred tax asset;
- use of going concern assumption.

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

1) Measurement of provision for doubtful debts (Note 13).

The Group/Company raises a provision for impairment losses when there is an objective indication that the Group/Company is not in a position to collect all the amounts that are due pursuant to contractual terms. The objective indication that receivables have been impaired includes information coming to the attention of the Group concerning the following events:
i) Considerable financial distress of the customer, ii) possibility to start bankruptcy procedures or any other financial restructuring of the customer as well as iii) unfavourable changes in the ordinary commercial terms of customers.

2) Income tax expense (Note 18).

During the Group's normal business operations, there are many transactions and calculations due to which final tax calculation is uncertain. The Group recognises tax liabilities, based on accounting estimations on possible future tax burden and tax assets related to future offsets of tax losses carried forward. If the final tax is different from the initially recognised tax, the difference shall affect the income tax and the provision for deferred taxation of the period.

3) Estimate about the recoverability of deferred tax assets (Note 18).

4) Measurement of liabilities for employee benefits (Note 19).

This liability is based on key actuarial assumptions.

5) Fair value measurement

A number of accounting policies and disclosures requires the measurement of fair value for both financial and non-financial instruments and liabilities. Fair value is classified in hierarchy levels as follows:

Level 1: Quoted prices (unadjusted) in an active market for identical assets and liabilities.
Level 2: Inputs that are observable either directly or indirectly.
Level 3: Unobservable inputs for assets and liabilities.

Inputs that do not meet the respective criteria and cannot be classified in Level 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.
Unobservable prices are classified in Level 3. The fair value of shares that are not traded in an active market is measured on the basis of the Company's forecasts for the issuer's future profitability, having taken into consideration the expected growth rate of its activities and the discount rate. The fair values of financial liabilities are estimated based on the present value of future cash flows that arise from specific contracts using the current interest rate that is available for the Company for the use of similar financial instruments.

The Group recognises transfers between fair value levels at the end of the reporting period in which a change took place.

Further information on the assumptions of measurement at fair value is included in Note 11.

## 3. New standards, interpretations and amendment of existing standards

Specific new standards, standard amendments and interpretations have been issued, which are mandatory for accounting periods beginning on or after 01 January 2020. An assessment of the Group as regards the effect of the application of these new standards, amendments and interpretations is given below:

**Standards and interpretations effective for the current financial year**

***IFRS 3 (Amendments) "Definition of business combination"*** *(effective for annual periods beginning on or after 1 January 2020)*
The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. It also clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Finally, it introduces an optional test (or optional concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

***IAS 1 and IAS 8 (Amendments) "Definition of material"*** *(effective for annual periods beginning on or after 1 January 2020)*
The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

***IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest Rate Benchmark Reform"*** *(effective for annual periods beginning on or after 1 January 2020)*
The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The application of the above amendments did not have any effect on the Group's and the Company's financial statements.

**Mandatory standards and Interpretations for subsequent periods**

***IFRS 16 (Amendment) "Covid-19-Related Rent Concessions*** *(effective for annual accounting periods beginning on or after 01 June 2020)*
The amendment permits lessees (but not lessors), as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

***IFRS 9, IAS 39 and IFRS 16 (Amendments) "Interest Rate Benchmark Reform - Phase 2"*** *(effective for annual periods beginning on or after 01 January 2021)*
These amendments supplement those issued in 2019 and are focused on the effects on financial statements when a company replaces an old interest rate benchmark with an alternative interest rate benchmark as a result of the reform. More specifically, the amendments refer to how a company will account for changes to contractual cash flows of financial instruments, how it will account for changes to hedging relationships and to the information it must disclose.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

***IAS 16 (Amendment)"Property, Plant and Equipment - Proceeds before intended use*** *" (effective for annual accounting periods beginning on or after 01 January 2022)*
This amendment prohibits a company from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the company is preparing the asset for its intended use. It also requires entities to separately disclose the

amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendment has not yet been adopted by the European Union.
The adoption of this interpretation is not expected to have any effect on the Group's and the Company's financial statements.

***IAS 37 (Amendment) "Onerous Contracts – Cost of Fulfilling a Contract"** (effective for annual accounting periods beginning on or after 01 January 2022)*
The amendment clarifies that the 'costs to fulfil a contract' includes the direct cost of fulfilling this contract and an allocation of other costs that relate directly to fulfilling the contract. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
The amendment has not yet been adopted by the European Union. The adoption of this interpretation is not expected to have any effect on the Group's and the Company's financial statements.

***IFRS 3 (Amendment) "Reference to the Conceptual Framework"** (applying to annual accounting periods beginning on or after 01 January 2022)*
The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been adopted by the European Union.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

***IAS 1 (Amendment) "Classification of Liabilities as Current or Non-Current"** (effective for annual periods beginning on or after 01 January 2023):*
The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been adopted by the European Union.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

***IAS 1 (Amendments) "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of Accounting Policies)** (effective for annual accounting periods beginning on or after 1 January 2023)*
The amendments require companies to provide information about their material accounting policies and provide guidance about the concept of materiality when this applies to disclosures of accounting policies. These amendments have not yet been adopted by the European Union.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

***IAS 8 (Amendments) "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates"** (effective for annual accounting periods beginning on or after 01 January 2023)*
The amendments clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. These amendments have not yet been adopted by the European Union.
The Group and the Company examine the eventual impact that the adoption of this amendment will have on the Financial Statements of the Group and the Company.

**Annual Improvements to IFRS Standards 2018-2020 (effective for annual accounting periods beginning on or after 01 January 2022)**

The amendments set out below include changes to IFRSs. These amendments have not yet been adopted by the European Union.

***IFRS 9 "Financial Instruments"***

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

***IFRS 16 "Leases"***

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

The above amendments are not expected to have any effect on the Group's and the Company's Financial Statements.

## 4. Significant accounting policies

The accounting policies described below were consistently applied by the Company and the subsidiaries and the associates for the periods included in these Consolidated Financial Statements.

### 4.1 Consolidation basis

(1) Business combinations

Acquisition of subsidiaries is accounted for using the acquisition method on the acquisition date, i.e. the date on which control is transferred to the Group. The Group exercises control over an entity when the Group is exposed to, or has rights to, variable returns from its holding in the entity and is able to affect such returns through the influence exercised over the entity.

Goodwill arises from the acquisition of subsidiaries and constitutes the excess amount between the sum of the consideration for acquisition, the amount of the non-controlling interest in the acquired company and the fair value of any previous holding in the acquired company on the acquisition date and the fair value of the identifiable net assets of the subsidiary that was acquired. If the sum of the total consideration for acquisition, the non-controlling interest recognised and the fair value of the previous holding in the acquired company is less than the fair value of the equity of the subsidiary acquired in case of an advantageous purchase, the difference is directly recognised to equity. Transaction costs are expensed as incurred. Any eventual acquisition consideration is recognised at its fair value on the acquisition date.

At the reporting date, the Group has not recognised any goodwill in the Consolidated Financial Statements.

(2) Business combinations under common control

A business combination, in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and when control is not transitory, is a common control transaction. The Group has chosen to account for such common control transactions at book value (carry-over basis). The identifiable net assets acquired are not measured at fair value but recorded at their carrying amounts; intangible assets and contingent liabilities are recognised only to the extent that they were recognised before the business combination in accordance with applicable IFRS. Any difference between the consideration paid and the capital of the acquiree is presented in retained earnings within equity. Transaction costs are expensed as incurred.

(3) Subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are fully consolidated (total consolidation) from the date they acquire control over them and are no longer consolidated from the date when such control no longer exists.

The Company measures its investments in subsidiaries at their acquisition cost in its financial statements.

(4) Loss of control

When Group loses control over a subsidiary, the assets and liabilities of the subsidiary and any related NCI are derecognised. Any resulting gain or loss is recognised in profit or loss. Any interest retained by the Group in the former subsidiary is measured at fair value when control is lost. It is subsequently measured using the equity method for an associated company or a financial asset depending on the percentage of participation preserved.

(5) Associates

Associates are those entities in which the Group has significant influence, but not control; this is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Investments in associates also include the goodwill that arose upon acquisition. In the Consolidated Financial Statements, the Group presents the ratio in profit or loss and total income after any adjustments of accounting principles so that they are comparable with those of the Group as of the date significant influence was acquired. If the Group's share in the losses of an investee is higher than the value of its investment therein, no additional losses are recognised, unless payments have been made or further commitments have been assumed on behalf of the investee.
In its Consolidated Financial statements, the Company recognises interest in investees at their acquisition cost less any impairment.

(6) Elimination of intra group transactions

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**4.2 Foreign currency**

(1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's companies at the exchange rates at the dates of the transactions. The resulting foreign currency gains and losses are recognised and classified in the Statement of Profit or Loss. Foreign currency gains and losses are posted in profit or loss.

(2) Transactions with Group companies in foreign currency

Translation of the financial statements of the Group's companies (none of which had a currency in a hyperinflationary economy) which have a different functional currency from the presentation currency of the Group is performed as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into Euro on the basis of the official foreign exchange rate ruling on the Consolidated Statement of Financial Position date.
- Revenues and expenses of foreign subsidiaries are translated into Euro at the average rate of the foreign currency during the period and
- The resulting foreign exchange differences are recognised in other comprehensive income on the line "Foreign exchange differences" and transferred to the income statement on the sale of those companies.

**4.3 Revenue recognition**

The Group recognises revenue from the following major sources:
- Energy projects, related to high end projects of customised welded oil or gas pipelines
- Sale of products
- Rendering of services
- Dividends

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

Final consideration can vary because of trade discounts, volume rebates, returns or other similar events. Depending on the type of variable consideration the most appropriate method for measuring this variable consideration is used.

**4.3.1 Energy projects**

The Company produces and sells customised welded steel pipes to customers for energy projects.

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

Revenue from such projects is therefore recognised over time.

For distinct performance obligations identified, the most appropriate method to measure progress is used. Progress is measured based on the quantity of manufactured and tested steel pipes compared with the total quantity to be produced according to the contract. This method is used for customised welded steel pipes, since the production of such products is performed in batches and as a result the performance obligations related are satisfied as certain batches of agreed quantities.

Management considers that this method is appropriate for the measurement of progress towards complete satisfaction of these performance obligations under IFRS 15.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities). These contract assets and contract liabilities are presented on the Statement of Financial Position in the lines "Contract assets" and "Contract liabilities" respectively.

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

*Contract costs*
Group recognises the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if those costs are expected to be recoverable, and record them in the line "Contract costs" in Company's and Consolidated Statements of Financial Position. Incremental costs of obtaining contracts are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Fulfilment costs are only capitalised if they generate or enhance resources that will be used to satisfy performance obligations in the future. Assets arising from contract costs are amortised based on the portion of revenue recognised during the execution of the related contract.

#### 4.3.2 Sale of products

The Group sells the following products:

- hollow structural sections for the construction sector,
- steel pipes which during production did not meet the technical specifications of the Group's customers. These pipes are sold at relatively lower prices than the pipes that meet the criteria of the Group's customers because they can be used in different uses than those originally intended.

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

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

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

#### 4.3.3 Rendering of services

The Group recognises the revenue from the provision of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the inspections carried out.

If the payment for the services is not due to the customer until their service is completed, a corresponding claim on clients' contracts is recognised for the period in which these services are provided and which reflects the right to remuneration for services rendered up to that date. Receivables from contracts with customers are presented in the statement of financial position on the line "Receivables from contracts with customers".

#### 4.3.4 Dividends

Dividends are recognised as income when the right to receive them is established.

### 4.4 Employee benefits

(1) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and its companies have a present legal or constructive obligation to pay this amount, as a result of past service provided by the employee and the obligation can be estimated reliably.

(2) Defined-contribution plan
Defined-contribution plans are plans for the period after the employee has ceased to work during which the Company pays a defined amount to a third legal entity without any other obligation. The accrued cost of defined-contribution programs is recorded as an expense in the period that the related service is provided.

(3) Defined-benefit plan
Group's net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is based on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Past service cost is recognised in profit or loss on:

- the date the amendment or curtailment takes place, or
- the date on which the Group recognises the cost of the relevant restructuring, whichever happens earlier.

Net interest expense is calculated as the net amount between the liability for the defined benefit plan and the fair value of plan assets multiplied by the discount rate. The Group recognises the following changes to the defined benefit liability in the statement of profit or loss in the lines below:

- Service cost consisting of current service cost and past service cost, curtailment profit or loss and extraordinary settlements in other operating income/expenses
- Net finance income or costs in financial expenses.

Remeasurements which comprise actuarial gains and losses are recognised immediately in the Statement of Financial Position by debiting or crediting accordingly the retained earnings through other comprehensive income in the period in which they are incurred. Remeasurements are not reclassified in profit or loss at subsequent periods.

(4) Termination benefits
Termination benefits are paid to employees when they terminate their employment with the Group, before the retirement date. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when they recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted. In the case of employment termination in which the Group is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for, but are recorded as a contingent liability.

### 4.5 Finance income and finance costs

Group's finance income and finance costs mainly include:

- finance income;
- finance costs;
- foreign currency gains and losses from deposits valuation.

Finance income/costs is/are recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

**4.6 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in OCI.

**4.6.1** Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, based on the tax rates enacted on the Financial Statements reporting date, and any adjustment to the tax payable or receivable in respect of previous years.

**4.6.2** Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: (a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; (b) temporary differences related to investments in subsidiaries to the extent that temporary differences will not be reversed; (c) taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the period in which the asset (liability) will be realised (settled). Future tax rates are determined according to laws passed on the date the Financial Statements are prepared.

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will suffice for offsetting temporary differences. Deferred tax assets are reduced when the relevant tax benefit is realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

**4.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost is determined by applying the method of weighted average cost and includes the cost to buy, produce or manufacture and other expenses required to bring inventories at their current condition and location, and the ratio of production expenses. The cost may include any transfer from the cash flow hedging reserve. The net realisable value is estimated based on the inventory's current sales price, in the ordinary course of business activities, less any possible selling expenses, whenever such a case occurs.

**4.8 Property, plant and equipment**

**1) Recognition and measurement**

Property, plant and equipment include: land, buildings, machinery, transportation equipment, furniture and other equipment. Property, plant and equipment are presented at their acquisition cost less accumulated depreciation. The acquisition cost includes all expenses that are directly associated with the asset's acquisition. The acquisition cost also includes any transfer from equity of any gains/losses on cash flow hedging for the acquisition of property, plant and equipment in foreign currency.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and their cost can be reliably measured. The book value of the portion of the replaced fixed asset is derecognised.

Repair and maintenance costs are recorded in profit or loss when they are incurred.

The book value of a fixed asset is impaired at the recoverable amount when its book value exceeds the estimated recoverable amount.

On the sale of property, plant and equipment, any difference that may arise between the price that is received and the carrying amount thereof is recorded through profit or loss in the category "other operating income (expenses)".

**a) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**3) Depreciation**

Land is not depreciated. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

**Review of useful life**

Residual values and useful lives of property, plant and equipment are reviewed and adjusted at each reporting date of Financial Statements, if appropriate.
During 2020, the Group undertook the review of the operational performance of its production lines and premises.
The factors taken into consideration with respect to this business overview were as follows:

• frequent and consistent maintenance of machinery and facilities;
• the utilisation capacity involving certain assets from their initial acquisition compared to industry-specific standards, and
• technological progress and developments in the production methods used in the industrial segments in which the subsidiaries operate.

As a result, the expected useful life of the facilities was increased by 10 years on average and useful life of heavy machinery was increased by 9 years on average. When the changes described above were implemented, the ranges of useful lives were changed accordingly.

The effect of these changes on the annual amortisation expenses included in the "Cost of sales" amounted to EUR 2 million for 2020 and the period 2021-2024 on an annual basis.

The expected useful life of property, plant and equipment is presented below.

| | |
|---|---|
| Administrative buildings | 20-33 years |
| Plants | 25-43 years |
| Heavy machinery | 25-35 years |
| Light machinery | 8-18 years |
| Furniture | 5 years |
| Other equipment | 4-12 years |
| Transportation means | 10 years |

**4.9 Intangible assets**

**a) Recognition and measurement**

Research and development: Expenditure on research activities is recognised in the Statement of Profit and Loss and Other Comprehensive Income as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is feasible in technical and commercial terms, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software programmes: Software licenses are recorded at their acquisition cost, less accumulated amortisation and any accumulated impairment. These assets are amortised on the straight-line method over their useful life, which ranges between 3 to 5 years.

Expenses required for the maintenance of software programmes are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

**b) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**c) Amortisation and useful lives**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The expected useful life of assets is as follows:

- Intangible assets associated with development expenses 5 – 10 years
- Software programmes 3 – 10 years

**4.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits as well as short-term highly liquid deposits such as money market instruments and bank deposits with a maturity of three months or less.

**4.11 Impairment**

A. Non-derivative financial assets

*Financial instruments and contract assets (Policy in effect after 1 January 2018)*

The Group recognises provisions for expected credit losses (ECLs) on:

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

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by Group companies to actions such as realising security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which Group companies are exposed to credit risk.

*Measurement of ECLs*

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

*Credit-impaired financial assets*

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

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

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

*Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of such assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss.

*Write-offs*

The gross carrying amount of a financial asset is written off when the Company/Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Company subsidiaries make an assessment on an individual basis with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company/Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

B. Non-financial assets

At each reporting date, the Group and its companies review the carrying amounts of their non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful life are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss under "Other expenses". They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**4.12 Leases**

IFRS 16 "Leases" which applies to the period beginning on January 1, 2019, supersedes IAS 17 and the relevant interpretations, and changes considerably the way lease payments are reported by lessees. The Standard removes the distinction between operating and finance leases and requires companies to recognise all relevant leases according to a single model, save the cases cited below.

According to IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In respect of such contracts, the new model requires lessees to recognise right-of-use assets and lease liabilities. The right-of-use assets are depreciated and liabilities generate interest.

When applying IFRS 16, the Group uses the following exceptions:
• lease with a term of 12 months or less, without purchase options;
• leases in which the underlying asset is of low value, up to ca. € 4.5 thousand. When assessing the value of an asset, the value of the new asset is always taken into account.

Moreover, the Group does not apply IFRS 16 to leases of intangible assets.

**The Group as lessee**

At the commencement date of the lease, the Group measures the lease liabilities at the present value of the outstanding rents on such date. Lease payments are discounted using the interest rate implicit in the lease or, when this cannot be readily determined, the incremental borrowing rate of the asset included in the lease contract. In general, the Group uses the incremental borrowing rate as discount rate. This is the rate of interest that the lessee would have to pay, at the inception date of the lease, to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The following payments are included in valuation of the lease liability:
• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payment based on an index or a rate;
• the amounts expected to be payable by the lessee under residual value guarantees;
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The above payments are discounted over the lease term. The lease term is the non-cancellable period of the lease. Any periods covered by options held by the Group are included in the lease liability only if it is reasonable that the options will be exercised. Moreover, the periods covered by the option held by the Group to terminate the lease are included only if the Group is reasonably certain that these options will not be exercised. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured if there is a modification that is not accounted for as a separate lease; when there is a change in future lease payments arising from a change in an index or rate; a change in the estimate of the amount expected to be payable under a residual value guarantee; and changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. They are depreciated using the straight-line method to the earlier of the end of the lease term or the end of the useful life of the asset. If the cost of right-of-use assets reflects the exercise of a purchase option by the Group, they are depreciated over the useful life of the underlying asset.

**Short-term leases and leases of low value assets**

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment, small items of office furniture and other equipment.

The Company leases administration offices and warehouses by the ultimate parent company Viohalco SA/NV and other related companies. No contract for administration offices and warehouses includes any early termination penalty clauses and they are cancellable at any time. For this reason, all intercompany contracts for administration offices and warehouses are considered as short term and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 4.13 Financial assets and financial liabilities

#### 4.13.1 Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

#### 4.13.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured either at: a) non-amortised cost, or b) fair value through other comprehensive income (FVOCI), or c) fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at non-amortised cost if it meets all of the following conditions:

- it is not designated by Management as an asset measured at FTVPL;
- it is not held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

For the subsequent measurement of financial assets and liabilities, the following accounting principles are applied:

Financial assets – Subsequent measurement and gains and losses

| | |
|---|---|
| **Financial assets at amortised cost** | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| **Equity investments at FVOCI** | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

Financial liabilities

Financial liabilities are classified as measured at amortised cost.

All financial liabilities (except derivatives held for hedging purposes) are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### 4.13.3 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or

- it transfers the rights to receive the contractual cash flows in a transaction

  - in which substantially all of the risks and rewards of ownership of the financial asset are transferred or
  - in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Consolidated Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### 4.13.4 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.13.5 Derivatives and hedge accounting

The Group has elected not to adopt the provisions of IFRS 9 regarding the hedge accounting and continues to apply IAS 39. The Group holds derivative financial instruments designated as cash flow hedges. Derivatives are used to cover risks arising from changes in fluctuations of foreign exchange rates. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and the effective portion of changes in the fair value of derivatives is recognised in the "Hedging reserve". Any ineffective proportion is recognised immediately in profit or loss.

Cash flow hedge

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in the "Hedging reserve". Any ineffective proportion is recognised immediately in profit or loss. The amounts recognised in the "Hedging reserve" are reclassified to the profit or loss in the same periods during which the hedged item affects profit or loss. In the case of a hedge on a forecast future transaction which results in the recognition of a non-monetary asset (e.g. Inventory) or liability, the profit or loss recognised in the 'Hedging reserve' is reclassified to the acquisition cost of the resultant non-financial asset.

When a hedge item matures or is sold or when the hedge no longer meets the hedge accounting criteria, the profits and losses accrued to 'Equity' remain as a reserve and are reclassified to profit or loss when the hedged asset affects profit or loss. In the case of a hedge on a forecast future transaction which is no longer expected to occur, amounts recorded in 'Hedging reserve' are reclassified to profit and loss.

The Group examines the effectiveness of the cash flow hedges at inception (prospectively) by comparing the critical terms of the hedging instrument with the critical terms of the hedged item, and then at every reporting date (retrospectively), the effectiveness of the cash flow hedges is examined by applying the dollar offset method on a cumulative basis.

### 4.14 Share capital

Share capital is composed of ordinary shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### 4.15 Provisions

Provisions are measured by discounting the expected future cash flows at an appropriate pre-tax rate. The discount rate used for the determination of present value reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are recognised when:
i. There is a present legal or constructive obligation as a result of past events.
ii. Payment is probable to settle the obligation.
iii. The amount of the payment in question can be reliably estimated.

Provisions for pending court rulings are recognised when it is more likely than not, that a present obligation from this litigation exists, and payment is probable.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating a contract and the expected net cost of continuing with the contract. Before the provision is established, the Group recognises any impairment loss on the associated assets with the contract.

### 4.16 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group, as well as other income and expenses related to operating activities. Operating profit excludes Net finance costs, Share of profit of equity-accounted investees and Income tax.

### 4.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**4.18 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale form part of the acquisition cost of that asset until the time it is substantially ready for its intended use or sale. Any income on the temporary investment of borrowings for financing the above qualifying asset and the collection of grants reduce the borrowing costs eligible for capitalisation. In other events, borrowing costs are charged through profit or loss in the year in which they are incurred. To the extent that funds are part of a general loan and are used for acquiring a qualifying asset, costs eligible for capitalisation are specified by applying a capitalisation rate to the investment expenses incurred for that asset.

**4.19 Grants**

A subsidy represents a contribution provided by the State in the form of resources transferred to an entity, in return for existing or future maintenance of certain resources relating to its operation. The above term does not include state aids which, due to their nature, are not measurable, or transactions with the State which are impossible to separate from an entity’s ordinary transactions.

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

The grants related to the finance cost are deferred and recognised in the income statement in the period required for their hedging at the cost they intend to hedge.

## 5. Property, plant & equipment

**GROUP**

| *Amounts in ,000 Euro* | Land and buildings | Machinery and mechanical equipment | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| **Acquisition Cost** | | | | | |
| **Balance at 1 January 2019** | **71,988** | **245,304** | **6,439** | **3,963** | **327,693** |
| Foreign exchange gains/(losses) | 1 | - | 4 | - | **5** |
| Additions | 166 | 4,487 | 849 | 4,339 | **9,841** |
| Revenue | (38) | - | (99) | - | **(137)** |
| Disposals | - | - | - | (57) | **(57)** |
| Reclassifications | 121 | 2,231 | (1,183) | (688) | **480** |
| **Balance at 31 December 2019** | **72,238** | **252,021** | **6,009** | **7,557** | **337,826** |
| **Balance at 01 January 2020** | **72,238** | **252,021** | **6,009** | **7,557** | **337,826** |
| Foreign exchange gains/(losses) | (1) | - | (9) | - | **(10)** |
| Additions | 779 | 463 | 2,806 | 10,619 | **14,666** |
| Revenue | (16) | - | (356) | - | **(372)** |
| Disposals | (48) | - | - | - | **(48)** |
| Reclassifications | 893 | 2,425 | 236 | (3,553) | **-** |
| **Balance at 31 December 2020** | **73,846** | **254,908** | **8,685** | **14,623** | **352,061** |
| **Accumulated depreciation** | | | | | |
| **Balance at 1 January 2019** | **(28,085)** | **(118,320)** | **(5,448)** | **-** | **(151,854)** |
| Foreign exchange gains/(losses) | (1) | - | (3) | - | **(3)** |
| Depreciation of the period | (1,315) | (8,154) | (293) | - | **(9,762)** |
| Revenue | 30 | - | 84 | - | **114** |
| Reclassifications | (8) | (40) | 1,178 | - | **1,130** |
| **Balance at 31 December 2019** | **(29,379)** | **(126,514)** | **(4,482)** | **-** | **(160,375)** |
| **Balance at 01 January 2020** | **(29,379)** | **(126,514)** | **(4,482)** | **-** | **(160,375)** |
| Foreign exchange gains/(losses) | - | - | 5 | - | **5** |
| Depreciation of the period | (996) | (6,290) | (587) | - | **(7,873)** |
| Revenue | 58 | - | 343 | - | **400** |
| **Balance at 31 December 2020** | **(30,318)** | **(132,804)** | **(4,721)** | **-** | **(167,843)** |
| **Carrying amount at December 2019** | **42,859** | **125,507** | **1,528** | **7,557** | **177,450** |
| **Carrying amount at December 2020** | **43,528** | **122,104** | **3,964** | **14,623** | **184,218** |

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PIPE INDUSTRY SINGLE MEMBER S.A.

**COMPANY**

| *Amounts in ,000 Euro* | Land and buildings | Machinery and mechanical equipment | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| **Acquisition Cost** | | | | | |
| **Balance at 01 January 2019** | **72,361** | **245,304** | **6,248** | **3,963** | **327,875** |
| Additions | 149 | 4,487 | 826 | 4,339 | **9,801** |
| Destruction/ Disposals | - | - | - | (57) | **(57)** |
| Reclassifications | 121 | 2,231 | (1,183) | (688) | **480** |
| **Balance at 31 December 2019** | **72,631** | **252,021** | **5,891** | **7,557** | **338,100** |
| **Balance at 01 January 2020** | **72,631** | **252,021** | **5,891** | **7,557** | **338,100** |
| Additions | 758 | 463 | 2,806 | 10,619 | **14,645** |
| Revenue | - | - | (343) | - | **(343)** |
| Reclassifications | 893 | 2,425 | 236 | (3,553) | **-** |
| **Balance at 31 December 2020** | **74,282** | **254,908** | **8,589** | **14,623** | **352,402** |
| **Accumulated depreciation** | | | | | |
| **Balance as at 1 January 2019** | **(28,093)** | **(118,320)** | **(5,331)** | **-** | **(151,745)** |
| Depreciation of the period | (1,298) | (8,154) | (290) | - | **(9,743)** |
| Reclassifications | (8) | (40) | 1,178 | - | **1,130** |
| **Balance at 31 December 2019** | **(29,400)** | **(126,514)** | **(4,443)** | **-** | **(160,357)** |
| **Balance at 01 January 2020** | **(29,400)** | **(126,514)** | **(4,443)** | **-** | **(160,357)** |
| Depreciation of the period | (1,009) | (6,290) | (563) | - | **(7,862)** |
| Revenue | - | - | 343 | - | **343** |
| **Balance at 31 December 2020** | **(30,409)** | **(132,804)** | **(4,664)** | **-** | **(167,877)** |
| **Carrying amount at 31 December 2019** | **43,231** | **125,507** | **1,447** | **7,557** | **177,742** |
| **Carrying amount as at 31 December 2020** | **43,873** | **122,104** | **3,925** | **14,623** | **184,525** |

**Review of useful life**

During 2020, the Group undertook the review of the operational performance of its production lines and premises. The factors taken into consideration with respect to this business overview were as follows:

• frequent and consistent maintenance of machinery and facilities;
• the utilisation capacity involving certain assets from their initial acquisition compared to industry-specific standards, and
• technological developments in the production methods used in the industrial segments in which the subsidiaries operate.

As a result, the expected useful life of the facilities was increased by 10 years on average and useful life of heavy machinery was increased by 9 years on average. When the changes described above were implemented, the ranges of useful lives were changed accordingly. The effect of these changes on the annual amortisation expenses included in the "Cost of sales" amounted to EUR 2 million for 2020 and the period 2021-2024 on an annual basis.

On 31.12.2020 fixed assets under construction mainly concerned machinery in the Thisvi-based plant of the Company.

Mortgages and pledges in favour of banks of EUR 40,031 thousand have been recorded on the Company's real estate properties. (2019: EUR 40,168 thousand).

## 6. Leases

### A. Amounts recognised in the Statement of Financial Position

The right-of-use assets recognised by the Group and the Company relate to the following categories:

**GROUP**

| *Amounts in ,000 Euro* | **At 31 December** | |
|---|---|---|
| **Right-of-use assets** | **2020** | **2019** |
| Buildings | 442 | 325 |
| Transportation means | 888 | 853 |
| Other equipment | 179 | 216 |
| **Total** | **1,509** | **1,394** |

| **Lease liabilities** | **2020** | **2019** |
|---|---|---|
| Current lease liabilities | 1,041 | 447 |
| Non-current lease liabilities | 474 | 942 |
| **Total** | **1,516** | **1,389** |

**COMPANY**

| *Amounts in ,000 Euro* | **At 31 December** | |
|---|---|---|
| **Right-of-use assets** | **2020** | **2019** |
| Transportation means | 831 | 785 |
| Other equipment | 179 | 216 |
| **Total** | **1,010** | **1,001** |
| | - | - |

| **Lease liabilities** | **2020** | **2019** |
|---|---|---|
| Current lease liabilities | 368 | 312 |
| Non-current lease liabilities | 651 | 676 |
| **Total** | **1,019** | **988** |

Additions to the right-of-use assets during 2020 were EUR 983 thousand and EUR 449 thousand for the Group and the Company, respectively.

### B. Amounts recognised in the Income Statement

The following amounts have been recognised in the Statement of Profit or Loss:

**GROUP**

| *Amounts in ,000 Euro* | **For the year ended 31 December** | |
|---|---|---|
| **Depreciation charge of right-of-use assets** | **2020** | **2019** |
| Buildings | 51 | 121 |
| Transportation means | 326 | 260 |
| Other equipment | 59 | 46 |
| **Total** | **435** | **427** |

| | **2020** | **2019** |
|---|---|---|
| Finance costs | 54 | 55 |
| Variable rental fees | 30 | 89 |
| Low value rental fees | - | 1 |
| Short-term rental fees | 365 | 484 |
| Other expenses of lease contracts | 108 | 91 |
| **Total** | **557** | **721** |

**COMPANY**

| *Amounts in ,000 Euro* | For the year ended 31 December | |
|---|---|---|
| **Depreciation charge of right-of-use assets** | **2020** | **2019** |
| Transportation means | 286 | 232 |
| Other equipment | 59 | 46 |
| **Total** | **345** | **278** |

| | **2020** | **2019** |
|---|---|---|
| Finance costs | 40 | 41 |
| Variable rental fees | 30 | 88 |
| Low value rental fees | - | 1 |
| Short-term rental fees | 287 | 384 |
| Other expenses of lease contracts | 108 | 91 |
| **Total** | **464** | **606** |

## 7. Intangible assets

**GROUP**

| *Amounts in ,000 Euro* | Development costs | Software | Total |
|---|---|---|---|
| **Acquisition cost** | | | |
| **Balance at 1 January 2019** | **1,042** | **37** | **1,078** |
| Foreign exchange gains/(losses) | - | 1 | 1 |
| Additions | 510 | 502 | 1,012 |
| Revenue | - | (33) | (33) |
| Reclassifications | - | 1,275 | 1,275 |
| **Balance at 31 December 2019** | **1,552** | **1,781** | **3,333** |
| | | | |
| **Balance at 01 January 2020** | **1,552** | **1,781** | **3,333** |
| Foreign exchange gains/(losses) | | (1) | **(1)** |
| Additions | 23 | 1,397 | **1,420** |
| **Balance at 31 December 2020** | **1,575** | **3,177** | **4,751** |
| | | | |
| **Accumulated depreciation** | | | |
| **Balance as at 1 January 2019** | **(493)** | **(23)** | **(515)** |
| Foreign exchange gains/(losses) | - | (1) | (1) |
| Depreciation of the period | (171) | (96) | **(267)** |
| Revenue | - | 32 | 32 |
| Reclassifications | - | (1,179) | (1,179) |
| **Balance at 31 December 2019** | **(663)** | **(1,266)** | **(1,930)** |
| | | | |
| **Balance at 01 January 2020** | **(663)** | **(1,266)** | **(1,930)** |
| Foreign exchange gains/(losses) | - | 1 | **1** |
| Depreciation of the period | (239) | (279) | **(518)** |
| Revenue | - | (5) | **(5)** |
| **Balance at 31 December 2020** | **(902)** | **(1,550)** | **(2,451)** |
| | | | |
| **Carrying amount at 31 December 2019** | **888** | **514** | **1,403** |
| **Carrying amount at 31 December 2020** | **673** | **1,627** | **2,300** |

**COMPANY**

| *Amounts in ,000 Euro* | Development costs | Software | Total |
|---|---|---|---|
| **Acquisition cost** | | | |
| **Balance as at 1 January 2019** | **1,042** | **-** | **1,042** |
| Additions | 510 | 495 | **1,005** |
| Reclassifications | - | 1,275 | **1,275** |
| **Balance at 31 December 2019** | **1,552** | **1,770** | **3,321** |
| | | | |
| **Balance at 01 January 2020** | **1,552** | **1,770** | **3,321** |
| Additions | 23 | 1,394 | **1,417** |
| **Balance at 31 December 2020** | **1,575** | **3,164** | **4,738** |
| | | | |
| **Accumulated depreciation** | | | |
| **Balance at 1 January 2019** | **(493)** | **-** | **(493)** |
| Depreciation of the period | (171) | (84) | **(255)** |
| Reclassifications | - | (1,179) | **(1,179)** |
| **Balance at 31 December 2019** | **(663)** | **(1,263)** | **(1,926)** |
| | | | |
| **Balance at 01 January 2020** | **(663)** | **(1,263)** | **(1,926)** |
| Depreciation of the period | (239) | (279) | **(518)** |
| **Balance at 31 December 2020** | **(902)** | **(1,542)** | **(2,444)** |
| | | | |
| **Carrying amount at 31 December 2019** | **888** | **507** | **1,395** |
| **Carrying amount at 31 December 2020** | **673** | **1,622** | **2,295** |

## 8. Subsidiaries

**2020**

| Company Name | Acquisition cost at December 31 | Total Assets | Total Liabilities | Revenue | Profits/Losses | Direct Holding Percentage | Indirect Holding Percentage |
|---|---|---|---|---|---|---|---|
| WARSAW TUBULARS TRADING Sp. z.o.o. (Poland) | 593 | 641 | 17 | - | - | 100% | - |
| CPW AMERICA CO (America) | - | 14,633 | 4,261 | 32,318 | 9 | - | 100% |
| **Total** | **593** | **15,274** | **4,278** | **32,318** | **9** | | |

**2019**

| Company Name | Acquisition cost at December 31 | Total Assets | Total Liabilities | Revenue | Profits/Losses | Direct Holding Percentage | Indirect Holding Percentage |
|---|---|---|---|---|---|---|---|
| WARSAW TUBULARS TRADING Sp. z.o.o. (Poland) | 593 | 663 | 7 | - | (12) | 100% | - |
| CPW AMERICA CO (America) | - | 14,286 | 3,873 | 103,351 | 466 | - | 100% |
| **Total** | **593** | **14,949** | **3,881** | **103,351** | **453** | | |

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland. Warsaw

Tubulars Trading Sp. Z.o.o. has a 100% participation in the share capital of CPW America Co. which is established in Houston, Texas USA. Neither of the two aforementioned companies is listed in any stock exchange market.

## 9. Equity-accounted investees

### A. Reconciliation of carrying amount

| *(Amounts in ,000 Euro)* | 2020 | 2019 |
|---|---|---|
| **Balance at 1 January** | 1,062 | 1,114 |
| Additions | 3,285 | - |
| Share in profit/ (loss) after taxes | (913) | (51) |
| Share in other comprehensive income | 113 | (1) |
| Foreign exchange gains/(losses) | (187) | - |
| **Balance at 31 December** | **3,360** | **1,062** |

In January 2020, through the subsidiary CPW America Co. the Group acquired an interest of 20% in the share capital of Bellville Tube Company in exchange for USD 3,300 thousand, translated in EUR 3,285 thousand. Bellville Tube Company manufactures steel tubular products for the local market. Due to changes incurred during the period in the shareholding structure of the associate the interest held at 31 December 2020 was 19.4%. The Group consolidates the above company as an associate.

### B. Options related to the associate Bellville Tube Company

Based on the purchase agreement, the shareholders of Bellville Tube Company granted CPW America with a call option to purchase the remaining outstanding capital stock of Bellville Tube Company. The calculation of the purchase price prescribed in the call option is based on a predetermined formula. The exercise period for the call option starts in 2022 and expires in 2025. Upon the exercise of the call option CPW America will own 100% of outstanding capital stock of Bellville Tube Company.

In addition, the purchase agreement prescribes that if CPW America does not exercise the call option described above, CPW America shall have the option (“put option”), but not the obligation, during the period 2022-2025 to require Bellville Tube Company’s shareholders to redeem all, but not less than all, of the shares of Bellville Tube Company then held by CPW America. The aggregate purchase price for the redeemed shares if the put option is exercised will be USD 3.3 million, i.e. equal to the amount initially disbursed.

The options described above were recognized on the statement of financial position upon valuation performed and as a result a gain of EUR 936 thousand, included in “Other Income” in the statement of Profit or loss. Based on the inputs used in order to determine the fair value of the put and the call options, such options are categorized as Level 3. The options are valuated in USD and based on year end exchange rates, the valuation of such options was EUR 871 thousand. The valuation of the call & put options was based on a widely acceptable pricing model methodology considering the complexity of the option plan.

The basic inputs that have been used in the valuation model are the following:

- expected turnover & EBITDA margins of the associate;
- future working capital needs;
- risk free rate;
- volatility, defined as the range of values for all inputs used in the valuation model.

Regarding the fair values of the call and put options, reasonably possible changes at the reporting date to one of the significant unobservable inputs stated above, keeping other inputs constant, would have the following effect:

- If turnover was higher by 1%, then the fair value of the options would be higher by EUR 14 thousand or 1.4%.
- If working capital was higher by 1%, then the fair value of the options would be lower by EUR 48 thousand or 4.9%.
- If risk free rate was higher by 0,5%%, then the fair value of the options would be higher by EUR 23 thousand or 2.4%.

If volatility was higher by 1%, then the fair value of the options would be higher by EUR 46 thousand or 4.7%.

### C. Financial information per associate

The tables below present key financials per associate. The disclosed financial information reflects amounts in the financial statements of the relevant associates.

**2020**
*Amounts in ,000 Euro*

| Company Name | Country of establishment | Revenue | Profit/Losses from continuing operations | Total comprehensive income after tax | Holding percentage |
|---|---|---|---|---|---|
| DIAVIPETHIV | Greece | 2,487 | 109 | 107 | 21.75% |
| Bellville Tube Company | America | 14,548 | (4,826) | (4,826) | 19,4% |

| Company Name | Current assets | Non-current assets | Current liabilities | Non-current liabilities |
|---|---|---|---|---|
| DIAVIPETHIV | 1,882 | 12,239 | 352 | 8,258 |
| Bellville Tube Company | 1,975 | 14,200 | 3,773 | 3,428 |

**2019**
*Amounts in ,000 Euro*

| Company Name | Country of establishment | Revenue | Profit/Losses from continuing operations | Total comprehensive income after tax | Holding percentage |
|---|---|---|---|---|---|
| DIAVIPETHIV | Greece | 2,130 | (237) | (242) | 21.75% |

| Company Name | Current assets | Non-current assets | Current liabilities | Non-current liabilities |
|---|---|---|---|---|
| DIAVIPETHIV | 2,077 | 12,232 | 592 | 8,313 |

DIAVIPETHIV SA is established in Greece and sets, as Thisvi industrial zone's administrator, the boundaries of the statutory and regulatory frame in which the companies being settled in the industrial zone are operating, as well as the rights and responsibilities of the administrating and managing entity.

## 10. Other investments

**Reconciliation of carrying amount**

**Company and consolidated figures**

| | At 31 December | |
|---|---|---|
| *(Amounts in ,000 Euro)* | **2020** | **2019** |
| **Balance at 1 January** | **8,160** | **11** |
| Additions | - | 8,149 |
| **Balance at 31 December** | **8,160** | **8,160** |

Other investments of the Group and the Company are equity investments measured at fair value in other comprehensive income. On 27 December 2019, the Company acquired an interest of 8.29% of the affiliate company International Trade S.A. for a consideration of EUR 8,149 thousand by the related company Sidenor S.A. The acquisition of the above percentage is recorded on the purchase price, which was determined by an independent valuation expert, according to the provisions of Greek Law 4548/2018, articles 99-101.

The table below summarises the categories of other investments of the Company.

| *(Amounts in ,000 Euro)* | At 31 December 2020 | 2019 |
|---|---|---|
| Shares of Greek unlisted companies | 11 | 11 |
| Shares of unlisted companies seated beyond Greece | 8,149 | 8,149 |
| **Total** | **8,160** | **8,160** |

## 11. Financial instruments

### A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including the levels in the fair value hierarchy, for both the Group and the Company.

On 31 December 2020

| *(Amounts in ,000 Euro)* | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Equity investments at FVOCI | 8,160 | - | - | 8,160 | **8,160** |
| Derivative financial assets | 1,198 | - | 326 | 871 | **1,198** |
| | **9,358** | **-** | **326** | **9,032** | **9,358** |

On 31 December 2019

| *(Amounts in ,000 Euro)* | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Equity investments at FVOCI | 8,160 | - | - | 8,160 | **8,160** |
| Derivative financial assets | 213 | - | 213 | - | **213** |
| Derivative financial liabilities | 136 | - | 136 | - | **136** |
| | **8,509** | **-** | **349** | **8,160** | **8,509** |

The various levels are as follows:
- Level 1: Quoted prices (unadjusted) in an active market for identical assets and liabilities.
- Level 2: Inputs that are observable either directly or indirectly.
- Level 3: Unobservable inputs for assets and liabilities.

The fair value of the following financial assets and liabilities measured at amortised cost approximates their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Debt

Specifically, the carrying amount of loans and borrowings is considered as a good approximation of their fair value as, with the exception of lease liabilities, all the remaining consolidated and company loans and borrowings concern floating-rate debt, which is a very good approximation of current market rates.

The following table shows the reconciliation between opening and closing balances for Level 3 financial assets, which are classified as equity investments at fair value through other comprehensive income.

| *(Amounts in ,000 Euro)* | 2020 | 2019 |
|---|---|---|
| **Balance at 1 January** | **8,160** | **11** |
| Additions | 871 | 8,149 |
| **Balance at 31 December** | **9,032** | **8,160** |

## B. Fair value measurement

*(a) Valuation techniques and significant unobservable inputs*

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

The financial assets, such as unlisted shares that are not traded in an active market whose measurement is based on Group companies' and the Company's forecasts for the issuer's future profitability are classified under Level 3.

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

| Type | Valuation techniques | Significant observable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| Forward exchange contracts | *Market comparison technique:*<br>The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. | Broker quotes | Not applicable. |
| Call option in shares/ put option in shares held in an associate | *Options pricing model*<br>The Company uses a widely acceptable methodology considering the complexity of such derivative. | The basic inputs that have been used in the valuation model are the following:<br>• expected turnover & EBITDA margins of the affiliated entity;<br>• future working capital needs;<br>• risk free rate;<br>• volatility, defined as the range of values for all variables/ inputs used in the valuation model. | • If turnover of the affiliated entity is higher, then the fair value of the options would be higher.<br>• If future working capital is higher, then the fair value of the options would be lower.<br>• If risk free rate is higher is higher, then the fair value of the options would be higher.<br>• If volatility is higher, then the fair value of the options would be higher.<br>(Notes 9 & 14) |

*(b) Transfers between Levels 1 and 2*

There were no transfers from Level 2 to Level 1 or from Level 1 to Level 2 in 2020 and no transfers in either direction in 2019.

## C. Financial risk management

The Group and the Company are exposed to credit, liquidity and market risk due to the use of financial instruments. This Note sets forth information on their exposure to each one of the above risks, their objectives, the policies and procedures applied to risk measurement and management and the Group's Capital Management (section D of the Note).

The risk management policies are applied in order to identify and analyse the risks facing the Group and the Company, set risk-taking limits and apply relevant control systems. The risk management policies and relevant systems are reviewed on a periodic basis so as to take into account any changes in the market and the companies' activities.

The implementation of risk management policies and procedures is supervised by the Internal Audit department of VIOHALCO Group, which performs recurring and non-recurring audits and the results of such audits are notified to the Board of Directors of each Company.

### *C.1 Credit Risk*

Credit risk is the risk that the Group and the Company will incur financial loss if a client or third counterparty to a transaction on a financial instrument fails to meet its contractual obligations. Credit risk mainly arises from receivables from customers and contract assets. The carrying amount of financial assets represents the maximum credit exposure.

**GROUP**

| *Amounts in ,000 Euro* | Note | At 31 December 2020 | 2019 |
|---|---|---|---|
| Trade and other receivables | 13 | 26,574 | 25,280 |
| Contract assets | 23 | 10,002 | 63,215 |
| **Sub-total** | | **36,575** | **88,495** |
| *Less:* | | | |
| Down payments | 13 | (409) | (1,729) |
| Current tax assets | 13 | (227) | (599) |
| Other receivables | 13 | (1,285) | (1,957) |
| **Sub-total** | | **(1,922)** | **(4,284)** |
| **Financial assets with credit risk** | | **34,654** | **84,211** |

**COMPANY**

| *Amounts in ,000 Euro* | Note | At 31 December 2020 | 2019 |
|---|---|---|---|
| Trade and other receivables | 13 | 24,820 | 23,128 |
| Contract assets | 23 | 9,965 | 63,083 |
| **Sub-total** | | **34,785** | **86,211** |
| *Less:* | | | |
| Down payments | 13 | - | (392) |
| Current tax assets | 13 | (175) | (599) |
| Other receivables | 13 | (1,285) | (1,841) |
| **Sub-total** | | **(1,460)** | **(2,832)** |
| **Financial assets with credit risk** | | **33,324** | **83,379** |

Decrease in contract assets for the Group and the Company is due to the receipt of advance payment equal to Euro 25MM in December 2020 as well as in the reduced production at the end of 2020 in relation to the corresponding period of 2019.

*a) Trade and other receivables*

Group’s and Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the companies’ Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Commercial risk is spread over a large number of clients. However, due to the fact that the Company’s business is project oriented, there are cases where the 10% threshold of consolidated sales is individually exceeded for a short period of time. In 2020, Company sales to its customers ENERGINET GAS TSO A/S, SNAM RETE GAS S.P.A. and ICGB AD accounted for 24%, 17% and 16%, respectively, of its total sales for the year.

The Company/Group has established a credit policy where each new customer is examined on an individual basis in terms of creditworthiness before the standard payment and delivery terms are proposed to such customer. The Group's review includes external ratings, if they are available, and in some cases bank references. Credit limits are set for each customer, which are reviewed in accordance with current circumstances and the terms of sales and collections are readjusted, if necessary. As a rule, the credit limits of customers are set on the basis of the insurance limits received for them from insurance companies and, subsequently, receivables are insured according to such limits.

When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of recoverability they have shown. Any customers characterised as being “high risk” are included in a special list of customers and subsequent sales must be paid in advance. Depending on the background of the customer and its status, the Group’s subsidiaries demand real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Group records an impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

At 31 December, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

**GROUP**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Greece | 20,183 | 13,961 |
| Other EU Member States | 9,604 | 65,481 |
| Other European countries | (2) | 1,195 |
| Asia | 2,124 | 397 |
| America | 2,725 | 3,157 |
| Africa | 21 | 20 |
| **Total** | **34,654** | **84,211** |

**COMPANY**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Greece | 21,394 | 13,961 |
| Other EU Member States | 9,616 | 65,481 |
| Other European countries | (2) | 1,195 |
| Asia | 2,124 | 397 |
| America | 172 | 2,324 |
| Africa | 21 | 20 |
| **Total** | **33,324** | **83,379** |

At 31 December, the ageing of trade and other receivables that were not impaired was as follows:

**GROUP**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Neither past due nor impaired | 34,445 | 80,165 |
| Overdue | | |
| - Up to 6 months | 150 | 4,010 |
| - Over 6 months | 59 | 37 |
| **Total** | **34,654** | **84,211** |

**COMPANY**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Neither past due nor impaired | 33,116 | 79,332 |
| Overdue | | |
| - Up to 6 months | 150 | 4,010 |
| - Over 6 months | 59 | 37 |
| **Total** | **33,324** | **83,379** |

Group companies' Management believes that the non-impaired amounts that are past due up to 6 months and over 6 months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. On 31 December 2020 and 2019, the remaining receivables past due but not impaired mainly related to leading energy groups.

In addition Group companies insure the majority of their receivables in order to be secured in case of default. As of 31 December 2020, 95% of the balances owed by third parties were insured. Respective insurance companies have a probability of default rate of less than 0.04%. 86% of receivables come from customers in Greece and the rest of the European Union, while 8% come from customers based in the United States, which highlights the non-existent risk of the Company and the Group's customers.

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

**GROUP**

| | 2020 | 2019 |
|---|---|---|
| *Amounts in ,000 Euro* | Trade & other receivables | |
| **Balance at 1 January** | **22,355** | **20,320** |
| Recognised provision | 41 | 1,651 |
| Reversal of provision | (3) | - |
| Write-offs | - | - |
| Foreign exchange gains/(losses) | (1,870) | 384 |
| Other changes | - | - |
| **Balance at 31 December** | **20,523** | **22,355** |

**COMPANY**

| | 2020 | 2019 |
|---|---|---|
| *Amounts in ,000 Euro* | Trade & other receivables | |
| **Balance at 1 January** | **22,353** | **20,318** |
| Recognised provision | 41 | 1,651 |
| Foreign exchange gains/(losses) | (1,870) | 384 |
| **Balance at 31 December** | **20,523** | **22,353** |

The allowance for expected credit losses for trade receivables and contract assets is calculated at the level of each subsidiary when there is an indication of impairment. For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information in macroeconomic factors affecting the credit risk, such as country risk and customers' industry related risks.

*b) Cash and cash equivalents*

The Group and the Company held cash and cash equivalents of EUR 20.6 million and EUR 16.2 million, respectively, at 31 December 2020. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from AA- to CCC+ based on ratings of Fitch.

***C.2. Liquidity risk***

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The approach to manage liquidity is to ensure, as much as possible, that the Group and the Company will have sufficient liquidity to meet their liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

In order to avoid liquidity risks, the Group and the Company estimate the expected cash flows for the next year when preparing the annual budget and monitor the monthly rolling forecast of its cash flows for the next quarter, so as to ensure sufficient cash on hand to meet their operating needs, including coverage of their financial obligations. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

*Exposure to liquidity risk*
Financial liabilities and derivatives based on contractual maturity are broken down as follows:

**GROUP**

| **31/12/2020** | | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Carrying amount** | **Up to 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
| Bank loans | 60,461 | 51,154 | 6,559 | 5,825 | - | **63,538** |
| Finance lease liabilities | 1,516 | 902 | 326 | 360 | - | **1,588** |
| Bond issues | 47,923 | 21,068 | 10,882 | 22,887 | 1,838 | **56,676** |
| Trade and other payables | 57,312 | 57,312 | - | - | - | **57,312** |
| | **167,212** | **130,436** | **17,767** | **29,072** | **1,838** | **179,114** |

| **31.12.2019** | | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Carrying amount** | **Up to 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
| Bank loans | 135,986 | 120,320 | 5,629 | 10,827 | - | **136,777** |
| Finance lease liabilities | 1,389 | 747 | 329 | 366 | - | **1,442** |
| Bond issues | 42,080 | 11,253 | 13,253 | 17,630 | 3,728 | **45,864** |
| Derivatives | 136 | 136 | - | - | - | **136** |
| Trade and other payables | 71,812 | 71,812 | - | - | - | **71,812** |
| | **251,402** | **204,267** | **19,212** | **28,824** | **3,728** | **256,031** |

**COMPANY**

| **31/12/2020** | | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Carrying amount** | **Up to 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
| Bank loans | 60,226 | 51,154 | 6,324 | 5,825 | - | **63,303** |
| Finance lease liabilities | 1,019 | 405 | 326 | 360 | - | **1,091** |
| Bond issues | 47,923 | 21,068 | 10,882 | 22,887 | 1,838 | **56,676** |
| Trade and other payables | 58,125 | 58,125 | - | - | - | **58,125** |
| | **167,293** | **130,752** | **17,532** | **29,072** | **1,838** | **179,195** |

| **31.12.2019** | | **Contractual cash flows** | | | | |
|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Carrying amount** | **Up to 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** |
| Bank loans | 135,986 | 120,320 | 5,629 | 10,827 | - | **136,777** |
| Finance lease liabilities | 988 | 346 | 329 | 366 | - | **1,041** |
| Bond issues | 42,080 | 11,253 | 13,253 | 17,630 | 3,728 | **45,864** |
| Derivatives | 136 | 136 | - | - | - | **136** |
| Trade and other payables | 70,888 | 70,888 | - | - | - | **70,888** |
| | **250,077** | **202.942** | **19.212** | **28.824** | **3.728** | **254.705** |

The Company has syndicated loans that contain loan covenants. A future breach of covenants may require the Company to repay the loans earlier than indicated in the above table. Under the agreement, the covenants are monitored on a regular basis and regularly reported to Company management to ensure compliance with the agreements. The Company will make every effort to obtain a waiver from our banking partners at the next measurement date (December 31st, 2021) in view of the covenants which are expected to be breached, as has always been the case in the past whenever such a waiver was necessary. In the unlikely event that no waivers will be obtained, existing credit lines will cover any obligations that may arise from such breaches.

### *C.3. Market risk*

Market risk is the risk that changes in the market prices – such as foreign exchange rates and interest rates - will affect the Group's and the Company's income or the value of their financial instruments. The Group and the Company use derivatives to manage market risk.

*(a) Foreign exchange risk*

The Group and the Company are exposed to currency risk in relation to the sales and purchases carried out and the loans issued in a currency other than the functional currency of the Group and the Company, which is mainly EUR. The most important currencies in which these transactions are held are mainly EUR and USD.

Over time, the Company and the Group hedge the greatest part of their estimated exposure to foreign currencies in relation to the anticipated sales and purchases, as well as to the receivables and liabilities in foreign currency. Group companies enter mainly into forward contracts with external counterparties so as to deal with the risk of the exchange rates varying, which mainly expire within less than a year from the reporting date. When deemed necessary, these contracts are renewed upon expiry. Interest on almost all loans (>99%) is denominated in the same currency as that of cash flows that arise from the Company's operating activities.

The investments of the Group in other subsidiaries are not hedged, because these exchange positions are considered to be long-term.

The summary quantitative data about the Group's and the Company's exposure to currency risk is as follows:

**GROUP**

31/12/2020

| *Amounts in ,000 Euro* | **USD** | **GBP** | **Total** |
|---|---|---|---|
| Trade and other receivables | 2,383 | - | **2,383** |
| Contract assets | 175 | - | **175** |
| Cash and cash equivalents | 4,430 | - | **4,430** |
| Loans and borrowings | (732) | - | **(732)** |
| Trade and other payables | (966) | (26) | **(991)** |
| Contract liabilities | (2,302) | - | **(2,302)** |
| | **2,989** | **(26)** | **2,963** |
| Derivatives for risk hedging (Nominal value) | (8,141) | - | **(8,141)** |
| **Total risk** | **(5,152)** | **(26)** | **(5,178)** |

31/12/2019

| *Amounts in ,000 Euro* | **USD** | **GBP** | **Others** | **Total** |
|---|---|---|---|---|
| Trade and other receivables | 2,399 | 6 | - | **2,405** |
| Contract assets | 4,470 | - | - | **4,470** |
| Cash and cash equivalents | 8,950 | 1 | 23 | **8,974** |
| Loans and borrowings | (401) | - | - | **(401)** |
| Trade and other payables | (10,751) | (49) | (7) | **(10,807)** |
| | **4,668** | **(42)** | **15** | **4,641** |
| Derivatives for risk hedging (Nominal value) | (8,777) | - | - | **(8,777)** |
| **Total risk** | **(4,109)** | **(42)** | **15** | **(4,136)** |

**COMPANY**

31/12/2020

| *Amounts in ,000 Euro* | **USD** | **GBP** | **Total** |
|---|---|---|---|
| Trade and other receivables | 618 | - | **618** |
| Contract assets | 138 | - | **138** |
| Cash and cash equivalents | 24 | - | **24** |
| Trade and other payables | (1,803) | (26) | **(1,829)** |
| Contract liabilities | (1,975) | - | **(1,975)** |
| | **(2,998)** | **(26)** | **(3,024)** |
| Derivatives for risk hedging (Nominal value) | (8,141) | - | **(8,141)** |
| **Total risk** | **(11,139)** | **(26)** | **(11,165)** |

31/12/2019

| *Amounts in ,000 Euro* | USD | GBP | Total |
|---|---|---|---|
| Trade and other receivables | 363 | 6 | **369** |
| Contract assets | 4.338 | - | **4.338** |
| Cash and cash equivalents | 76 | 1 | **76** |
| Trade and other payables | (9.956) | (49) | **(10.005)** |
| | **(5.180)** | **(42)** | **(5.222)** |
| Derivatives for risk hedging (Nominal value) | (8.777) | - | **(8.777)** |
| **Total risk** | **(13.957)** | **(42)** | **(13.999)** |

The following exchange rates have been applied during the year.

| | Average exchange rate | | Year end spot rate | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| USD | 1.1422 | 1.1195 | 1.2271 | 1.1234 |

A reasonably possible strengthening (weakening) of USD against EUR as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

**GROUP**

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **2020** | | | | |
| USD (10% movement in relation to EUR) | (330) | 403 | 526 | (643) |
| **2019** | | | | |
| USD (10% movement in relation to EUR) | (424) | 519 | 374 | (457) |

**COMPANY**

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **2020** | | | | |
| USD (10% movement in relation to EUR) | 273 | (333) | 243 | (297) |
| **2019** | | | | |
| USD (10% movement in relation to EUR) | 471 | (576) | 464 | (567) |

*(b) Interest rate risk*

*Exposure to interest rate risk*

During the prolonged low interest period, the Company has adopted a flexible policy of ensuring that its interest rate risk exposure is entirely at a variable rate. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| *Variable-rate instruments* | | | | |
| Financial liabilities | 109,900 | 179,455 | 109,168 | 179,054 |
| | **109,900** | **179,455** | **109,168** | **179,054** |

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonably possible change of 0.25% in interest rates at the reporting date would have increased/ decreased (-) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rate, remain constant.

| | Profit or loss & Equity, net of tax | | | |
|---|---|---|---|---|
| | **Increase by 0.25%** | | **Decrease by 0.25%** | |
| *Amounts in ,000 Euro* | **GROUP** | **COMPANY** | **GROUP** | **COMPANY** |
| 2020 | | | | |
| Financial liabilities | (497) | (495) | 497 | 495 |
| 2019 | | | | |
| Financial liabilities | (842) | (841) | 842 | 841 |

The Company does not currently use derivatives (interest rate swaps) as hedging instruments under a fair value or cash flow hedge accounting model and as a result the impact presented in the table above in profit or loss and equity is the same.

*(c) Derivatives assets and liabilities designated as cash flow hedges*

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur:

**2020**

| | | Expected cash flows | | |
|---|---|---|---|---|
| | **Carrying amount** | **1-6 months** | **6-3 months** | **Total** |
| *Amounts in ,000 Euro* | | | | |
| **Forward exchange contracts** | | | | |
| Assets | 326 | 326 | - | 326 |
| | **326** | **326** | **-** | **326** |

**2019**

| | | Expected cash flows | | |
|---|---|---|---|---|
| | **Carrying amount** | **1-6 months** | **6-3 months** | **Total** |
| *Amounts in ,000 Euro* | | | | |
| **Forward exchange contracts** | | | | |
| Assets | 213 | 213 | - | 213 |
| Liabilities | (136) | (136) | - | (136) |
| | **77** | **77** | **-** | **77** |

The table below provides information about the items designated as cash flow hedging instruments during the year and also as at 31 December 2020 and the reconciliation of hedging reserve.

| | | Carrying amount | | Line item in the statement of financial position where the hedging instrument is included | Balance at 1 January 2020 | Changes in the value of the hedging instrument recognised in OCI | Amount reclassified from hedging reserve to profit or loss | Effect of movement in exchange rates | Balance at 31 December 2019 |
|---|---|---|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | **Nominal value** | **Assets** | **Liabilities** | | | | | | |
| Forward exchange contracts | 8,141 | 326 | - | Derivatives (Assets & Liabilities) | 77 | (172) | 304 | 117 | 326 |

***C.4. Risk of macroeconomic and financial environment***

The Group closely monitors and evaluates on a continuous basis the developments in the international and domestic environment and timely adapts its business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on its operations.

Concerning potential implications from Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any disruption. On 31 December 2020 the transitional period for the United Kingdom to leave the European Union has expired. The final agreement that was reached includes customs controls but does not include any tariffs or quotas. Despite the initial customs difficulties that arose from bureaucratic procedures, the Company does not expect any significant effects on its sales due to such agreement. Sales to the United Kingdom accounted for 5.3% of total revenues for 2020. It is worth noting that our major competitors operate within the Eurozone and are expected to react accordingly to any currency fluctuation or any formal bureaucratic difficulties that may arise in the initial implementation phase of the agreement.

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

The macroeconomic and financial environment in Greece, where Corinth Pipeworks is located, is showing clear signs of improvement while the cash flows from the Company's and the Group's operational activities are not significantly affected by Greece's macroeconomic environment as more than 90% of sales in 2020 were directed to international customers. This also minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

## D. Capital management

Group management's policy consists in maintaining a strong capital structure so as to keep the confidence of investors, creditors and the market and enable the future development of its activities. Group Management monitors return on equity, which is defined as net profits divided by total equity. Group Management also monitors the level of dividends distributed to holders of ordinary shares.

The Company does not have a specific treasury stock purchasing plan.

No changes were made to the approach adopted by the Group and the Company concerning capital management during the fiscal year.

The Company is not subject to external capital obligations.

Total borrowing of the Group and the Company in relation to its equity on the reporting date is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Total loans & borrowings | 109,900 | 179,455 | 109,168 | 179,054 |
| Less: Cash and cash equivalents | (20,675) | (19,792) | (16,226) | (10,895) |
| **Net debt** | **89,225** | **159,663** | **92,942** | **168,159** |
| Total equity | 144,105 | 145,981 | 135,240 | 136,443 |
| **Debt to equity ratio** | **0.62** | **1.09** | **0.69** | **1.23** |

## 12. Inventories

**GROUP**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Finished goods and merchandise | 10,060 | 15,781 |
| Semi-finished goods | 3,415 | 1,841 |
| Raw and auxiliary materials | 59,200 | 92,018 |
| Spare parts | 3,555 | 3,760 |
| Consumables and packaging materials | 1,687 | 1,545 |
| **Total** | **77,917** | **114,945** |

**COMPANY**

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Finished goods and merchandise | 10,060 | 15,713 |
| Semi-finished goods | 3,415 | 1,841 |
| Raw and auxiliary materials | 59,200 | 92,018 |
| Spare parts | 3,555 | 3,760 |
| Consumables and packaging materials | 1,687 | 1,545 |
| **Total** | **77,917** | **114,878** |

Decrease in the value of “Finished goods” and “Auxiliary and Raw materials” mainly for the Company is attributed to the decreased volume of projects in progress on December 31, 2020 compared to the ones undertaken on December 31, 2019.

Inventories are presented at the lower between their acquisition or production cost and net realisable value. Net realizable value is considered to be the estimated selling price under normal business operations less the estimated selling costs required for the sale.

The cost of inventory that was recognised as an expense in the cost of sales of the Group for the fiscal year ended December 31st, 2020 amounts to EUR 192,427 thousand (2019: EUR 259,474 thousand). while the respective amounts for the Company stood at EUR 192,884 thousand and EUR 239,895 thousand, respectively (Note 24).

At December 31, 2020 the net realisable value of certain finished goods was lower than their production cost, and as a result an impairment loss of EUR 266 thousand was recorded for both the Group and the Company (the respective amount on 31 December 2019 stood at EUR 262 thousand).

## 13. Trade and other receivables

### GROUP

| *Amounts in ,000 Euro* | 2020 | 2019 |
|---|---|---|
| **Current assets** | | |
| Trade receivables | 28,585 | 25,399 |
| Less: Provisions for impairment | (20,523) | (22,355) |
| | **8,062** | **3,044** |
| Down payments for fixed assets purchase | - | 392 |
| Receivables from related parties | 15,650 | 16,079 |
| Current tax assets | 227 | 599 |
| Other receivables | 202 | 1,062 |
| Other debtors | 1,694 | 3,295 |
| | **17,773** | **21,426** |
| **Total** | **25,835** | **24,469** |
| **Non-current assets** | | |
| Non-current receivables | 739 | 810 |
| **Total** | **739** | **810** |

### COMPANY

| *Amounts in ,000 Euro* | 2020 | 2019 |
|---|---|---|
| **Current assets** | | |
| Trade receivables | 28,221 | 24,864 |
| Less: Provisions for impairment | (20,523) | (22,353) |
| | **7,698** | **2,512** |
| Down payments for fixed assets purchase | - | 392 |
| Receivables from related parties | 14,756 | 16,261 |
| Current tax assets | 175 | 599 |
| Other receivables | 1,285 | 1,841 |
| Other debtors | 202 | 768 |
| | **16,419** | **19,862** |
| **Total** | **24,116** | **22,373** |
| **Non-current assets** | | |
| Non-current receivables | 703 | 755 |
| **Total** | **703** | **755** |

*Credit and market risks and impairment losses*

During 2010, the Company initiated in Greece and Dubai legal actions against a former customer in the Middle-East regarding the recovery of an overdue receivable of USD 24.8 million (EUR 20.3 million as at 31 December 2020), plus legal interest. Following a series of court proceedings, the Dubai Court of Cassation issued its final judgment which ruled to reject any counterclaim of the former customer and to confirm the amount due to the Company. In order to recover this long overdue balance, the Company has recently initiated the enforcement procedures against the assets of the former customer that are located within any of the countries, where such judgment is enforceable (i.e. various other countries in the Middle East).The Company has recorded in the past an impairment loss of USD 23.1 million. In 2019, the Company recorded an impairment loss of EUR 1,65 million for the remaining unimpaired receivable including legal interest. The Company decided to book this additional impairment to reflect the expected recoverability of that receivable, on the reporting date. However, the Company will continue any and all actions required to collect the full amount of that receivable.

Information about Company’s exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 11.

## 14. Derivatives

The following table sets out the carrying amount of derivatives for both the Group and the Company:

### GROUP

| | At 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| **Non-current assets** | | |
| Other contracts | 871 | - |
| | **871** | **-** |
| **Current assets** | | |
| Forwards for cash flow hedging | 326 | 213 |
| | **326** | **213** |
| **Current liabilities** | | |
| Forwards for cash flow hedging | - | 136 |
| | **-** | **136** |

### COMPANY

| | At 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| **Current assets** | | |
| Forwards for cash flow hedging | 326 | 213 |
| | **326** | **213** |
| **Current liabilities** | | |
| Forwards for cash flow hedging | - | 136 |
| | **-** | **136** |

***Hedge accounting***

The Company has derivative financial instruments to hedge cash flows. The above-mentioned derivative financial instruments cover risks from fluctuations of foreign exchange rates.

The maturity and the nominal value of derivatives held by the Company match the maturity and nominal value of the underlying assets / liabilities (hedged items).

Derivatives held by the Company concern foreign exchange forwards to hedge the risk from the change in exchange rate of US Dollar (i.e. the currency to which the Company is are mainly exposed). Such hedges are designated as cash flow hedges given that foreign exchange forwards are used for hedging foreign exchange risk on the forecasted sales of goods or purchase of materials.

Derivatives are recognised when the Company enters into the transaction in order to hedge highly probable transactions (cash flow hedges).

***Cash flow hedge***

The effective portion of change in fair value of derivatives designated as a cash flow hedge is recognised in other comprehensive income (OCI), under “Hedging Reserve”. Any ineffective proportion is recognised immediately in profit or loss.

The amounts recorded in “Hedging Reserve” are reclassified to the Consolidated Statement of Profit or Loss of the period when the hedged event occurs, i.e. at the date when the forecast transaction which constitutes the object of the hedge took place or the hedged item affects profit and loss.

When a hedge item is sold or when the hedging proportion no longer meets the hedge accounting criteria, hedge accounting is discontinued prospectively, the amounts recorded in ‘Hedging reserve’ remain as a reserve and are reclassified to the Consolidated Statement of Profit or Loss when the hedged asset affects profits or losses.

In the case of a hedge on a forecast future transaction which is no longer expected to be realised, the amounts recorded in

'Hedging reserve' are reclassified to the consolidated statement of profit or loss.

The change in fair value recognised in equity under cash flow hedging as of 31 December 2020 will be recycled to the company and consolidated statement of profit or loss during 2021, as all the hedged events will occur (the forecast transactions will take place or the hedged items will affect profit or loss) in 2021.

The Company examines the effectiveness of the cash flow hedge at inception (prospectively) by comparing the critical terms of the hedging instrument with the critical terms of the hedged item, and then at every reporting date (retrospectively) the effectiveness of the cash flow hedge is examined by applying the dollar offset method on a cumulative basis.

The Company's results from the hedging activities recorded in the statement of profit or loss are presented for foreign exchange contracts in "Revenue" and "Cost of sales". The amounts recognised in the company and consolidated statement of profit or loss are the following:

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| Gain / (loss) on foreign exchange forwards | (262) | (5,136) |
| | **(262)** | **(5,136)** |

***Derivatives related to Bellville Tube Company***

Based on the purchase agreement, the shareholders of Bellville Tube Company (see note 21) granted CPW America with a call option to purchase (hereinafter "call option") the remaining outstanding capital stock of Bellville Tube Company. The calculation of the purchase price prescribed in the call option is based on a predetermined formula. The exercise period for the call option starts in 2022 and expires in 2025. Upon the exercise of the call option CPW America will own 100% of outstanding capital stock of Bellville Tube Company.

In addition, the purchase agreement prescribes that if CPW America does not exercise the call option described above, CPW America shall have the option ("put option"), but not the obligation, during the period 2022-2025 to require Bellville Tube Company's shareholders to redeem all, but not less than all, of the shares of Bellville Tube Company then held by CPW America. The aggregate purchase price for the redeemed shares if the put option is exercised will be USD 3.3 million, i.e. equal to the amount initially disbursed.

The options (call option and put option) described above were recognised on the statement of financial position upon valuation performed and as a result a gain of EUR 936 thousand was included in "Other Income" in the statement of Profit or loss. Based on the inputs used in order to determine the fair value of the call and the put options, such options are categorised as Level 3. The options are valuated in USD and based on year end exchange rates, the valuation of such options was EUR 871 thousand. The valuation of the call & put options was based on a widely acceptable pricing model methodology considering the complexity of the option plan.

The basic inputs that have been used in the valuation model are the following:

- expected turnover & EBITDA margins of the associate;
- future working capital needs;
- risk free rate;
- volatility, defined as the range of values for all inputs used in the valuation model.

With respect to the fair values of the call and put options, reasonably possible changes at the reporting date to one of the significant unobservable inputs stated above, keeping other inputs constant, would have the following effect:

- If turnover was higher by 1%, then the fair value of the options would be higher by EUR 14 thousand or 1.4%.
- If working capital was higher by 1%, then the fair value of the options would be lower by EUR 48 thousand or 4.9%.
- If risk free rate was higher by 0,5%%, then the fair value of the options would be higher by EUR 23 thousand or 2.4%.
- If volatility was higher by 1%, then the fair value of the options would be higher by EUR 46 thousand or 4.7%.

## 15. Cash and cash equivalents

**GROUP**

| *Amounts in ,000 Euro* | 2020 | 2019 |
|---|---|---|
| Cash on hand | 45 | 24 |
| Bank deposits | 20,630 | 19,768 |
| **Total** | **20,675** | **19,792** |

**COMPANY**

| *Amounts in ,000 Euro* | 2020 | 2019 |
|---|---|---|
| Cash on hand | 2 | 2 |
| Bank deposits | 16,225 | 10,893 |
| **Total** | **16,226** | **10,895** |

Short-term deposits of the Group and the Company have a term less than 90 days and are available for use.

## 16. Share capital and reserves

**A. Share capital**

On 31 December 2020, the share capital of the Company amounted to EUR 78,306,301 divided into 26,725,700 shares with a nominal value of EUR 2.93 each. The share capital of the Company remained unchanged compared to 2019.

On 31 December 2020 the share capital of WTT amounted to PLN 2,783,750 divided into 55,675 shares with a nominal value of PLN 50 each. The share capital of WTT remained unchanged compared to 2019.

On 31 December 2020 the share capital of CPW America amounted to USD 500,000 divided into 5,000 shares with a nominal value of USD 100 each. The share capital of CPW America remained unchanged compared to 2019.

**B. Nature and purpose of reserves**

**a) Statutory reserve:**

Pursuant to Greek company law (article 158 of Law 4548/2018), companies are obliged to allocate each year at least 5% of the annual net profits to their statutory reserve, until this reserve equals at least 1/3 of the company's share capital. This reserve may be used to cover losses following a decision of the Ordinary General Meeting of Shareholders and consequently cannot be used for any other purpose.

**b) Hedging reserve:**

The hedging reserve includes the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

**c) Tax-exempt reserves:**

Tax exempt reserves mainly concern:

- reserves that are formed from prior-period net profits, which, pursuant to incentive laws that are in effect each time, are not taxed because they were used for the acquisition of production equipment;
- reserves that were formed from partially non-distributed net profits of each fiscal year that come from income exempted from taxation and income taxed by special laws with the exhaustion of the tax liability.

The aforementioned reserves may be capitalised and distributed (after the restrictions that may apply each time are taken into consideration) following a decision of the Ordinary General Meeting of shareholders. In case these reserves are distributed, the Company will be required to pay the related tax.

**d) Translation reserve:**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**C. Reconciliation of reserves**

**GROUP**

| *Amounts in ,000 Euro* | **Statutory reserve** | **Hedging reserve** | **Absorption reserve** | **Tax-free reserves** | **Translation reserve** | **Total** |
|---|---|---|---|---|---|---|
| **Balance at 01 January 2019** | **666** | **(1,465)** | **25,072** | **19,961** | **246** | **44,480** |
| Other comprehensive income, net of tax | - | 1,595 | - | - | (7) | 1,589 |
| Transfer of reserves | 143 | - | (25,072) | - | - | (24,929) |
| **Balance at 31 December 2019** | 809 | 131 | - | 19,961 | 240 | 21,140 |
| | | | | | | |
| **Balance at 01 January 2020** | **809** | **131** | **-** | **19,961** | **240** | **21,140** |
| Other comprehensive income, net of tax | **-** | 108 | **-** | **-** | (809) | (701) |
| Transfer of reserves | **-** | **-** | **-** | **-** | **-** | **-** |
| **Balance at 31 December 2020** | **809** | **238** | **-** | **19,961** | **(569)** | **20,439** |

**COMPANY**

| *Amounts in ,000 Euro* | **Statutory reserve** | **Hedging reserve** | **Absorption reserve** | **Tax-exempt reserves** | **Total** |
|---|---|---|---|---|---|
| **Balance at 01 January 2019** | **666** | **(1,465)** | **25,072** | **19,961** | **44,234** |
| Other comprehensive income, net of tax | - | 1,595 | - | - | 1,595 |
| Transfer of reserves | 143 | - | (25,072) | - | (24,929) |
| Balance at 31 December 2019 | 809 | 131 | - | 19,961 | 20,901 |
| | | | | | |
| **Balance at 01 January 2020** | **809** | **131** | **-** | **19,961** | **20,901** |
| Other comprehensive income, net of tax | **-** | 108 | **-** | **-** | **108** |
| Transfer of reserves | **-** | **-** | **-** | **-** | - |
| **Balance at 31 December 2020** | **809** | **238** | - | **19,961** | **21,009** |

During 2019, the Company reclassified an amount of EUR 25,072k. from “Absorption reserve” to Retained Earnings. The amount referred to the Retained Earnings of the pipes segment contributed in 2016 to former EVIKE, which was initially renamed into Corinth Pipeworks Pipe Industry S.A. and then into Corinth Pipeworks Pipe Industry Single Member S.A., forming the current company. Management decided that the presentation of the above amount in Retained Earnings improved the presentation of financial statements and the information provided to their users.

## 17. Debt

### A. Overview

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | At 31 December | | At 31 December | |
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| **Long-term borrowing** | | | | |
| Secured bank loans | - | - | - | - |
| Unsecured bank loans | 10,771 | 15,848 | 10,536 | 15,848 |
| Secured bond issues | 11,152 | 16,702 | 11,152 | 16,702 |
| Unsecured bond issues | 22.025 | 15,600 | 22,025 | 15,600 |
| **Total** | **43.948** | **48,150** | **43,712** | **48,150** |
| Finance lease liabilities - Long term | 1.041 | 942 | 651 | 676 |
| **Total long-term debt** | **44.989** | **49,091** | **44,363** | **48,826** |
| | | | | |
| **Short-term borrowing** | | | | |
| Unsecured bank loans | 44,279 | 114,706 | 44,279 | 114,706 |
| Current portion of long-term unsecured bank loans | 5,411 | 5,433 | 5,411 | 5,433 |
| Current portion of long-term secured bond issues | 5,569 | 5,567 | 5,569 | 5,567 |
| Current portion of long-term unsecured bond issues | 9,177 | 4,210 | 9,177 | 4,210 |
| **Total** | **64,436** | **129,916** | **64,436** | **129,916** |
| Finance lease liabilities - Short term | 474 | 447 | 368 | 312 |
| **Total short-term debt** | **64,911** | **130,363** | **64,805** | **130,228** |
| **Total borrowing** | **109,900** | **179,455** | **109,168** | **179,054** |

Short term unsecured bank loans are predominately revolving credit facilities, which meet the Company's working capital needs for specific ongoing projects on 31 December 2020.

Information about the Company's and the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 11.

The maturities of non-current loans are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | At 31 December | | At 31 December | |
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Between 1 and 2 years | 15,818 | 17,785 | 15,515 | 17,785 |
| Between 2 and 5 years | 27,252 | 27,706 | 27,048 | 27,441 |
| Over 5 years | 1,919 | 3,600 | 1,800 | 3,600 |
| **Total** | **44,989** | **49,091** | **44,363** | **48,826** |

The effective weighted average interest rates of the main categories of the Company's and the Group's loans and borrowings at the reporting date are as follows:

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2019 | | 2020 | | 2019 | |
| *Amounts in ,000 Euro* | **Carrying amount** | **Interest rate** | **Carrying amount** | **Interest rate** | **Carrying amount** | **Interest rate** | **Carrying amount** | **Interest rate** |
| Bank loans (non-current) | 16,182 | 1.94% | 21,280 | 1.95% | 15,947 | 1.95% | 21,280 | 1.95% |
| Bank loans (current) | 44,279 | 3.56% | 114,706 | 3.81% | 44,279 | 3.56% | 114,706 | 3.81% |
| Bond issues | 47,923 | 3.09% | 42,080 | 3.79% | 47,923 | 3.09% | 42,080 | 3.79% |

During 2020, Corinth Pipeworks obtained new long-term loans of EUR 16 million and repaid long-term and short-term loans of EUR 85.7 million.
During 2020, total debt decreased by EUR 69.9 million and EUR 69.5 million for the Company and the Group, respectively, driven by the decrease in working capital needs of the Company on 31 December 2020 compared to 31 December 2019.
During Q4 2020, the Company obtained the following long-term loans:

- A loan of EUR 10 million for 5 years obtained from a systemic domestic bank. The loan is guaranteed by Hellenic Development Bank.
- A loan of EUR 6 million for 5 years obtained from a systemic domestic bank.

The borrowing profile of both the Company and the Group was thus further improved. The Group's average borrowing cost amounted to 3.33% and 3.58% in 2020 and 2019, respectively.

Mortgages and pledges in favour of banks have been recorded on property, plant and equipment of the Company. The carrying amount of assets mortgaged or pledged is EUR 40 million.

There was no incident in 2020 of breach of covenants of the loans of the Company.

## B. Reconciliation of movements of liabilities to cash flows arising from financing activities

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| *Amounts in ,000 Euro* | **Loans and borrowings** | **Lease liabilities** | **Total** | **Loans and borrowings** | **Lease liabilities** | **Total** |
| **Balance at 1 January** | **178,066** | **1,389** | **179,455** | **217,688** | **-** | **217,688** |
| | | | | - | - | |
| **Changes from financing activities:** | | | | - | - | |
| Loans received | 15,686 | - | **15,686** | 12,571 | - | **12,571** |
| Repayment of borrowings | (85,759) | - | **(85,759)** | (52,876) | - | **(52,876)** |
| Repayment of lease principal | - | (586) | **(586)** | - | (431) | **(431)** |
| **Total changes from financing activities** | **(70,073)** | **(586)** | **(70,659)** | **(40,306)** | **(431)** | **(40,737)** |
| **Other changes:** | | | | | | |
| Accrued interest | 6,126 | 54 | **6,180** | 8,564 | 56 | **8,620** |
| Interest paid | (6,684) | (54) | **(6,738)** | (8,766) | (55) | **(8,822)** |
| Interest capitalised | 967 | - | **967** | 886 | - | **886** |
| New lease liabilities | - | 1,012 | **1,012** | - | 254 | **254** |
| Lease expiry | - | (256) | **(256)** | - | (16) | **(16)** |
| Foreign exchange gains/(losses) | (17) | (44) | **(61)** | - | - | **-** |
| Change in accounting policy | - | - | **-** | - | 1,581 | **1,581** |
| | **391** | **713** | **1,105** | **683** | **1,821** | **2,504** |
| **Balance at 31 December** | **108,384** | **1,516** | **109,900** | **178,066** | **1,389** | **179,455** |

| | COMPANY | | | | | |
|---|---|---|---|---|---|---|
| *Amounts in ,000 Euro* | 2020 | | | 2019 | | |
| | **Loans and borrowings** | **Lease liabilities** | **Total** | **Loans and borrowings** | **Lease liabilities** | **Total** |
| **Balance at 1 January** | **178,066** | **988** | **179,054** | **217,688** | **-** | **217,688** |
| **Changes from financing activities:** | | | | | | |
| Loans obtained | 15,434 | - | **15,434** | 12,571 | - | **12,571** |
| Repayment of borrowings | (85,759) | - | **(85,759)** | (52,876) | - | **(52,876)** |
| Repayment of lease principal | - | (385) | **(385)** | - | (290) | **(290)** |
| **Total changes from financing activities** | **(70,326)** | **(385)** | **(70,710)** | **(40,306)** | **(290)** | **(40,596)** |
| **Other changes:** | | | | | | |
| Accrued interest | 6,126 | - | **6,126** | 8,564 | 43 | **8,606** |
| Interest paid | (6,684) | - | **(6,684)** | (8,766) | (41) | **(8,808)** |
| Interest capitalised | 967 | - | **967** | 886 | - | **886** |
| New lease liabilities | - | 478 | **478** | - | 254 | **254** |
| Lease expiry | - | (63) | **(63)** | - | (16) | **(16)** |
| Change in accounting policy | - | - | **-** | - | 1,039 | **1,039** |
| | **409** | **416** | **824** | **683** | **1,278** | **1,962** |
| **Balance at 31 December** | **108,149** | **1,019** | **109,168** | **178,066** | **988** | **179,054** |

## 18. Income tax

### A. Amounts recognised in profit or loss

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Current tax (expense)/ credit | (32) | (190) | - | - |
| Deferred tax (expense)/ credit | (1,699) | (514) | (1,773) | (615) |
| **Income tax (expense)/ credit** | **(1,731)** | **(704)** | **(1,773)** | **(615)** |

### B. Reconciliation of applicable tax rate

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| **Book profit/ (loss) before tax** | **535** | **2,321** | **554** | **1,857** |
| Tax using the domestic tax rate in Greece (2020: 24%, 2019: 24%). | (128) | (557) | (133) | (446) |
| Non-deductible expenses for tax purposes | (506) | (2,497) | (291) | (2,503) |
| Tax-exempt income | 384 | - | - | - |
| Recognition of previously unrecognised losses | - | 1,957 | - | 1,845 |
| Effect of tax rates in foreign jurisdictions | 1 | 34 | - | - |
| Current-year losses for which no deferred tax asset is recognised | (13) | (2) | - | - |
| Change in tax rate or composition of new tax | - | 488 | - | 488 |
| Other taxes | (120) | (84) | - | - |
| Tax of permanent differences | - | (44) | - | - |
| Reversal of deferred tax assets | (1,070) | - | (1,070) | - |
| Adjustment for prior year income tax | (280) | - | (280) | - |
| | **(1,731)** | **(704)** | **(1,773)** | **(615)** |
| **Effective tax rate** | ***-324%*** | ***-30%*** | ***-320%*** | ***-33%*** |

According to Greek law 4646/2019, the corporate income tax rate for legal entities in Greece for the fiscal year 2019 and onwards is set at 24%. The corporate income tax rate of legal entities in the USA is set at 21%.

The effective income tax rate of the Group was influenced considerably by the derecognition during the year of deferred tax assets on tax losses which had been recognised over previous years.

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### C. Movement in deferred tax balances

**GROUP**

| *Amounts in ,000 Euro* | | | | | | Balance at 31 December | | |
|---|---|---|---|---|---|---|---|---|
| **2020** | **Balance at 1 January** | **Recognised in profit or loss** | **Recognised in OCI** | **Foreign exchange differences** | **Others** | **Net balance** | **Deferred tax assets** | **Deferred tax liabilities** |
| Property, plant & equipment | (17,133) | (1,389) | - | - | - | **(18,522)** | - | (18,522) |
| Intangible assets | 527 | (122) | - | - | - | **404** | 404 | - |
| Right-of-use assets | (12) | 7 | - | - | - | **(5)** | - | (5) |
| Thin-cap interest | 2,817 | 764 | - | - | - | **3,581** | 3,581 | - |
| Derivatives | (19) | (26) | (24) | - | - | **(68)** | - | (68) |
| Inventories | 7,580 | - | - | - | - | **7,580** | 7,580 | - |
| Loans and borrowings | (488) | 158 | - | - | - | **(331)** | - | (331) |
| Employee benefits | 596 | (2) | 29 | - | - | **623** | 623 | - |
| Provisions | 357 | (164) | - | (1) | - | **193** | 193 | - |
| Contract assets | (13,385) | 1,935 | - | - | - | **(11,450)** | - | (11,450) |
| Others | (665) | 93 | - | (96) | (10) | **(678)** | - | (678) |
| Carryforward tax Losses | 7,293 | (2,953) | - | - | - | **4,340** | 4,340 | - |
| **Tax assets / (liabilities) before set-off** | **(12,533)** | **(1,699)** | **5** | **(97)** | **(10)** | **(14,333)** | **16,720** | **(31,053)** |
| Set-off tax | | | | | | | (16,708) | 16,708 |
| **Net tax assets / (liabilities)** | | | | | | **(14,333)** | **12** | **(14,345)** |

**GROUP**

| *Amounts in ,000 Euro* **2019** | **Balance at 1 January** | **Recognised in profit or loss** | **Recognised in OCI** | **Foreign exchange differences** | **Change in tax rate: Recognised in profit or loss** | **Change in tax rate: Recognised in OCI** | **Balance at 31 December: Net balance** | **Balance at 31 December: Deferred tax assets** | **Balance at 31 December: Deferred tax liabilities** |
|---|---|---|---|---|---|---|---|---|---|
| Property, plant & equipment | (18,151) | (868) | - | - | 1,885 | - | **(17,133)** | - | (17,133) |
| Intangible assets | 1,369 | (123) | - | - | (720) | - | **527** | 527 | - |
| Right-of-use assets | - | (12) | - | - | - | - | **(12)** | - | (12) |
| Thin-cap interest | 584 | 2,257 | - | - | (23) | - | **2,817** | 2,817 | - |
| Derivatives | 1,053 | (392) | (530) | - | (69) | (81) | **(19)** | - | (19) |
| Inventories | (910) | 9,900 | - | - | (1,410) | - | **7,580** | 7,580 | - |
| Loans and borrowings | (722) | 195 | - | - | 39 | - | **(488)** | - | (488) |
| Employee benefits | 432 | (184) | 471 | - | (15) | (110) | **596** | 596 | - |
| Provisions | 5,646 | (4,481) | - | - | (807) | - | **357** | 357 | - |
| Deferred income | 10 | - | - | (10) | - | - | - | - | - |
| Contract assets | (623) | (14,383) | - | 7 | 1,613 | - | **(13,385)** | 13 | (13,397) |
| Others | (785) | 77 | - | - | 43 | - | **(665)** | - | (665) |
| Carryforward tax Losses | 329 | 7,010 | - | - | (47) | - | **7,293** | 7,293 | - |
| **Tax assets / (liabilities) before set-off** | **(11,767)** | **(1,002)** | **(58)** | **(3)** | **488** | **(191)** | **(12,533)** | **19,182** | **(31,715)** |
| Set-off tax | | | | | | | | (19,169) | 19,169 |
| **Net tax assets / (liabilities)** | | | | | | | **(12,533)** | **13** | **(12,546)** |

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**COMPANY**

*Amounts in ,000 Euro*

| 2020 | Balance at 1 January | Recognised in profit or loss | Recognised in OCI | Others | Balance at 31 December: Net balance | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|---|
| Property, plant & equipment | (17,228) | (1,389) | - | - | **(18,617)** | - | (18,617) |
| Intangible assets | 527 | (122) | - | - | **404** | 404 | - |
| Right-of-use assets | (12) | 7 | - | - | **(5)** | - | (5) |
| Investment property | - | - | - | - | **-** | - | - |
| Other interests | - | - | - | - | **-** | - | - |
| Thin-cap interest | 2,817 | 764 | - | - | **3,581** | 3,581 | - |
| Derivatives | (19) | (26) | (24) | - | **(68)** | - | (68) |
| Inventories | 7,564 | (12,943) | - | - | **(5,380)** | - | (5,380) |
| Loans and borrowings | (488) | 158 | - | - | **(331)** | - | (331) |
| Employee benefits | 596 | (2) | 29 | - | **623** | 623 | - |
| Provisions | 355 | (164) | - | - | **191** | 191 | - |
| Deferred income | - | - | - | - | **-** | - | - |
| Contract assets | (13,377) | 14,869 | - | - | **1,493** | 1,493 | - |
| Contract liabilities | - | - | - | - | **-** | - | - |
| Others | (669) | 28 | - | (10) | **(652)** | - | (652) |
| Carryforward tax Losses | 7,293 | (2,953) | - | - | **4,340** | 4,340 | - |
| **Tax assets / (liabilities) before set-off** | **(12,643)** | **(1,773)** | **5** | **(10)** | **(14,421)** | **10,631** | **(25,052)** |
| Set-off tax | | | | | | (10,631) | 10,631 |
| **Net tax assets / (liabilities)** | | | | | **(14,421)** | **-** | **(14,421)** |

| *Amounts in EUR* | | | | Change in tax rate | | Balance at 31 December | | |
|---|---|---|---|---|---|---|---|---|
| **2019** | **Balance at 1 January** | **Recognised in profit or loss** | **Recognised in OCI** | **Recognised in profit or loss** | **Recognised in OCI** | **Net balance** | **Deferred tax assets** | **Deferred tax liabilities** |
| Property, plant & equipment | (18,260) | (854) | - | 1,885 | - | **(17,228)** | - | (17,228) |
| Intangible assets | 1,369 | (123) | - | (720) | - | **527** | 527 | - |
| Thin-cap interest | 584 | 2,257 | - | (23) | - | **2,817** | 2,817 | - |
| Derivatives | 1,053 | (392) | (530) | (69) | (81) | **(19)** | - | (19) |
| Inventories | (926) | 9,900 | - | (1,410) | - | **7,564** | 7,564 | - |
| Loans and borrowings | (722) | 195 | - | 39 | - | **(488)** | - | (488) |
| Employee benefits | 432 | (184) | 471 | (15) | (110) | **596** | 596 | - |
| Provisions | 5,646 | (4,484) | - | (807) | - | **355** | 355 | - |
| Contract assets | (496) | (14,494) | - | 1,613 | - | **(13,377)** | - | (13,377) |
| Others | (789) | 77 | - | 43 | - | **(669)** | - | (669) |
| Carryforward tax Losses | 329 | 7,010 | - | (47) | - | **7,293** | 7,293 | - |
| **Tax assets / (liabilities) before set-off** | **(11,779)** | **(1,103)** | **(58)** | **488** | **(191)** | **(12,643)** | **19,150** | **(31,793)** |
| Set-off tax | | | | | | | (19,150) | 19,150 |
| **Net tax assets / (liabilities)** | | | | | | **(12,643)** | | **(12,643)** |

On 31 December 2020, the accumulated tax losses carried forward available for future use amounted to EUR 18.1 million. The Company has recognised a deferred tax asset on tax losses of EUR 4.3 million because Management considered it probable that future taxable profits would be available against which such losses can be used. Such tax losses are expected to be used during the next four years.

Recoverability of the deferred tax assets on tax losses is based on:

- the expected profitability during the following years, due to the existing backlog which secure high utilisation of Thisvi plant,
- the achievement of tax profitability during prior years and the fact that such tax losses mainly arose from recognising in tax profit or loss the entire provision for doubtful debts of EUR 20.5 on the part of customer Afras on 31 December 2019, which was an one-off event;
- the initiatives undertaken by the Company in order to take advantage of the growth in energy sector in the upcoming years.

According to the provisions of articles 49 and 72 of Greek Law 4172/2013 concerning thin capitalisation, net interest expense is deductible from current year's tax profits, if it is equal or less than 30% of EBITDA and any excess can be settled with future tax profits without time limitations.

During 2020, deferred tax asset recognised related to thin capitalisation rules increased by EUR 0.7 million, mainly as a result of the decreased taxable EBITDA in the period.

## 19. Employee benefits

| *Amounts in ,000 Euro* | **Note** | **2020** | **2019** |
|---|---|---|---|
| Net defined benefit liability | | 2,594 | 2,482 |
| Liability for social security contributions | 22 | 875 | 905 |
| **Total employee benefit liabilities** | | **3,469** | **3,387** |
| | | | |
| Non-current | | 2,594 | 2,482 |
| Current | | 875 | 905 |

For details on the related employee benefit expenses, see Note 24.

### A. Post-employment benefits

***Defined-contribution plan***

All the employees of the Group are insured for their main pension by the respective social insurance organisations as required by the local legislation. Once employer contributions have been paid, the Group's subsidiaries have no further payment obligations. These contributions are included in personnel fees and recognised in profit or loss when accrued

***Defined-benefit plan***

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

This liability qualifies for defined-benefit plans and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The change in discounted future benefits vested by employees is recognised in profit or loss and is followed by the corresponding increase in employee benefits liability. The benefits paid upon withdrawal of employees reduce the liability for employee benefits. These plans do not hold any assets that contribute to their financing.

### B. Changes in the present value of the employee benefits liability for the Group and the Company

The following table shows the reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| **Balance at 1 January** | **2,482** | **1,729** |
| **Amounts recognised in profit or loss** | | |
| Current service cost | 128 | 87 |
| Past service cost | 48 | - |
| Settlement/curtailment/termination loss | 655 | 155 |
| Interest cost | 19 | 28 |
| | **850** | **269** |
| **Amounts recognised in OCI** | | |
| *Remeasurement loss/(gain)* | | |
| - Actuarial loss/(gain) arising from: | | |
| Financial assumptions | 129 | 659 |
| Experience adjustments | (8) | 23 |
| | **121** | **682** |
| **Other movements** | | |
| Benefits paid | (859) | (198) |
| **Balance at 31 December** | **2,594** | **2,482** |

### C. Actuarial assumptions

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

| | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.30% | 0.77% |
| Price inflation | 1.25% | 1.30% |
| Future wage increase | 1.65% | 1.50% |
| Plan duration (in years) | 15.88 | 15.35 |

### D. Sensitivity analysis

Potential changes to one actuarial assumption on the reporting date, while all other assumptions remain constant, would affect the defined benefit liability by the amounts shown below.

| *Amounts in ,000 Euro* | 2020 | | 2019 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (191) | 211 | (183) | 202 |
| Future salary growth (0.5% movement) | 208 | (195) | 199 | (187) |

### E. Expected maturity analysis

The expected non-discounted cash flows of defined benefit plans for the Group and the Company are analysed as follows:

| *Amounts in Euro* | 2020 | 2019 |
|---|---|---|
| Up to 1 year | 16 | 34 |
| Between 1 and 2 years | 3 | 21 |
| Between 2 and 5 years | 84 | 117 |
| Over 5 years | 2,619 | 2,630 |
| **Total** | **2,722** | **2,802** |

## 20. Personnel fees

### GROUP

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| Salaries and wages | 16,984 | 18,434 |
| Social security expenses | 3,699 | 4,039 |
| Provisions for termination benefits | 928 | 368 |
| Other employee benefits | 1,084 | 1,268 |
| **Total** | **22,695** | **24,109** |

**Employee benefits can be broken down as follows:**

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| Cost of goods sold | 15,479 | 15,447 |
| Distribution expenses | 4,045 | 5,679 |
| Administrative expenses | 3,171 | 2,926 |
| Capitalised salaries in assets under construction | - | 57 |
| **Total** | **22,695** | **24,109** |

The personnel employed by the Group on 31 December 2020 numbered 500 persons (2019: 526).

### COMPANY

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| Salaries and wages | 15,212 | 15,614 |
| Social security expenses | 3,613 | 3,837 |
| Provisions for termination benefits | 850 | 269 |
| Other employee benefits | 1,000 | 1,241 |
| **Total** | **20,676** | **20,961** |

**Employee benefits can be broken down as follows:**

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| Cost of goods sold | 15,479 | 15,447 |
| Distribution expenses | 2,026 | 2,531 |
| Administrative expenses | 3,171 | 2,926 |
| Capitalised salaries in assets under construction | - | 57 |
| **Total** | **20,676** | **20,961** |

The personnel employed by the Company on 31 December 2020 numbered 491 persons (2019: 515).

## 21. Provisions

During the year there was no movement of the long-term provisions for both the Company and the Group (except for the Provisions for Employee Benefits, Note 20).

| *Amounts in ,000 Euro* | **Other provisions** | **Total** |
|---|---|---|
| **Balance at 01 January 2019** | **98** | **98** |
| Reversal of unused provisions | (98) | (98) |
| **Balance at 31 December 2019** | **-** | **-** |
| | | |
| **Balance at 01 January 2020** | **-** | **-** |
| Reclassifications | - | - |
| **Balance at 31 December 2020** | **-** | **-** |

## 22. Trade and other payables

### GROUP

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Suppliers | 24,555 | 57,349 |
| Notes payable | 22,400 | 4,676 |
| Insurance & pension fund dues | 875 | 905 |
| Amounts owed to related parties | 2,667 | 2,562 |
| Sundry creditors | 1,027 | 513 |
| Accrued expenses | 5,748 | 5,789 |
| Other taxes and duties | - | 1 |
| **Total** | **57,273** | **71,794** |

### COMPANY

| *Amounts in thousand Euro* | **2020** | **2019** |
|---|---|---|
| Suppliers | 24,544 | 57,189 |
| Notes payable | 22,400 | 4,676 |
| Insurance & pension fund dues | 875 | 905 |
| Amounts owed to related parties | 3770 | 2,297 |
| Sundry creditors | 1,027 | 513 |
| Accrued expenses | 5,509 | 5,308 |
| **Total** | **58,125** | **70,888** |

The decrease of the liabilities towards Suppliers of the Group, from EUR 71.8 million on December 31, 2019 to Euro 57.2 million on December 31, 2020 is mainly attributable to the decreased liabilities towards suppliers of raw materials caused by orders made during the last few months of 2019 as a result of the Company's declined activity during such period compared to the respective period of 2018.

## 23. Sales

### A. Significant accounting principles

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

For a detailed description of the relevant accounting policy, please refer to Note 4.3.

### B. Nature of goods and services

Steel pipes projects

The Group produces and sells customised products to customers mainly for onshore and offshore pipelines for oil and gas transportation and casing pipes. Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers' specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised. Revenue from such projects is therefore recognised over time.

Hollow structural sections

These steel products are primarily used in the construction sector and are used as structural components in metal constructions. For sales of such products, revenue is recognised at a point of time, when the control of the goods sold has been transferred.

### C. Disaggregation of revenue

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

#### (a) Geographical allocation in primary markets

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Greece | 19,952 | 16,095 | 19,952 | 16,095 |
| Other European Union countries | 228,636 | 266,743 | 228,636 | 266,712 |
| Other European countries | 4,722 | 12,679 | 4,722 | 12,679 |
| America | 48,449 | 83,214 | 46,737 | 59,254 |
| Africa | 8,065 | - | 8,065 | - |
| | **309,825** | **378,730** | **308,112** | **354,740** |

#### (b) Product categories

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Steel pipes | 264.680 | 333.705 | 264.449 | 326.662 |
| Hollow structural sections | 25.815 | 18.439 | 25.815 | 18.439 |
| Sales of raw materials and other products | 19.330 | 26.586 | 17.849 | 9.638 |
| | **309.825** | **378.730** | **308.112** | **354.740** |

**(c) Timing of revenue recognition**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Revenue recognised over time | 265.350 | 333.615 | 264.883 | 326.662 |
| Revenue recognised at a point in time | 44.475 | 45.115 | 43.230 | 28.078 |
| | **309.825** | **378.730** | **308.112** | **354.740** |

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to EUR 49.6 million and 48.7 million for the Group and the Company respectively. This amount is expected to be recognised during 2021 based on the time schedules included in the open contracts as of 31 December 2020.

## D. Contract Assets and Liabilities

The following table provides information about contracts assets and contract liabilities of the Company and the Group:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** | **2020** | **2019** |
| Contract assets | 10,002 | 63,215 | 9,965 | 63,083 |
| Contract liabilities | 7,631 | 889 | 7,304 | 889 |

Significant changes in the contract assets and the contract liabilities of the Group and the Company during the period are presented below.

**GROUP**

| | GROUP | |
|---|---|---|
| *Amounts in ,000 Euro* | **Contract assets** | **Contract liabilities** |
| **Balance at 01 January 2020** | **63,215** | **889** |
| Foreign exchange gains/(losses) | (48) | (24) |
| Increases due to fulfilment of performance obligations | 10,015 | - |
| Increases due to cash received, excluding amounts recognised as revenue during the period | - | 7,655 |
| Revenue recognised and included in the contract liabilities during the period | - | (889) |
| Contract assets recognised during the period and transferred to trade receivables | (63,181) | - |
| **Balance at 31 December 2020** | **10,002** | **7,631** |

**COMPANY**

| | COMPANY | |
|---|---|---|
| *Amounts in ,000 Euro* | **Contract assets** | **Contract liabilities** |
| **Balance at 01 January 2020** | **63,083** | **889** |
| Increases due to fulfilment of performance obligations | 9,965 | - |
| Increases due to cash received, excluding amounts recognised as revenue during the period | - | 7,304 |
| Revenue recognised and included in the contract liabilities during the period | - | (889) |
| Transfers from contract assets recognised at the beginning of the period to trade receivables | (63,083) | - |
| **Balance at 31 December 2020** | **9,965** | **7,304** |

## E. Contract costs

The table below presents contract costs for the Company and the Group.

| *Amounts in ,000 Euro* | **2020** | **2019** |
|---|---|---|
| Costs for obtaining contracts | - | 62 |
| Costs for fulfilling contractual terms | 167 | 311 |
| | **167** | **373** |

Management expects that fees, commissions & other costs associated with obtaining contracts for energy projects are recoverable.

In addition, costs to fulfil a contract are capitalised if they are directly associated with the contract and are recoverable. Such contract costs may include materials used for tests necessary for the production, labour costs, insurance fees and other costs necessary to fulfil performance obligations under a contract once it is obtained, but before transferring the control of goods or rendering services to the customer.

Contract costs of obtaining or fulfilling a contract are expensed to cost of sales when the related revenue is recognised.

During 2020, there was no impairment loss in relation to contract costs for the Company and the Group.

## 24. Income and expenses

### A. Expenses by nature

### GROUP

| *Amounts in ,000 Euro* | Note | For the year ended 31 December 2020 | 2019 |
|---|---|---|---|
| Cost of inventories recognised as an expense | | 192,427 | 259,474 |
| Employee benefits | 20 | 22,695 | 24,052 |
| Energy | | 2,884 | 3,730 |
| Depreciation and amortisation | 5,6,7 | 9,032 | 10,456 |
| Taxes | | 419 | 376 |
| Insurance premiums | | 4,762 | 4,738 |
| Rent | | 502 | 665 |
| Transportation of materials and products | | 22,044 | 16,729 |
| Third-party fees | | 31,633 | 26,896 |
| Loss from derivatives | | 262 | 5,136 |
| Commissions | | 2,765 | 1,568 |
| Foreign exchange gains/(losses) | | 938 | 146 |
| Maintenance expenses | | 4,531 | 5,342 |
| Travel expenses | | 1,278 | 1,702 |
| Other expenses | | 2,253 | 2,524 |
| **Total cost of sales, selling & distribution and administrative expenses** | | **298,424** | **363,534** |

### COMPANY

| *Amounts in ,000 Euro* | Note | For the year ended 31 December 2020 | 2019 |
|---|---|---|---|
| Cost of inventories recognised as an expense | | 192,884 | 239,895 |
| Employee benefits | 20 | 20,676 | 20,904 |
| Energy | | 2,884 | 3,730 |
| Depreciation and amortisation | 5,6,7 | 8,922 | 10,275 |
| Taxes | | 414 | 376 |
| Insurance premiums | | 4,743 | 4,681 |
| Rent | | 424 | 564 |
| Transportation of materials and products | | 22,044 | 16,673 |
| Third-party fees | | 31,806 | 26,526 |
| Loss from derivatives | | 262 | 5,136 |
| Commissions | | 2,765 | 1,568 |
| Foreign exchange gains/(losses) | | 938 | (7) |
| Maintenance expenses | | 4,520 | 5,342 |
| Travel expenses | | 1,259 | 1,660 |
| Other expenses | | 2,187 | 2,451 |
| **Total cost of sales, selling & distribution and administrative expenses** | | **296,729** | **339,775** |

The Company significantly invests in research and development in order to continuously bring value-added products and services to the market and improve production processes, as well as to promote materials recycling and the proper use of natural resources. The aggregate amount of research and development expenditure recognised as an expense for 2020 amounts to EUR 1.084 thousand and has been charged to the Cost of goods sold.

### B. Other income

#### GROUP

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| Grants of the year | 18 | 42 |
| Income from services, rental fees and costs recharged | - | 1,116 |
| Rental income | 17 | - |
| Income from third party activities | 30 | - |
| Income from expenditure re-invoicing | 773 | - |
| Income from reversal of impaired investments in Viohalco subsidiaries | 936 | - |
| Others | 72 | 236 |
| **Other income** | **1,864** | **1,394** |

#### COMPANY

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| Grants of the year | 18 | 42 |
| Income from services, rental fees and costs recharged | - | 817 |
| Rental income | 17 | - |
| Income from third party activities | 30 | - |
| Income from expenditure re-invoicing | 773 | - |
| Others | 71 | 235 |
| **Other income** | **928** | **1,094** |

### C. Other expenses

#### GROUP

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| Loss from write-offs of property, plant & equipment | 48 | 57 |
| Loss from disposal of property, plant & equipment | - | 16 |
| Expenses recharged | 745 | - |
| Others | 467 | 159 |
| **Other expenses** | **1,260** | **232** |

#### COMPANY

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| Loss from write-offs of property, plant & equipment | - | 57 |
| Expenses recharged | 745 | - |
| Other expenses | 467 | 159 |
| **Total** | **1,212** | **216** |

## 25. Net finance costs

### GROUP

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| **Finance income** | | |
| Interest income | 25 | 28 |
| Foreign exchange gains | 124 | - |
| Dividends | 83 | - |
| **Total income** | **233** | **28** |
| **Finance costs** | | |
| Interest expense and related costs | 10,752 | 12,274 |
| Foreign exchange losses | - | 90 |
| **Total expenses** | **10,752** | **12,363** |
| **Net finance costs** | **(10,520)** | **(12,335)** |

### COMPANY

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| **Finance income** | | |
| Interest income | 25 | 28 |
| Foreign exchange gains | 124 | - |
| Dividends | 83 | - |
| **Total income** | **233** | **28** |
| **Finance costs** | | |
| Interest expense and related costs | 10,738 | 12,274 |
| Foreign exchange losses | - | 90 |
| **Total expenses** | **10,738** | **12,363** |
| **Net finance costs** | **(10,505)** | **(12,335)** |

## 26. Commitments and contingent liabilities

### 26.1 Contingent liabilities

The Group and the Company have contingent liabilities mainly related to bank guarantees, issued in their ordinary course of business, as follows:

| *Amounts in ,000 Euro* | At 31 December 2020 | 2019 |
|---|---|---|
| Guarantees to secure payables to suppliers | 2,854 | 778 |
| Guarantees to secure the good performance of contracts with customers | 118,756 | 68,460 |
| Mortgages and statutory notices of mortgage issued against lots & buildings | 40,031 | 40,168 |
| | **161,641** | **109,406** |

### 26.2 Capital commitments

The capital expenditures on the reporting date for the Group and the Company amounted to EUR 7,134 thousand (2019: EUR 4,770 thousand) and mainly concerned investments in machinery.

### 26.3 Unaudited tax years

The tax liabilities of the Company and its subsidiaries for certain financial years have not been audited by tax authorities and thus are not finalised yet for such years.

Group Management does not expect any additional taxes or surcharges from the audit of tax authorities.

With respect to Corinth Pipeworks, years 2012 to 2015 have not been audited in tax terms by Greek tax authorities. No tax compliance certificates have been issued by the statutory auditor who was chosen as per Codified Law 2190/1920 given that audit prerequisites were not met.

The Company received a tax compliance certificate "with unqualified opinion" for the years 2016, 2017, 2018 and 2019 from its statutory auditors.

As for the year 2020, the Company has fallen under the tax audit of Certified Public Accountants which is provided for in Article 65A of Law 4174/2013 apply. This audit is in progress and the relevant tax compliance report is expected to be issued following the publication of the Financial Statements for the year ended December 31, 2020. Company Management estimates that the outcome of the audit will not have a material impact on the Financial Statements.

In addition, on the basis of risk analysis criteria, Greek tax authorities may choose the Company for tax audit in the context of audits carried out on companies that have received tax compliance certificates with the assent of their statutory auditor. Tax authorities cannot audit any fiscal years ended before 31/12/2014. The Greek tax authorities have the right to carry out a tax audit of the fiscal years they choose, taking into account the work already performed for the issuance of the tax compliance certificate. The Company has not received any control orders from the tax authorities for unaudited years. The Company does not expect any additional taxes and surcharges to be incurred from a possible audit from the

Greek tax authorities.

## 27. Grants

| *Amounts in ,000 Euro* | **2020** |
|---|---:|
| **Balance at 1 January** | - |
| Grants amortisation | (18) |
| Other | 245 |
| **Balance at 31 December** | **227** |

Corinth Pipeworks recognised a grant equal to EUR 245,000 as part of the new loan obtained with Hellenic Development Bank as guarantor. This grant will be amortised throughout the loan term.

Recognition criteria were fulfilled for the above grant on 31 December 2020.

CORINTH PIPEWORKS
PIPE INDUSTRY SINGLE MEMBER S.A.

## 28. Related parties

The Company's related parties consist of its subsidiaries and equity-accounted investees, executive members of its Board of Directors as well as the subsidiaries and associates of VIOHALCO SA/NV Group.

### A. Transactions and balances with subsidiaries, equity-accounted investees and other related parties*

| | For the year ended 31 December | |
|---|---|---|
| *Amounts in ,000 Euro* | **2020** | **2019** |
| **Sales of products and other income** | | |
| Subsidiary companies | 29,172 | 59,095 |
| Equity-accounted investees | 481 | 525 |
| Other related parties | 6,870 | 3,315 |
| | **36,524** | **62,935** |
| **Sales of property, plant & equipment** | | |
| Other related parties | 65 | - |
| | **65** | **-** |
| **Purchase of goods and other expenses** | | |
| Subsidiary companies | 1,373 | 5 |
| Equity-accounted investees | 1,719 | 1,382 |
| Other related parties | 5,525 | 5,245 |
| | **8,617** | **6,632** |
| **Sales of property, plant & equipment** | 856 | 521 |
| Other related parties | **856** | **521** |

| | At 31 December | |
|---|---|---|
| | **2020** | **2019** |
| *Amounts in ,000 Euro* | | |
| **Trade and other receivables, short-term** | | |
| Subsidiary companies | 2,652 | 357 |
| Equity-accounted investees | 24 | - |
| Other related parties | 11,007 | 8,938 |
| | **13,683** | **9,295** |
| **Trade and other receivables, short-term** | | |
| Other related parties | 17 | - |
| | **17** | **-** |
| **Contract asset, short terms** | | |
| Subsidiary companies | 138 | 1,966 |
| | **138** | **1,966** |
| **Trade and other payables, short-term** | | |
| Subsidiary companies | 1,211 | 223 |
| Equity-accounted investees | 345 | 520 |
| Other related parties | 2,338 | 1,475 |
| | **3,895** | **2,217** |

* Other related parties include subsidiaries and equity accounted investees of ultimate parent Company Viohalco SA/ NV, other than subsidiaries and equity accounted investees of Corinth Pipeworks.

### B. Transactions and balances with the parent company**

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| **Purchase of services** | 14 | 12 |
| | **14** | **12** |

| *Amounts in ,000 Euro* | 2020 | 2019 |
|---|---|---|
| **Trade and other receivables, short-term** | 475 | 1,171 |

** (included in the intermediate parent company Cenergy S.A., Cenergy companies and ultimate parent company Viohalco SA/NV)

Outstanding balances from related parties are not secured and the settlement of these non-past due balances is expected to take place in cash next year since the balances refer only to short-term receivables and liabilities.

### C. Management compensation

| *Amounts in ,000 Euro* | For the year ended 31 December 2020 | 2019 |
|---|---|---|
| Compensation to BoD members and executives | 1,051 | 1,110 |

## 29. Audit and other fees

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | For the year ended 31 December | | For the year ended 31 December | |
| *Amounts in ,000 Euro* | 2020 | 2019 | 2020 | 2019 |
| Fees for statutory audit | 149 | 167 | 102 | 101 |
| Fees for tax certificate | 41 | 40 | 41 | 40 |
| Other fees | 6 | 3 | 6 | 2 |
| **Total** | **196** | **210** | **149** | **143** |

## 30. Events after 31 December 2020

There are no other events that occurred subsequent to the reporting date, which should be presented in these Financial Statements or would entail any adjustment to them.

*********************************************

Athens, 14 May 2021

| THE CHAIRMAN OF THE BOARD OF DIRECTORS | AN AUTHORISED MEMBER OF THE BOARD OF DIRECTORS | THE ACCOUNTING MANAGER |
|---|---|---|
| MELETIOS FIKIORIS<br>AK 511386 | NIKOLAOS SARSENTIS<br>AB 281941 | PAVLOS KOUMPIS<br>AB 589945 |

**C. Independent Auditor's Report**

**Independent auditor's report**

**To the Shareholders of "Corinth Pipeworks Pipe Industry SA"**

**Report on the audit of the separate and consolidated financial statements**

**Our opinion**

We have audited the accompanying separate and consolidated financial statements of Corinth Pipeworks Pipe Industry SA (Company and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2020, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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

**Other Information**

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

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

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

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

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

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

- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 153 of Law 4548/2018.

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

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

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

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

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

**Auditor's responsibilities for the audit of the separate and consolidated financial statements**

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

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

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

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

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

**Report on other legal and regulatory requirements**

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

Athens, 21 May 2021

**The Certified Auditor Accountant**

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

**Dinos Michalatos**
SOEL Reg. No 17701