INTRACOM DEFENSE SINGLE MEMBER S.A.

Financial Statements
for the year ended December 31, 2019
in accordance with International Financial Reporting Standards

General Electronic Commercial Registry (G.E.MI.) No.: 006657001000

It is certified that the accompanying Financial Statements are those which were approved by the Board of Directors of “INTRACOM DEFENSE SINGLE MEMBER S.A.” on 10 June 2020 and have been posted on the web site at the address http://www.intracomdefense.com

THE CHAIRMAN OF THE BoD

D. CH. KLONIS
ID No. AK 121708/07.10.2011

THE VICE CHAIRMAN OF THE BoD

G.A. ANNINOS
ID No AK 760212/28.08.2013

THE MANAGING DIRECTOR

G. I. TROULLINOS
ID. No. S 681748/21.07.1999

THE CHIEF FINANCIAL MANAGER

K. D. PALMOS
ID. No. AK 829005/11.02.2014
E.C.G. LICENCE No. 16941/A’ CLASS

THE HEAD OF THE ACCOUNTING DEPT.

E. I. KOUFOPOULOS
ID. No. AM 213304/19.09.2015
E.C.G. LICENCE 5271/A’ CLASS

Contents

A) Annual Report of the Board of Directors

of the company
“INTRACOM DEFENSE SINGLE MEMBER S.A.”
DISTINCTIVE NAME: “IDE”
On the Financial Statements
For the year from 1 January to 31 December 2019

To the Annual General Meeting of Shareholders

Dear Shareholders,

We submit for approval the financial statements of the Company for the year from 1 January to 31 December 2019.

The financial statements for the present year, as also those for the previous years have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

This Annual Report of the Board of Directors was prepared in accordance with the provisions of article 150 of L. 4548/2018.

FINANCIAL RESULTS – ACTIVITY REVIEW

The company sales in fiscal year 2019, amounted to € 46.184 thousand against € 59.770 thousand in fiscal year 2018 decreased by 22,7%.

The company’s profits before income tax, financing, investing results and total depreciation (EBITDA), amounted to € 3.202 thousand, compared to profit of € 4.214 thousand in 2018, which is a decrease of 24,0%.

In terms of income before taxes (EBT), the Company recorded profit of € 1.431 thousand compared to profit of € 3.258 thousand in year 2018.

The after tax profits amounted to € 799 thousand compared to profit of € 1.343 thousand in the prior year decreased by 40,5%.

These changes for the year 2019 and 2018 are presented in the following table:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018	Div(%)
Sales	46.184	59.770	-22,7%
Gross profit	13.589	14.641	-7,2%
%	*29,42%*	*24,50%*	
Earnings Before Interest, Taxes, Depreciation & Amortazation (EBITDA)	3.202	4.214	-24,0%
%	*6,93%*	*7,05%*	
Earnings Before Interest, Taxes (EBIT)	1.791	2.908	-38,4%
%	*3,88%*	*4,87%*	
Earnings Before Taxes (EBT)	1.431	3.258	-56,1%
%	*3,10%*	*5,45%*	
Earnings After Taxes (EAT)	799	1.343	-40,5%
%	*1,73%*	*2,25%*	

The inventories amounted to € 25.901 thousand compared to € 21.954 thousand in the previous year, increased by 18,0%.

Trade receivables and other non-current assets in fiscal year 2019 amounted to € 26.930 thousand of which € 5.807 thousand relates to advances paid by the company to suppliers.

Total liabilities amounted to € 28.903 thousand, of which the largest part of € 17.874 thousand, concerns customers advance payments in the frame of projects implementation.

The administrative expenses amounted to € 3.636 thousand compared to € 3.618 remaining at the previous year's levels.

The company continues to have zero bank lending.

Cash and cash equivalents at the end of the year amounted to € 5.480 thousand compared to € 8.036 thousand at the end of the previous year.

The equity of the Company at the end of the year 2019 amounted to € 67.406 thousand against € 66.734 in the year 2018.

The total Assets amounted in 2019 to € 96.309 thousand against € 80.717 in the year 2018, increased by 19,3%.

The basic financial ratios that depict the financial position of the Company in a static format are as follows:

Ratios	31/12/2019	31/12/2018
a. Financial Structure Ratios		
Current Assets / Total Assets	61,6%	53,4%
Total Equity / Total Liabilities	233,2%	477,3%
Total Equity / Fixed Assets	182,2%	177,5%
Current Assets / Short- term Liabilites	252,5%	427,1%
b. Profitability Ratios		
Net Profit / Sales	1,7%	2,2%
Gross Profit / Sales	29,4%	24,5%
Sales / Total Equity	68,5%	89,6%

MAIN EVENTS

February 2019: IDE signed a contract with the American company BOEING for the US Air Force (USAF) Airborne Warning and Control System (AWACS) aircraft upgrade program.

April 2019: IDE extends its cooperation with US based Raytheon company in the manufacturing of subsystems for the PATRIOT air defense system with the signature of new contracts. The new work allocated to IDE is worth USD 61,5 million and is scheduled to be completed by June 2021.

July 2019: IDE, was honored with a performance award from Raytheon's Integrated Defense Systems at the company's annual awards conference in Boston, MA, USA, for its exceptional performance, quality and on-time deliveries. This was the 10th consecutive Supplier Excellence Award IDE received from Raytheon.

September 2019: IDE, participated in the international exhibition "DSEi 2019", one of the largest exhibitions for defense and security systems, which took place in London. At DSEi, IDE unveiled WiSPR Evolution, the new extended IP edition of the internationally renowned and successful WiSPR vehicular intercommunication system. WiSPR Evolution provides a complete CIS (Communication and Information System) capable of hosting a comprehensive C4I capability, advanced performance and high adaptability to customized operational and technical requirements.

November 2019: IDE & FIMAG (Finsterwalder Maschinen und Anlagenbau GmbH) have signed a Cooperation Agreement in the sector of Hybrid Field Power Systems for defense and security applications. The two companies have agreed to exploit their complementary technologies, engineering and production capabilities, to develop, produce and supply advanced tactical field power solutions in Germany and other regional countries. This teaming targets a wide range of hybrid power systems, incorporating IDE's leading technology and products in deployable Energy Storage Systems, Power Management & Control and integrated Hybrid solutions and FIMAG's long standing expertise and products in Tactical Mobile and Deployable Generators for field applications.

November 2019: IDE participated at the live exhibition of the OCEAN 2020 program, that took place in Italy (Gulf of Taranta) from the 18th until the 22nd of November 2019 with the Unmanned Surface Vessel (USV) SeaRider. During this exhibition, SeaRider was operating along with a Hellenic Navy frigate for the continuous surveillance of a large area and the maritime interdiction of a threatening vessel armed with surface weaponry as well as the observation of a camouflaged vessel that was placing sea mines.

December 2019: IDE extends its cooperation with US based Raytheon Company in the manufacturing of Major End Items for the PATRIOT air defense system with the signature of a new contract. The new work allocated to IDE is worth USD 10.8 million, is scheduled to be completed within 2022 and further extends the long lasting and very successful cooperation of the two companies in the coproduction of PATRIOT systems. According to IDE's policy, significant part of the work will be allocated to other Greek companies, thus positively contributing in the financial support of the country and in the strengthening of the defense industries of Greece.

December 2019: Award to IDE, in the frame of the "Made in Greece 2019" event, organized by the Greek Marketing Academy, at The Athens Concert Hall. This distinction rewards the quality, the innovation and the extroversion of IDE with high added value for the Greek economy, in an environment of adverse international economic conditions, which have resulted in exports reaching more than 97% of its turnover in recent years. At the same time, IDE contributes about 5% of total Greek exports to the US, while giving a significant proportion of the work of its signed contracts to other Greek companies, contributing to the strengthening of the Greek economy.

The new contracts signed by the Company in 2019 amounted to € 76 mil.

GOALS – PERSPECTIVES

The company has adopted a specific policy over the last years and consistently works toward the following objectives:

- Boosting its exports to the US by joining the Patriot anti-aircraft missile program and other US defense international-market programs.
- Entering new markets with innovative products in areas such as Asia, South America and Africa.
- Expanding its partnership with large defense equipment manufacturers (System Integrators) for joining international product sale programs and achieving integration of IDE's telecommunication products into the integrated solutions offered as well as the joint promotions in third countries.
- Utilizing the existing know-how in the fields of Surveillance and Security and joining pertinent European programs (Horizon 2020, Frontex).
- Promoting Hybrid Defense Energy Systems with a view to introducing new innovative products.
- Expanding its activities further, following the establishment and implementation of the National Defense Industrial Strategy.
- Expanding the services provided for supporting the weapon systems of the Armed Forces.

On 31.12.2019, the backlog of the Company's agreements was worth a total of €111 mil.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company has been consistently investing its funds in research for developing new, innovative products and integrated solutions. The department of research and development is run by highly experienced scientific staff who specialize in the fields of telecommunication, engineering and IT.

Innovation is at the center of the Company's growth model and is consistently supported through significant investments in research and development as well as multi-faceted partnerships with educational institutions and research groups.

Driven by market trends and aiming towards introducing new technologies, the Research & Development Department deals with designing and developing new differentiated products as well as improving existing ones with competitive innovative features.

In this context, the main focus areas prioritized by the Company are Broadband systems, Hybrid power and electricity storage systems, Real-time Data Processing and Geographic Display for Surveillance and Monitoring purposes as well as missile Electronic subsystems.

RISKS AND UNCERTAINTIES

Risks associated with the company's activity

Defense market trend

According to the Stockholm International Peace Research Institute (SIPRI), global defense spending trends in 2019 were as follows:

Global defense spending for 2019 is estimated to have been $ 1.917 billion, equivalent to 2,2% of the Global Gross Domestic Product (GDP), representing a marginal increase of 3,6% against 2018.

Following 13 consecutive years of successive increases, from 1998 to 2011, and relatively unchanged spending from 2012 to 2016, global defense spending rose in the years 2017, 2018 and 2019.

The largest part of this expenditure over the last years is spent mainly by fifteen (15) particular countries with yearly ranking differentiations only. In 2019, these countries spent $ 1.553 billion on defense i.e. 81% of global defense spending.

In 2019, the US, which is at the top of the world military spending list, spent a total of $ 732 billion, which accounts for more than one third (2019: 38%) of global spending, and 2,8 times higher than expenditures of China ($261 billion), which comes second in the world ranking. The remaining 13 countries listed in military spending ranking order for 2019 are: India ($71,1 billion), Russia ($65,1billion), Saudi Arabia ($61,9 billion), France ($50,1 billion), Germany ($49,3 billion), the United Kingdom ($48,7 billion), Japan ($47,6 billion), South Korea ($43,9 billion), Brazil ($26,9 billion), Italy ($26,8 billion), Australia ($25,9 billion), Canada ($22,2 billion) and Israel ($20,5 billion).

Six of the 15 abovementioned countries are members of the North Atlantic Treaty Organization (NATO). These six countries spent in 2019 a total of $ 929 billion, amount which accounts for 48% of global military expenditure. Total spending by all NATO members (29 countries) reached $1.035 billion in 2019.

Regionally, the largest percentage increases in military spending in 2019 compared to the previous year (2018) were made in Central Europe, North America, Central and South Asia. Six Middle East countries showed very high military spending as a percentage of the Gross Domestic Product, between 4,2% and 8,8% of GDP.

On a country level, the highest rate of increase (10 per cent) between 2018 and 2019 among the top fifteen military spenders was made by Germany, which has moved up two places in the rankings, from ninth to seventh.

Greece is placed 34th in the SIPRI rankings having $5,5 billion military spending in 2019. This accounts for a 2,6 per cent share of GDP.

Financial Risks

Foreign Exchange Risk

The Company's foreign exchange risk is considered to be relatively limited because in most cases where there are receivables in foreign currency under a contract, the corresponding liabilities in the same currency also exist. Contracts denominated in a foreign currency are almost entirely in USD, as are the corresponding liabilities.

As a rule physical hedging of foreign exchange risk is employed. If that is not satisfactory due to particularly high liabilities in a foreign currency, the option to use foreign exchange risk hedging mechanisms, via suitable baking products or using a foreign currency loan for the same amount, is examined on a case-by-case basis.

As for cash held in foreign currencies, the Company's policy is to hold the minimum amount required to cover its short-term liabilities in that currency.

Cash flow and fair value interest rate risk

The company is in minimal exposure to interest rate risk, due to the eliminated borrowings and the short-term horizon of the cash deposits.

Credit risk

The Comany's commercial transactions are almost entirely entered into with reliable public and private sector organisations. In many cases there is also a long-term satisfactory trading history. However, in all events -given conditions on the Greek market- the company monitor all customer receivables carefully and if needed promptly take action in or out of court to ensure the receivables can be collected, thereby minimising any credit risk. Consequently the risk of bad debt is considered to be particularly limited.

As far as credit risk associated with the placement of cash assets is concerned, note that the Company only collaborates with financial organisations that have a high credit rating.

Liquidity risk

The Company holds sufficient liquidity in cash and cash equivalents and has the ability to use available undrawn borrowing facilities.

ENVIRONMENTAL ISUESS

IDE as well as Intracom Holdings Group places emphasis on the commitment to environmental responsibility.

The company is committed to maintaining an environmentally sensitive and accountable position and managing its activities accordingly by applying preventive measures to protect the environment and minimizing any negative environmental impacts that may arise.

To this end, the company has developed and implemented Environmental Management System (EMS) which provide a well-structured approach to environmental issues and ensure the continuous improvement of environmental performance through the introduction of specific environmental objectives and the documentation and monitoring of programs pursuing to achieve these objectives.

The Company promotes the following Environmental Actions:

- Waste management
- Recycling
- Ecological Products Design (eg. Hybrid Energy systems)
- Saving of natural resources (investments in new technologies to reduce energy consumption)

SOCIAL RESPONSIBILITY

The company provides a safe working environment in which non-discriminatory policies are applied and equal opportunities are offered to all employees irrespective of gender, age, and nationality. Furthermore, employee trade union rights are respected, health & safety procedures are faithfully adhered to and open door policies are consistently implemented.

PERSONNEL

The number of company's employees at 31.12.2019 and 31.12.2018 reached 417 and 411 employees respectively.

Directors' remuneration and key management compensation amounted to € 1.157.369 in the year 2019 in comparison to € 1.152.858 in the previous year. There were no receivables or payables from or to the management at year end.

OTHER SIGNIFICANT EVENTS

In December 2019, the World Health Organization (WHO) was informed about a number of unknown pneumonia cases, while in January 2020 the Chinese health authorities identified as the cause of these cases a new type of coronavirus, COVID-19. The evolution of the following events, led WHO to declare the new coronavirus outbreak as a global pandemic.

The expansion of the pandemic COVID-19 worldwide as much as in Greece, brought national economies, markets, enterprises and each one of us, facing one of the biggest challenges we have ever dealt with.

Company's first concern was to safeguard the health of employees and associates, which has been achieved through coordinated effort from all parties involved.

In an entrepreneurial level, following relevant procedure, priority has been placed to the thorough analysis of each activity to identify high risk and high priority issues for the company, and decide on required mitigation actions.

Meanwhile, we immediately proceed to the upgrade of our technological infrastructure, in order to meet teleworking and tele conferencing demands, so as to ensure full operations efficiency amidst the upcoming lockdown.

Today, three months later, and considering that COVID-19 crisis may not be over yet, we believe that the Company has achieved operational readiness through upgraded procedures and risk management mechanisms and therefore has developed incremental ability to react in a new crisis.

The Company, has proven its ability to cope with difficulties and grow even during the recent financial crisis. Both on 31.12.2019 and today, the Company's financial position and liquidity, remain satisfactory.

The situation is being re-evaluated regularly and with due diligence.

Until the date of submission of this report, no other event has occurred that could significantly affect the financial position and progress of the Company.

Dear Shareholders,

As of the income distribution for fiscal year 2019, the Board of Directors proposes to be kept from the net profit (a) the amount of € 54.375,87 for the completion of the statutory capital reserve, (b) to allocate the amount of € 600.000,00 for dividends.

The Board of Directors considers the reported data as a statement of its proceedings and expects that the Annual General Meeting of Shareholders will approve the management according to the company's interests and the financial statements for the year ended on 31/12/2019.

It also expects that the Annual General Meeting of Shareholders by a special resolution will approve the overall management of the Company and will release the Auditors from any liability for the year from 1 January 2019 to 31 December 2019.

In order for the shareholders to be adequately informed, it is stated that the Company has not proceeded to acquisition of treasury shares.

True copy from the minute book of the Board of Directors

Koropi, 10 June 2020

THE MANAGING DIRECTOR (CEO)

GEORGE TROULLINOS

B) Independent Auditor's Report

To the Shareholders of

"INTRACOM DEFENSE SINGLE MEMBER S.A."

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements **of INTRACOM DEFENSE SINGLE MEMBER S.A.** (the Company), which comprise the balance sheet as at 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made to the "Report on other Legal and Regulatory Requirements", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) Based on the knowledge we obtained during our audit of **INTRACOM DEFENSE SINGLE MEMBER S.A.** and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 24 June 2020

ANNA K. GKINI

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 34471

SOL S.A.

Member of Crowe Global

3, Fok. Negri Str., 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125

C) Annual Financial Statements in accordance with IFRS

Contents

Balance Sheet

Amounts in euro	Note	31/12/2019	31/12/2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	29.751.578	30.570.479
Right-of-use assets	7	272.224	0
Other intangible assets	8	331.946	241.050
Investment property	9	1.574.595	1.606.212
Deferred income tax assets	10	5.063.926	5.148.113
Trade and other receivables	11	5.030	41.030
Total		**36.999.299**	**37.606.883**
Current assets			
Inventories	12	25.901.283	21.954.426
Trade and other receivables	11	26.929.894	13.119.191
Current income tax receivables		998.806	0
Cash and cash equivalents	13	5.480.102	8.036.466
Total		**59.310.085**	**43.110.084**
Total assets		**96.309.384**	**80.716.967**
EQUITY			
Share capital	14	52.906.568	52.906.568
Other reserves	15	9.303.296	9.314.601
Retained earnings		5.196.551	4.513.251
Total equity		**67.406.415**	**66.734.421**
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	153.752	0
Retirement benefit obligations	16	2.693.649	2.520.654
Long-term provisions for other liabilities and charges	17	371.292	430.431
Trade and other payables	18	2.196.155	937.968
Total		**5.414.847**	**3.889.053**
Current Liabilities			
Trade and other payables	18	22.878.000	9.311.968
Current income tax liabilities		0	233.915
Lease liabilities	7	121.651	0
Short-term provisions for other liabilities and charges	17	488.471	547.610
Total		**23.488.121**	**10.093.493**
Total liabilities		**28.902.968**	**13.982.546**
Total equity and liabilities		**96.309.384**	**80.716.967**

The notes on pages 21 to 55 are an integral part of these financial statements.

Statement of Comprehensive Income

Amounts in euro	Note	1/1-31/12/2019	1/1-31/12/2018
Sales	19	46.184.240	59.770.105
Cost of goods sold	20	(32.594.917)	(45.129.118)
Gross profit		**13.589.323**	**14.640.987**
Selling and research costs	20	(8.966.503)	(8.546.552)
Administrative expenses	20	(3.635.806)	(3.618.068)
Other income	22	906.474	392.977
Other gains/(losses) - net	23	(102.198)	38.734
Operating profit		**1.791.291**	**2.908.078**
Finance income	24	62.734	135.628
Finance cost	24	(423.081)	214.775
Finance costs - net		**(360.347)**	**350.403**
Profit before income tax		**1.430.944**	**3.258.480**
Income tax expense	25	(631.968)	(1.915.341)
Profit after tax for the period		**798.976**	**1.343.139**
Other comprehensive income:			
Available-for-sale financial assets - Fair value gains			
Actuarial gain/losses	16	(126.982)	(118.264)
Other comprehensive income, net of tax:		**(126.982)**	**(118.264)**
Total comprehensive income for the period		**671.994**	**1.224.875**
Profit per share			
basic	26	0,035	0,058

The notes on pages 21 to 55 are an integral part of these financial statements.

Statement of changes in equity

Amounts in euro	Note	Share capital	Other reserves	Retained earnings / (loss)	Total equity
Balance at 1 January 2018		**52.906.568**	**9.319.059**	**3.283.919**	**65.509.546**
Actuarial gains/ (losses), net of tax	15		(118.264)		(118.264)
Profit for the period				1.343.139	1.343.139
Total comprehensive income for the period			**(118.264)**	**1.343.139**	**1.224.875**
Statutory reserves formation	15		113.807	(113.807)	-
Balance at 31 December 2018		**52.906.568**	**9.314.601**	**4.513.251**	**66.734.421**
Balance at 1 January 2019		**52.906.568**	**9.314.601**	**4.513.251**	**66.734.421**
Actuarial gains/ (losses), net of tax	15		(126.982)	-	(126.982)
Profit for the period				798.976	798.976
Total comprehensive income for the period			**(126.982)**	**798.976**	**671.994**
Statutory reserves formation	15		115.676	(115.676)	-
Balance at 31 December 2019		**52.906.568**	**9.303.296**	**5.196.551**	**67.406.415**

The notes on pages 21 to 55 are an integral part of these financial statements.

Cash flow statement

Amounts in euro	Note	1/1-31/12/2019	1/1-31/12/2018
Cash flows from operating activities			
Cash generated from operations	27	418.744	(6.438.024)
Interest paid		(576.326)	(295.763)
Income tax paid		(1.758.861)	(612.122)
Net cash from operating activities		**(1.916.443)**	**(7.345.909)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(477.872)	(417.076)
Purchase of intangible assets	8	(157.982)	(181.294)
Proceeds from sale of property, plant & equipment		1.000	(0)
Interest received		61.982	133.368
		(572.873)	**(465.002)**
Cash flows from financing activities			
Principal elements of lease payments	7	(110.653)	-
Net cash used in financing activities		**(110.653)**	**-**
Net (decrease) / increase in cash & cash equivalents		**(2.599.969)**	**(7.810.911)**
Cash and cash equivalents at beginning of the period		8.036.466	15.535.498
Effects of exchange rate changes on cash and cash equivalents		43.604	311.879
Cash and cash equivalents at end of the period	**13**	**5.480.102**	**8.036.466**

The notes on pages 21 to 55 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended December 31, 2019

1. General Information

INTRACOM DEFENSE SINGLE MEMBER S.A. ("Intracom Defense", "the Company") former INTRACOM S.A. DEFENSE ELECTRONIC SYSTEMS – PRIVATE ENTERPRISE FOR PROVISION OF SECURITY SERVICES was founded in Greece and operates mainly in the design, development and manufacturing of defense electronic products, systems and applications and the provision of technical support services and maintenance as well as in the provision of safety services.

The company operates in Greece and in foreign countries.

The Company's registered office is at 21 km Markopoulou Ave., Koropi Attikis, Greece. Its website address is www.intracomdefense.com.

"INTRACOM HOLDINGS S.A." with distinctive name "INTRACOM HOLDINGS", the initial sole shareholder of the Company by 100%, on March 1, 2019 proceeded with the establishment of a new subsidiary, by 100%, based in Luxembourg and named "INTRACOM TECHNOLOGIES S.a.r.l." The main purpose of the newly established company is to acquire and manage participations. The corporate capital of "INTRACOM TECHNOLOGIES S.a r.l." was fully covered by the subscription of "INTRACOM HOLDINGS S.A.", contributing all shares in its wholly owned (100%) subsidiaries "INTRASOFT INTERNATIONAL" and "INTRACOM DEFENSE ELECTRONICS - IDE".

Therefore, as of 01/03/2019, the sole shareholder of the Company, by 100%, is the above "INTRACOM TECHNOLOGIES S.a.r.l." while the ultimate beneficial owner of the Company remains INTRACOM HOLDINGS.

The Company is fully consolidated in the consolidated financial statements of Intracom Holdings. The annual consolidated financial statements of Intracom Holdings SA for the year ended 31 December 2019 have been published on its website at www.intracom.com.

These financial statements have been approved for issue by the Board of Directors on 10 June 2020, and are subject to approval by the Annual General Meeting of the Shareholders.

2. Significant accounting policies

2.1 Basis of preparation

The annual financial statements include the financial statements of the company for the year ended 31 December 2019 and have been prepared in accordance with International Financial Reporting Standards as they have been adopted by the European Union.

The financial statements have been prepared under the historical cost convention and the going concern principle.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Moreover, the use of estimates and assumptions is required that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of preparation of financial statements and the reported income and expense amounts during the reporting period. Although these estimates are based on Management's best possible knowledge with respect to current circumstances and actions, the actual results may eventually differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 below.

The accounting policies the Company has followed for the preparation of the annual financial statements for year ended 31 December 2019, are consistent with those described in the published financial statements for the year ended 31 December 2018, after being also taken into consideration the following amendments to standards and the new interpretations, that have been issued by the International Accounting Standards Board (IASB), adopted by the European Union and their application is mandatory for the year ended 31 December 2019.

2.2 New standards, amendments to existing standards and interpretations

2.2.1 New Standards and Amendments Adopted by the Company

The Company adopted certain standards and amendments, compulsorily, for the first time for the fiscal year 2019. The Company has not previously adopted some other standard, interpretation or amendment issued but is not obligatory to be applied for the fiscal year 2019.

The nature and impact of each new standard or amendment related to the Company's activity is described below.

IFRS 16 Leases

The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases for the lessor and the lessee. The IFRS 16 supersedes and replaces the IAS 17 *Leases and the interpretations*, SIC 15 *Operating leases - Incentives*, SIC 27 *Evaluating the substance of transactions involving the legal form of a lease* and IFRC 4 *Determining whether an arrangement contains a lease.*

The standard introduces a single lease accounting model on lessee's side, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consequently, lessors continue to classify leases as operating or finance, and follow different lessor accounting for each type of contract. The standard also requires extensive disclosures in the lessee's financial statements.

The impact of the standard on the Company's financial statements are described in note 2.4 below.

The new accounting principles for Leases are described in note 2.3.7 below.

Amendments to IAS 19 Employee benefits: plan amendment, curtailment or settlement

IAS 19 Employee Benefits specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements. The amendments had no impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 *Income Taxes* specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The amendments had no impact on the Company's financial statements.

Other Amendments

The following amendments, which are mandatory for the current financial year 2019 are not relevant to the Company's operations and will not have an impact on the financial statements:

-IAS 28 IAS 28 Investments in Associates and Joint Ventures (amendment): Long-term Interests in Associates and Joint Ventures.

-IFRS 9 Financial Instruments (amendment): Prepayment Features with Negative Compensation

- Annual Improvements to IFRSs 2015-2017 Cycle

2.2.2 Standards and Interpretations mandatory for subsequent periods that have not been earlier applied by the Company

The following new standards, amendments of standards and interpretations have been issued, are related to the Company's activity but are compulsory for later periods. The Company has not previously applied the following standards and is studying its impact on the financial statements

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. The amendments are effective to annual periods beginning on or after 1 January 2020 and will not affect the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current

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 amendments are effective to annual periods beginning on or after 1 January 2022 and will not affect the Company's financial statements.

Other Amendments

The following amendments and the new standards, which are mandatory applicable for later periods are not relevant to the Company's operations and will not have an impact on the financial statements:

-IFRS 3 Business Combinations (amendment): Definition of a Business (effective for annual periods beginning on or after January 1, 2020)

- IFRS 9, IAS 39 and IFRS 7 (Amendments): Interest rate benchmark reform (effective for annual periods beginning on or after 1 January 2020)

- IFRS 17 Insurance contracts (effective for annual periods beginning on or after 1 January 2023)

2.3 Summary of significant accounting policies

2.3.1 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Receiving an advance or paying in foreign currency respectively leads to the recognition of a non-monetary item (asset or liability) that is not measured at the balance sheet date. The transaction date for the purposes of initial recognition of the related expense or revenue assets is the date of payment or collection of the relevant advance.

2.3.2 Revenue from Contracts with Customers

The Company recognizes revenue from a contract with a customer when (or as) a performance obligation is satisfied by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. The customer obtains control of a good or a service when it has the ability to direct the use of, and obtain substantially all of the remaining benefits from it.

As revenue shall be defined the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Variable amounts are included in the consideration and are calculated using either the "Expected Value" method or the "Most Likely Amount" method.

The performance obligation of the contract can be fulfilled either at a point in time or over time.

The performance obligation to sell a good or provide a service is satisfied either at a point in time or over time when:

i) the customer simultaneously receives and consumes the benefit provided by the entity's performance as the entity performs,

ii) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,

iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When the company performs the contractual obligations by transferring goods or services to a customer, before the customer pays consideration or before payment is due, the company presents the contract as a contract asset. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

When the customer pays consideration or the company has the unconditional right to receive consideration before the Company's contractual obligations for goods or service transfers then the company presents the contract as contractual liability. The contract liability is derecognized when the contractual obligations are fulfilled and the revenue is recorded in the statement of comprehensive income.

(a) Sales of goods

Revenue from the sale of the Company's assets includes the construction of parts of electronic units mainly related to missile and telecommunication systems and the construction of integrated electromechanical missile systems, and in the majority include a single implementation obligation. Revenue from the sale of equipment is recognized at a point in time when the asset is transferred to the customer, in particular when the goods are transferred to and accepted by the customer.

i) Variable exchange

The Company's contracts with its customers do not include variable remuneration elements due to discounts, price subsidies, refunds, credits, price reductions, incentives, additional performance benefits, sanctions or other similar items.

ii) Warranties

The Company provides two-year repair guarantees for all products sold, in line with industry practice. The guarantees provided by the Company are assurances that the product meets the assurance-type warranties in accordance with IFRS 15 that the Company accounts for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and are included in the item "Forecasts "(note 17).

iii) Contractual assets and liabilities

The contractual assets of the Company relate mainly to accrued income and are included in the item "Trade and other receivables" (note 11), while the liabilities refer to deferred income and customer advances and are presented in the item "Trade and other payables" (note 18) respectively in the balance sheet.

(b) Sales of services

Revenue from provision of services mainly concerns maintenance and support contracts, on-site design and development services, and instrument calibration and testing services. They are recognized over a long period of time by the fixed method during the contract as the customers receive and at the same time reap the benefits resulting from the provision of the service on the part of the Company. Primarily, the services include a single enforcement obligation.

(c) Rental income

Rental income arising from operating leases on investment properties is accounted on a straight line basis during the lease term and is included in Other income in the statement of comprehensive income.

2.3.3 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.3.4 Current and deferred income tax

The fiscal year taxation includes the current and deferred tax. The taxation is recognized in the results unless it is related to items recognized in the other total income or directly in the net position. In this case, the tax is also recognized in the other total income or directly in the net position, respectively.

Current income tax

The current income tax is calculated based on the taxation result, according to the taxation laws applied in Greece. The expenditure for the current income tax includes the income tax arising from the Company’s profits, as shown in its tax statement and provisions for additional taxes for not-audited fiscal years and is calculated according to the laid-down or substantially laid-down tax rates.

Deferred income tax

The deferred income tax arises from the provisional differences between the tax base and the book value of the assets and liabilities. Deferred income tax is not taken into account if it arises from the initial recognition of assets or liabilities in a transaction, except business venture, which when made did not affect the accounting or taxation profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The deferred tax is determined taking into account the tax rates (and tax laws) in force on the balance sheet date and expected to be in force when the deferred tax asset is paid or the deferred tax is settled.

The deferred tax assets are set off with the deferred tax liabilities when settled at the same tax authority.

2.3.5 Property, plant and equipment

Property, plant and equipment (“PPE”) is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

- Buildings	33 - 34 Years
- Machinery, installations and equipment	10 Years
- Vehicles	5-7 Years
- Other equipment	5-10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

If the asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down to its recoverable amount, and the difference (impairment) is immediately recorded in the income statement.

When an asset is sold, the difference between the proceeds and its carrying amount is recognized as gains or losses in the income statement.

Finance charges directly attributable to the construction of PPE assets are capitalized for the period that is required until the completion of the constructed item. All other finance charges are recognized in the income statement as incurred.

2.3.6 Investment Property

Investment property, principally comprising land and buildings, is held for long-term rental yields and is not occupied by the Company. Investment property is measured at cost less depreciation and impairment. The land classified as investment property is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, which is 33-34 years.

When the carrying amount of the investment property is greater than its recoverable amount, the resulting difference (impairment loss) is recognized immediately as an expense in the income statement.

2.3.7 Leases

The Company as lessee

Accounting policy from 1/1/2019

Right -of –use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are subject to impairment.

The right-of-use assets are presented separately in the balance sheet.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For short-term leases and leases in which the underlying asset has a low value, the Lease payments are recognised as expense on a straight-line basis over the lease term according IFRS16 exemptions.

The company doesn’t separate non-lease components from lease components and accounting each lease component and any associated non-lease component as a single lease component.

Accounting policy up to 1/1/2019

Leasing of assets, where the Company maintains all risks and benefits of ownership, is classified as financial leasing. Financial leasing is capitalized upon the beginning of the lease at the lowest value between the fair value of the asset and the present value of minimum rents. Each rent is allocated between the obligation and financial expenses so as to achieve a fixed rate for the remaining financial obligation. The corresponding obligations from rents, net of financial expenses, are shown in the liabilities. The part of the financial expenditure related to financial leasing is recognized in the operating results during the lease. The assets acquired with financial leasing are depreciated at the smallest period between the useful life of the assets and the lease duration, unless there is reasonable certainty that the Company shall acquire the ownership of the assets upon the expiry of the lease, in which case they are depreciated during their useful life. During the current and previous fiscal year, the Company did not have any financial leasing and there were no obligations form financial leasing.

Leases in which all the risks and benefits of ownership are maintained by the lessor are classified as operational leases. The payment of rents based on an operational lease is recognized using the direct method during the lease against the results.

The future aggregate minimum lease payments at 31.12.2018 were as follows:

Amounts in euro	**31/12/2018**
No later than 1 year	125.846
Later than 1 year and no later than 5 years	182.823
Total	**308.670**

The Company as Lessor

Leases in which all the risks and benefits of ownership are maintained by the Company are classified as operational leases. Revenues from operational leases are recognized in the results using the fixed method during each lease.

2.3.8 Intangible assets

Computer software

Acquired computer software licenses are measured at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which is 3 to 8 years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.3.9 Impairment of non-financial assets

The book values of non-current assets are controlled for impairment purposes when incidents or changes in the conditions denote that the book value may not be recoverable. When the book value of an asset exceeds the recoverable amount an impairment loss is recognized in the results. The recoverable value is determined as the highest value between the fair value minus the sale cost and the use value. The fair value minus the sale cost is the price one would get for the sale of an asset in a normal transaction between market participants after deducting any additional direct sale cost of the asset, while use value is the net present value of the estimated future cash flows expected to be realized from the continuous use of an asset and the expected proceeds from its sale at the end of the estimated useful life. For the determination of the impairment, the assets are grouped at the lowest level for which the cash flows can be separately determined.

2.3.10 Financial instruments

a. Financial assets

i. Initial Recognition and Derecognition

The Company recognizes a financial asset when it becomes one of the parties of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows of the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition.

ii. Classification and Measurement

Financial assets at initial recognition are measured at their fair value (usually the transaction price, ie the fair value of the consideration given or received) plus transaction costs directly attributable to their acquisition or issue, unless it is for financial assets measured at fair value through profit or loss where transaction, issue, etc. costs are borne by the results.

The trade receivables that do not include a significant portion of funding are measured at the transaction price.

For subsequent measurement purposes, financial assets are classified in accordance with the entity's business model for the management of financial assets and their contractual cash flows.

Financial assets are classified into one of the following three categories, which determines their subsequent measurement:

- Amortised cost,

- fair value through other comprehensive income (fair value through OCI) and

- fair value through profit or loss.

The Company, in addition to trade receivables from customers, does not hold any other financial assets. It classifies them at amortized cost and subsequently measures them using the effective interest method if they have a long-term share.

iii Impairment

For trade receivables, the Company applies the simplified approach of the Standard and calculates the expected credit losses on the basis of the expected credit losses over the whole life of those items.

b. Financial liabilities

i. Initial Recognition and Derecognition

An entity recognizes a financial liability in its statement of financial position when and only when the entity becomes a party to the financial instrument.

All the financial liabilities are initially recognized at their fair value and, in the case of loans, net of the direct costs of the transaction.

A financial liability is written off from the statement of financial position when it is settled.

A material change in the terms of an existing financial liability (difference of at least 10% at present value with the initial interest rate) is accounted for as a repayment of the initial financial liability and recognition of a new financial liability. Any difference is recorded in the results.

ii. Classification and Measurement

The financial liabilities are classified at the initial recognition as financial liabilities measured at amortized cost or financial liabilities that are measured at fair value through profit or loss.

The Company's financial liabilities include trade and other payables.

The Company's trade and other payables are subsequently measured by the amortized cost method using the effective interest rate. The Company has not undertaken liabilities that are measured at fair value through profit or loss.

c. Offsetting financial instruments

Financial assets are set off and the net amount is presented in the balance sheet when there is a legal right to set off amounts that have been recognized and there is also the intention of entering a settlement on a net base or the acquisition of the asset and the settlement of the liability are carried out simultaneously.

2.3.11 Inventories

Inventories are stated at the lower value between the acquisition cost and the net realizable value. The cost is determined using the weighted average method. The cost of finished products and semi-finished inventories includes the cost for materials, the direct labour cost and a proportion of the general production expenses. The net realizable value is estimated based on the current reserve sale prices in the context of the usual activity deducting possible sale expenses and for semi-finished products the estimated expenses for their finishing. An impairment provision for slowly moving or depreciated inventories is formed if necessary. Impairments are recognized in the related results.

2.3.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents have low risk of changes in value.

2.3.13 Share capital

The share capital includes the Company's ordinary shares. The ordinary shares are included in the equity.

Direct expenses for the issuance of shares are shown after deducting the relevant income tax, in reduction of the issuance product.

The acquisition cost of own shares is shown as a deduction of the Company's equity up to when the own shares are sold or cancelled. Each gain or loss from the sale of own shares, net of any expenses and taxes related directly to the transaction, is shown in the retained earnings.

2.3.14 Employee Benefits

(a) Short-term benefits

Short-term benefits for the personnel in money and kind are entered as expenses when they become accrued.

(b) Post-employment benefits

Benefits upon leaving the service include both defined contribution plans (state plans) and defined benefit plans.

The accrued cost of the defined contribution plans is entered as expenses in the related period.

The obligations arising from defined benefit plans for the personnel are calculated at the discounted value of the future benefits for the personnel that have been accrued on the balance sheet date. The obligation of the defined benefit is calculated annually by an independent actuary using the projected unit credit method.

The actuarial profits and losses arising from experiential adjustments and changes in the actuarial assumptions are recognized in the other total revenues in the related period.

The work experience cost is directly recognized in the results.

(c) Termination benefits

The benefits for employment termination are payable when the Company either terminates the employment of employees before retirement or after the decision of employees to accept an offer of benefits by the Company in exchange of terminating their employment. The Company recognizes the benefits for employment termination as an obligation and expenditure on the earlier among the following dates: a) when the entity cannot withdraw the offer of said benefits; and b) when the entity recognizes the restructuring cost falling within the scope of IAS 37 and meaning the payment of benefits for employment termination. Benefits for employment termination due to be paid 12 months after the balance sheet date are discounted.

2.3.15 Provisions

Provisions are recognized when:

- There is a present obligation (legal or constructive) as a result of past events.

- It is probable that an outflow of resources will be required to settle the obligation.

- The amount can be reliably estimated.

When the effect of the time value of money is material, the amount of the provision is the present value of the expense that is expected to be required to settle the obligation. The discount rate will be a pre-tax interest rate that reflects the current market estimates for the time value of money and liability-related risks.

(a) Warranties

The Company recognizes a provision that represents the present value of the estimated obligation for the repair or replacement of guaranteed products or concerning the delivery of projects / rendering of services at the balance sheet date. This provision is calculated on the basis of historical facts over repairs and replacements.

(b) Full-pay leave of absence

The compensation for employee annual full-pay leave is recognized as incurred. The Company recognizes the expected cost of short-term employee benefits in the form of full-pay leave of absence on the basis of services rendered by employees to the balance sheet date.

2.3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

2.3.17 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest expense on convertible shares, net of tax) by the weighted average number of shares in issue during the year (adjusted for the tax effect of dilutive convertible shares).

The weighted average number of ordinary shares in issue during the period and for all periods presented is adjusted for events that have changed the number of ordinary shares in issue without a corresponding change in resources.

2.4 Effect of IFRS 16 adoption within the period

The Company applied IFRS 16 from the mandatory date of its implementation, on January 1, 2019. Regarding the options and exceptions allowed under IFRS 16, the Company followed the following approach:

-Applied the new standard using the simplified transition approach, according to which the comparative data of the previous year has not been reworded.

-During the date of transition (1.1.2019) the right-of-use asset measured at an amount equal to the relevant liability for leasing, adjusted for prepayments and accrued lease payments.

-For short-term leases and leases in which the underlying asset has a low value, the lease payments are recognised as expense on a straight-line basis over the lease term according IFRS16 exemptions.

-The exemption provided by the standard to the lessees was selected, so that the non-lease components are not separated from the lease components and each lease component and any associated non-lease component is accounted for as a single lease component.

A single discount rate was applied (5.24%) in each category of leases with similar characteristics (such as leases with a corresponding duration, for similar fixed assets and in a corresponding economic environment).

The Company has recognized right-of-use as well as liabilities for operating leases relating to car rental.

The reconciliation of the commitments from operating leases that was presented in the financial statements of 31/12/2018 and the leases liabilities that were recognized 1/1/2019 according to the new standard is as follows:

Amounts in euro	**Lease liabilities**
Operating lease commitments disclosed as at 31 December 2018	308.670
Discounted using the lessee's incremental borrowing rate of at the date of initial application	288.257
(Less): short-term leases not recognised as a liability	(11.386)
(Less): low-value leases not recognised as a liability	(9.125)
Lease liability recognised as at 1 January 2019	**267.746**

-During the transition date 1/1/2019 in IFRS 16, right-of-use assets amounting to EUR 267,746 was recognized in credit of the lease liabilities (note 7).

During the fiscal year 1/1-31/ 12/2019, depreciation of EUR 113,831 was recognized in a reduction of the right-of-use assets (note 7) and a financial expense of EUR 12,900 (note 24).

The overall effect on the income statement of the period 1/1-31/12/2019 under the new standard application of was as follows:

Amounts in euro	**1/1-31/12/2019**
After IFRS 16 adoption	
Depreciation (note 7)	(113.831)
financial expense (note 24)	(12.900)
Total	**(126.732)**
Before IFRS 16 adoption	
Leases expense	**123.554**

3. Financial risk management

3.1 Financial risk factors

«Intracom Defense» is exposed to financial risks such as market risks (changes in exchange rates, interest rates, market prices), credit risk and liquidity risk. Risk management of the Company operates within the framework of the general risk management program of the Intracom Holdings Group and seeks to minimize the potential negative impact of the volatility of the financial markets on its financial performance.

The financial liabilities of the Company consist mainly of trade payables. Additionally, the Company manages financial assets, mainly in the form of short-term deposits, derived from operating activity. The company with its funds finances its needs in working capital as well as its investments in capital equipment. At the end of the current period there are no open positions in financial derivatives. In any case, such products are used solely for the management of interest rate or foreign exchange risk, since according to the approved policy of the "Intracom Holdings" group use thereof is not allowed for speculation.

3.1.1 Market risk

Foreign exchange risks

The Company's currency risk is relatively limited because, in most cases where there are receivables from foreign currency contracts, there are corresponding liabilities in the same currency. Foreign currency contracts are almost all in USD, as are the corresponding liabilities.

In cases where satisfactory natural hedging is not possible due to particularly high foreign currency liabilities, use of forward currency agreements is considered.

With respect to holding reserve assets in foreign currency, the Company's policy is to hold the minimum necessary amount to cover short-term liabilities in that currency.

The following table presents an analysis of the Company's net results sensitivity to possible changes in the exchange rate for the years 2019 and 2018. This analysis took into account the Company's cash reserves and trade receivables and liabilities in USD on 31 December 2019 and 2018 respectively.

Change in EUR/USD rate by	Effect on net results 31/12/2019	Effect on net results 31/12/2018
-12,00%	31.321	147.565
-9,00%	62.643	295.130
-6,00%	93.964	442.695
-3,00%	125.285	590.260
3,00%	(31.321)	(147.565)
6,00%	(62.643)	(295.130)
9,00%	(93.964)	(442.695)
12,00%	(125.285)	(590.260)

Prise risk

The company is not exposed to price risk.

Cash flow and fair value interest rate risk

Interest rate risk for the company is limited given that there is no borrowing. Any risk arises from the company's cash reserves held in interest-bearing placements. The following tables present an analysis of the Company's net results sensitivity to possible interest rate fluctuations for the years 2019 and 2018. This analysis took into account the cash reserves of the Company as at 31 December 2019 and 2018 respectively.

Financial instruments in Euro

Change in interest rates (base units)	Effect on net results 31/12/2019	Effect on net results 31/12/2018
(100)	(29.826)	(48.519)
(75)	(22.370)	(36.390)
(50)	(14.913)	(24.260)
(25)	(7.457)	(12.130)
25	7.457	12.130
50	14.913	24.260
75	22.370	36.390
100	29.826	48.519

Financial instruments in USD

Change in interest rates (base units)	Effect on net results 31/12/2019	Effect on net results 31/12/2018
(100)	(25.624)	(32.903)
(75)	(19.218)	(24.677)
(50)	(12.812)	(16.452)
(25)	(6.406)	(8.226)
25	6.406	8.226
50	12.812	16.452
75	19.218	24.677
100	25.624	32.903

3.1.2 Credit risk

The Company's trading takes place almost entirely with highly reputable private or public sector organizations. In many cases, there is a many years of good cooperation history. Consequently, it is considered that the risk of bad debts is very limited.

In relation to credit risk associated with cash deposits, it is noted that the Company collaborates only with financial institutions with a high credit rating.

3.1.3 Liquidity risk

Liquidity risk is kept at a low level by keeping sufficient cash and sufficient free credit limits.

3.2 Capital risk management

The purpose of the Company in managing funds is to safeguard the Company's ability to continue its business in order to ensure returns for shareholders and the benefits of the other parties that are related to the Company and to maintain an optimal capital structure.

There is no capital risk for the Company. All its liabilities fall far short of the capital and there are no loans. Dividend payments are always covered by the Company's cash and cash equivalents.

4. Critical accounting estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Useful life of property, plant and equipment

The management makes estimates for the useful life of depreciable fixed assets. More information is given in 2.3.5, 2.3.6 and 2.3.8.

4.2 Estimated net realizable value of inventories

Under the accounting policy referred to in paragraph 2.3.11, the estimate of the net realizable value of inventories is the Management's best estimate, based on historical sales trends and its view on the quality and volume of inventories, to the extent that available inventories at the balance sheet date will be sold below cost.

4.3 Provision for impairment of doubtful receivables

The Company makes estimates to determine the expected credit losses of trade receivables that are based on the financial position of customers and the economic environment (note 2.3.10).

The amount of expected credit losses depends to a large extent on changes in the circumstances and the future financial situation. Furthermore, past experience and estimates may not lead to conclusions indicative of the actual amount of customer default in the future.

4.4 Employee retirement benefit obligations

Employee retirement benefit obligations are calculated on the basis of actuarial methods that require from the management to assess specific parameters such as the future increase in employee remuneration, the discount rate for these liabilities, the severance rate of employees, etc. The Management tries at each reporting date where this provision is reviewed to best estimate these parameters.

4.5 Income Tax

The Company recognizes receivables and payables for current and deferred income taxes, as well as the results associated there with, based on estimates of the amounts expected to be collected from or be paid to tax authorities for the current and future fiscal years. Estimates are influenced by factors such as the practical application of the relevant legislation, expectations of future taxable profits and the resolution of any disputes with tax authorities, etc. Future tax audits, changes in tax legislation and the amount of taxable profits made may result in adjusting the amount of receivables and payables for current and deferred income tax and in the payment of tax amounts other than those recognized in the Company's financial statements. Any adjustments are recognized in the year within which they are finalized.

4.6 Warranties provisions

The Company recognizes a provision that corresponds to the present value of the estimated liability for the repair or replacement of warranted products or the delivery of projects / services at the balance sheet date. This estimate is calculated on the basis of historical data on repairs and replacements.

5. Segmental Information

Sectors are determined on the basis of the internal information received by the Company's Management and presented in the financial statements on the basis of this internal classification.

The Company is active in the field of Defense Electronic Systems. Geographically, the Company is operating in the Greek Territory and sells products and services to EU countries, European countries outside the EU, the United States of America, North Africa and Southeast Asia.

There is only one business sector in which the company is operating, that of defense systems.

Geographical segment

Amounts in euro	Sales		Non Currents Assets(*)	
	1/1-31/12/2019	1/1-31/12/2018	31/12/2019	31/12/2018
Greece	11.698.913	3.155.070	96.309.384	80.716.967
European Union	6.262.187	8.797.891	-	-
Other European countries	3.638	8.510	-	-
Other countries	28.219.501	47.808.635	-	-
Total	**46.184.240**	**59.770.105**	**96.309.384**	**80.716.967**

The sales revenue is allocated to the geographical areas based on the country in which the customer is located. The Assets are allocated based on where the assets are located.

(*) Financial assets and deferred tax assets are not included

Sales revenue by category

See analysis of revenue by category in note 19 below.

6. Property, plant and equipment

Amounts in euro	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Total
Cost					
Balance at 1 January 2018	**53.749.752**	**16.026.682**	**216.970**	**4.355.307**	**74.348.711**
Additions	64.082	219.257	-	118.152	401.491
Write offs	-	(1.145.622)	(631)	(856.436)	(2.002.689)
Transfer to investment property (note 8)	(8.911)	-	-	-	(8.911)
Balance at 31 December 2018	**53.804.923**	**15.100.316**	**216.339**	**3.617.023**	**72.738.601**
Accumulated depreciation					
Balance at 1 January 2018	**24.210.613**	**14.577.037**	**210.410**	**3.990.545**	**42.988.605**
Depreciation charge	**761.777**	288.346	2.402	129.496	1.182.021
Write offs	-	(1.145.565)	(631)	(856.308)	(2.002.504)
Balance at 31 December 2018	**24.972.390**	**13.719.817**	**212.182**	**3.263.733**	**42.168.123**
Net book amount at 31 December 2018	**28.832.533**	**1.380.499**	**4.158**	**353.289**	**30.570.479**
Cost					
Balance at 1 January 2019	**53.804.923**	**15.100.316**	**216.339**	**3.617.023**	**72.738.601**
Additions	47.917	172.608	-	103.863	324.389
Write offs	-	(95.892)	(16.274)	(61.057)	(173.224)
Transfer to investment property (note 8)	(3.322)	-	-	-	(3.322)
Net book amount at 31 December 2019	**53.849.518**	**15.177.033**	**200.065**	**3.659.828**	**72.886.444**
Accumulated depreciation					
Balance at 1 January 2019	**24.972.390**	**13.719.817**	**212.182**	**3.263.733**	**42.168.123**
Depreciation charge	**763.243**	263.069	1.508	112.095	1.139.915
Write offs	-	(95.891)	(16.274)	(61.007)	(173.172)
Balance at 31 December 2019	**25.735.633**	**13.886.996**	**197.415**	**3.314.822**	**43.134.866**
Net book amount at 31 December 2019	**28.113.885**	**1.290.037**	**2.650**	**345.006**	**29.751.578**

There are no real lines on the above assets.

At 31.12.2019 the Company had no contractual obligations for purchase of PPE assets.

7. Right-of-use assets

Amounts in euro	Right-of-use Motor vehicles	Lease liabilities
Balance at 1 January 2019	-	-
Impact from the adoption of IFRS 16	267.746	267.746
Additions	118.310	118.310
Depreciation	(113.831)	
Interest (note 24)		12.900
Payments		(123.554)
Balance at 31 December 2019	**272.224**	**275.402**

The lease liabilities are as follows:

Amounts in euro	31/12/2019
Current lease liabilities	121.651
Non-current lease liabilities	153.752
Total	**275.402**

The maturity analysis of lease liabilities based on undiscounted gross cash flows is as follows:

Amounts in euro	31/12/2019
Not later than one month	11.809
Later than one month and not later than three months	23.617
Later than three months and not later than one year	97.494
Later than one year and not later than five years	170.120
Total contractual cash flows	**303.040**

8. Intangible assets

Amounts in euro	Software	Total
Cost		
Balance at 1 January 2018	6.725.099	6.776.338
Additions	158.063	158.063
Disposals	(3.484.049)	(3.484.049)
Balance at 31 December 2018	**3.399.112**	**3.450.352**
Accumulated depreciation		
Balance at 1 January 2018	6.552.588	6.603.828
Depreciation charge	89.522	89.522
Disposals	(3.484.049)	(3.484.049)
Balance at 31 December 2018	**3.158.062**	**3.209.302**
Net book amount at 31 December 2018	**241.050**	**241.050**
Cost		
Balance at 1 January 2019	3.399.112	3.450.352
Additions	212.900	212.900
Net book amount at 31 December 2019	**3.612.012**	**3.663.252**
Accumulated depreciation		
Balance at 1 January 2019	3.158.062	3.209.302
Depreciation charge	122.004	122.004
Balance at 31 December 2019	**3.280.066**	**3.331.305**
Net book amount at 31 December 2019	**331.946**	**331.946**

9. Investment Property

Amounts in euro	31/12/2019	31/12/2018
Cost		
Balance at beginning of year	**2.710.225**	**2.701.314**
Transfer from PPE (note 6)	3.322	8.911
Balance at end of year	**2.713.547**	**2.710.225**
Accumulated depreciation		
Balance at beginning of year	**1.104.013**	**1.069.327**
Depreciation charge	34.939	34.686
Balance at end of year	**1.138.952**	**1.104.013**
Net book amount at end of year	**1.574.595**	**1.606.212**

Rental income for 2019 and 2018 amounted to € 110.933 and € 109.626 respectively (note 22).

The carrying value of investment property approximates their fair value.

The minimum future rental income is as follows:

Amounts in euro	**31/12/2019**	**31/12/2018**
Up to 1 year	94.225	87.638
Later than 1 year and no later than 2 years	94.225	87.638
Later than 2 years and no later than 3 years	94.225	87.638
Later than 3 years and no later than 4 years	87.025	87.638
Later than 3 years and no later than 5 years	87.025	87.638
Later than 5 years	72.521	160.670
Total	**529.246**	**598.862**

10. Deferred income tax

Deferred income 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. The offset amounts are as follows:

Amounts in euro	**31/12/2019**	**31/12/2018**
Deferred tax assets:	(6.256.253)	(6.354.518)
Deferred tax liabilities:	1.192.328	1.206.405
	(5.063.926)	**(5.148.113)**

Most of the deferred tax assets / liabilities are recoverable / payable after 12 months.

The total movement in deferred income tax is as follows:

Amounts in euro	**31/12/2019**	**31/12/2018**
Balance at the beginning of the year:	**(5.148.113)**	**(5.969.791)**
Income statement charge (Note 24)	105.828	790.950
Charged/ (credited) to the other Comprehensive income	(21.641)	30.729
Balance at the end of the year	**(5.063.926)**	**(5.148.113)**

Deferred tax that is charged directly to equity during the current and prior year relates to the recognition of actuarial gains from re-measurement of the defined benefit plans to employees (note 16).

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdictions, is as follows:

Deferred tax liabilities:	**Accelerated tax depreciation**	**Other**	**Total**
Balance at 1 January 2018	**1.367.395**	**298**	**1.367.693**
Charged / (credited) to the income statement	(154.600)	(6.688)	(161.288)
Balance at 31 December 2018	**1.212.795**	**(6.390)**	**1.206.405**
Balance at 1 January 2019	**1.212.795**	**(6.390)**	**1.206.405**
Charged / (credited) to the income statement	(11.112)	(2.966)	(14.077)
Balance at 31 December 2019	**1.201.684**	**(9.356)**	**1.192.328**

Deferred tax assets:	**Impairments of Land**	**Impairments of inventories**	**Impairments of receivables**	**Accrued expenses**	**Provisions**	**Other**	**Total**
Balance at 1 January 2018	**(3.083.126)**	**(3.008.894)**	**(220.480)**	**(675.593)**	**(278.835)**	**(70.557)**	**(7.337.484)**
Charged / (credited) to the income statement	425.259	270.084	220.480	14.701	17.897	3.818	952.238
Charge in the other Comprehensive income	-	-	-	30.729	-	-	30.729
Balance at 31 December 2018	**(2.657.867)**	**(2.738.810)**	**(0)**	**(630.163)**	**(260.939)**	**(66.738)**	**(6.354.518)**
							-
Balance at 1 January 2019	**(2.657.867)**	**(2.738.810)**	**(0)**	**(630.163)**	**(260.939)**	**(66.738)**	**(6.354.518)**
Charged / (credited) to the income statement	106.315	(28.543)	-	5.329	54.596	(17.791)	119.906
Charge in the other Comprehensive income	-	-	-	(21.641)	-	-	(21.641)
Balance at 31 December 2019	**(2.551.553)**	**(2.767.353)**	**(0)**	**(646.476)**	**(206.343)**	**(84.529)**	**(6.256.253)**

11. Trade and other receivables

Amounts in euro	**31/12/2019**	**31/12/2018**
Trade receivables	17.431.123	9.334.322
Less: provision for impairment	(296.164)	(333.434)
Trade receivables - net	**17.134.959**	**9.000.888**
Receivables from related parties (note 29)	72.814	76.090
Prepayments to creditors	5.806.873	1.018.828
Other prepayments	218.752	224.414
V.A.T. Receivables from Tax Authorities	2.625.350	2.426.351
Other receivables	1.076.176	413.649
Total	**26.934.924**	**13.160.220**
Non-current assets	5.030	41.030
Current assets	26.929.894	13.119.191
Total	**26.934.924**	**13.160.220**

The increase in trade receivables is due to high volume of sales during the last quarter of year 2019.

The change in the amounts of advance payments to suppliers is related to the implementation of the projects undertaken by the Company.

The fair value of receivables approximates their carrying amounts.

The movement in the provision for trade receivables is as follows:

Amounts in euro	31/12/2019	31/12/2018
Opening loss allowance as at 1 January 2019	**333.434**	**297.108**
Increase in loss allowance recognised in profit or loss during the period	15.750	37.913
Utilised during the period	(15.107)	-
Unused amounts reversed	(37.913)	(1.586)
Balance at the year end	**296.164**	**333.434**

Trade and other receivables are denominated in the following currencies:

Amounts in euro	31/12/2019	31/12/2018
Euro	8.744.731	6.423.134
US Dollar	18.188.805	6.691.991
GBP	1.388	40.505
CHF	-	4.590
Total	**26.934.924**	**13.160.220**

12. Inventories

Amounts in euro	31/12/2019	31/12/2018
Raw & auxiliary materials	19.958.966	16.594.606
Semi-finished goods	14.041.197	12.132.466
Finished goods	1.651.850	2.007.747
Work in progress	1.772.351	2.071.070
Merchandise	7.555	7.779
Total	**37.431.919**	**32.813.667**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	7.346.244	7.180.699
Semi-finished goods	3.529.590	3.051.959
Finished goods	654.802	626.583
Total	**11.530.637**	**10.859.241**
Net realisable value	**25.901.283**	**21.954.426**

The movement of the provision is as follows:

Amounts in euro	31/12/2019	31/12/2018
At the beginning of the year	10.859.241	10.375.496
Provision for impairment	790.257	614.799
Amount of provision reversed during the year	(118.862)	(131.054)
At the year end	**11.530.637**	**10.859.241**

13. Cash and cash equivalent

Amounts in euro	**31/12/2019**	**31/12/2018**
Cash in hand	45.856	42.705
Cash at bank	2.658.631	3.099.002
Short-term bank deposits	2.775.615	4.894.760
Total	**5.480.102**	**8.036.466**

The effective interest rate on short-term bank deposits in Euro and USD was 0,56% and 2,12% respectively (2018: 0,74% and 1,71% for Euro and USD respectively).

The above amounts are the cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents are analysed in the following currencies:

Amounts in euro	**31/12/2019**	**31/12/2018**
Euro (EUR)	2.941.743	4.785.479
US Dollar (USD)	2.527.280	3.245.247
UK Pound (GBP)	11.041	4.935
Swiss Franc (CHF)	-	142
Other	38	664
Total	**5.480.102**	**8.036.466**

14. Share capital

Amounts in euro	**Number of Shares**	**Common Shares**	**Total**
Balance at 1 January 2018	23.103.305	2,29	52.906.568
Balance at 31 December 2018	23.103.305	2,29	52.906.568
Balance at 31 December 2019	**23.103.305**	**2,29**	**52.906.568**

15. Reserves

Amounts in euro	**Statutory reserves**	**Tax free reserves**	**Extraordinary reserves**	**Actuarial gains/ (losses) reserve**	**Total**
Balance at 1 January 2018	**637.075**	**9.274.814**	**341.041**	**(933.872)**	**9.319.059**
Transfer from retained earnings	113.807	-	-	-	**113.807**
Actuarial gains/ (losses)	-	-	-	(118.264)	**(118.264)**
Balance at 31 December 2018	**750.882**	**9.274.814**	**341.041**	**(1.052.136)**	**9.314.601**
Balance at 1 January 2019	**750.882**	**9.274.814**	**341.041**	**(1.052.136)**	**9.314.601**
Statutory reserve formation	115.676	-	-	-	**115.676**
Actuarial gains/ (losses)	-	-	-	(126.982)	**(126.982)**
Balance at 31 December 2019	**866.558**	**9.274.814**	**341.041**	**(1.179.118)**	**9.303.296**

(a) Statutory reserve

A statutory reserve is created under the provisions of Greek Company law (Law 2190/20, articles 44 and 45) according to which, an amount of at least 5% of the annual net profit shall be transferred to a statutory reserve until this reserve amounts to one third of the paid up share capital. This reserve can be used, upon resolution of the Annual General Meeting of shareholders, to offset accumulated losses and therefore cannot be used for any other purpose.

(b) Tax free reserve

This account includes reserves created from profits, which regarded as tax-free under special provisions of development laws in force each time. In other words, this reserve is created from profits for which no tax is calculated or paid.

(c) Extraordinary reserves

The extraordinary reserves include amounts that were created following resolutions of the Annual General Meetings, have no specific purpose and can therefore be used for any purpose upon relevant resolution of the Annual General Meeting, as well as amounts, which were created under the provisions of Greek law. The above reserves have been created from taxed profits and are therefore not subject to any additional taxation in case of their distribution or capitalization.

(d) Actuarial gains/ (losses) reserve

In this reserve are recognized the actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in measuring the obligation for employee retirement benefits. (note 16)

16. Retirement benefit obligations

Amounts in euro	31/12/2019	31/12/2018
Balance sheet obligations for :		
Pension benefits	2.693.649	2.520.654
Total	**2.693.649**	**2.520.654**
Income statement charge		
Pension benefits (note 21)	205.919	135.488
Total	**205.919**	**135.488**
Actuarial (gains) / losses (Other comprehensive income)		
Pension benefits	148.623	87.535

The amounts recognized in the balance sheet are determined as follows:

Amounts in euro	31/12/2019	31/12/2018
Present value of unfunded obligations	2.693.649	2.520.654
Liability in the Balance Sheet	**2.693.649**	**2.520.654**

The amounts recognized in Statement of Comprehensive Income are as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Current service cost	33.809	67.218
Interest cost	40.330	39.604
Losses from settlements	131.779	28.666
Total, included in staff costs (note 21)	**205.919**	**135.488**

The total charge is allocated as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Cost of goods sold	124.958	87.310
Selling and research costs	65.302	37.145
Administrative expenses	15.658	11.033
Total	**205.919**	**135.488**

The liability change recognized in the balance sheet is as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Balance at the beginning of the year	**2.520.653**	**2.329.630**
Total expense charged / (credited) in the income statement	205.919	135.488
Contributions paid	(181.546)	(32.000)
Total	**2.545.026**	**2.433.118**
Actuarial gains/ (losses) from changes in financial assumptions	139.757	33.146
Other Actuarial gains/ (losses)	8.866	54.389
Balance at the end of the year	**2.693.648**	**2.520.653**

The principal actuarial assumptions used are as follows:

	1/1-31/12/2019	1/1-31/12/2018
	%	%
Discount rate	1,15%	1,60%
Inflation rate	1,50%	2,00%
Future salary increases	2,00%	2,00%

The present value's sensitivity analysis for the changes in principal actuarial assumptions is as follows:

	Assumption Change	Assumption increase	Assumption decrease
Discount rate	0,50%	6% decrease	6% increase
Future salary increases	0,50%	6% increase	5% decrease

The average expected maturity of the retirement benefit obligation (plan duration) is 12,55 years.

17. Provision

Amounts in euro	Warranties	Other provisions	Total
Balance at 1 January 2018	**844.322**	**117.179**	**961.501**
Additional provision for the period	271.036	-	271.036
Utilised during the year	(254.496)	-	(254.496)
Balance at 31 December 2018	**860.862**	**117.179**	**978.041**
Additional provisions	781.626	-	781.626
Unused amounts reversed	(899.905)	-	(899.905)
Balance at 31 December 2019	**742.583**	**117.179**	**859.762**

Analysis of total Provisions:

Amounts in euro	31/12/2019	31/12/2018
Current liabilities	488.471	547.610
Non- current liabilities	371.292	430.431
Total	**859.762**	**978.041**

Provisions for repairs or materials replacement concerning projects under warranty period are included in warranties.

18. Trade and other payables

Amounts in euro	31/12/2019	31/12/2018
Trade payables	5.032.602	3.360.051
Amounts due to related parties (note 29)	483.024	542.163
Accrued expenses	462.950	285.183
Social security and other taxes	1.199.837	1.195.291
Advances from customers	17.873.962	4.843.982
Other payables	21.780	23.266
Total	**25.074.155**	**10.249.936**
Non-current liabilities	2.196.155	937.968
Current liabilities	22.878.000	9.311.968
Total	**25.074.155**	**10.249.936**

The increase in customer advances is due to the implementation of new projects undertaken by the company.

Trade and other payables are denominated in the following currencies:

Amounts in euro	31/12/2019	31/12/2018
Euro (EUR)	5.380.176	5.161.356
US Dollar (USD)	19.672.042	5.018.408
UK Pound (GBP)	19.755	70.171
Swiss Franc (CHF)	2.180	-
Other	2	-
Total	**25.074.155**	**10.249.936**

The average credit payment term of the Company's liabilities is 60 days.

19. Sales by category

Analysis of revenue by category is as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Sales of products	39.726.332	55.039.258
Revenue from services	6.457.908	4.730.847
Total	**46.184.240**	**59.770.105**

20. Expenses by nature

Amounts in euro	Note	1/1-31/12/2019	1/1-31/12/2018
Employee benefit expense	21	(15.873.613)	(15.208.831)
Inventory cost recognised in cost of goods sold		(19.247.482)	(33.185.933)
Depreciation of property, plant and equipment	6	(1.139.915)	(1.182.021)
Depreciation of right-of-use assets	7	(113.831)	-
Depreciation of investment property	9	(34.939)	(34.686)
Amortisation of intangible assets	8	(122.004)	(89.522)
Impairment of Inventories	12	(790.257)	(614.799)
Reversal of Inventories write down	12	118.862	131.054
Subcontractors		(1.824.845)	(1.155.085)
Impairment for doubtful debts		(939.600)	(852.345)
Subcontractors' fees		(42.553)	-
Leases of low-value underlying assets		(7.579)	-
Operating lease payments			
-Vehicles and machinery		-	(139.803)
-Furniture and other equipment		-	(13.799)
Transportation and travelling expenses		(1.184.253)	(1.327.988)
Telecommunication, lighting & heating		(773.007)	(805.076)
Third party fees		(1.498.039)	(1.708.369)
Hospitality Expenses, conferences, exhibitions, advertising, etc.		(471.433)	(446.677)
Taxes and duties		(679.787)	(143.959)
Other expenses		(572.950)	(515.900)
Total		**(45.197.225)**	**(57.293.739)**

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Split by function:		
Cost of goods sold	(32.594.917)	(45.129.118)
Selling and research costs	(8.966.503)	(8.546.552)
Administrative expenses	(3.635.806)	(3.618.068)
Total	**(45.197.225)**	**(57.293.739)**
Split of depreciation and amortisation by function:		
Cost of goods sold	(734.120)	(750.254)
Selling and research costs	(500.925)	(395.421)
Administrative expenses	(175.644)	(160.555)
Total	**(1.410.689)**	**(1.306.229)**

21. Employee benefits

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Wages and salaries	(12.292.915)	(11.808.445)
Social security costs	(2.913.641)	(2.810.015)
Other employers' contributions and expenses	(461.138)	(454.882)
Pension costs - defined benefit plans (note 16)	(205.919)	(135.488)
Total	**(15.873.613)**	**(15.208.831)**

The average number of staff employed in the years 2019 and 2018 was 413 and 401 respectively, while at 31 December 2019 and 31 December 2018 the company employed 417 and 411 people respectively.

22. Other operating income

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Income from grants	779.911	261.634
Rental income	110.933	109.626
Insurance Compensation	1.052	4.603
Other	14.577	17.114
Total	**906.474**	**392.977**

23. Other gain / (losses) – net

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Net foreign exchange gains / (losses)	(90.176)	75.246
Gains/ (losses) from sale of PPE	948	(186)
Net impairment gains/ (losses) of finacial assets	22.163	(36.326)
Other	(35.133)	-
Total	**(102.198)**	**38.734**

24. Finance costs – net

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Finance expenses		
- Lease liabilities	(12.900)	-
- Letters of guarantee	(293.158)	(284.836)
- Other	(270.268)	(106.402)
Total	**(576.326)**	**(391.238)**
Finance income		
-Interest income	62.734	135.628
-Net foreign exchange gains / (losses)	153.245	606.013
Total	**215.980**	**741.641**
Finance costs – net	**(360.347)**	**350.403**

Foreign exchange differences classified in financial income refer to foreign exchange differences arising from the cash and cash equivalents of the Company.

25. Income tax expense

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Current tax	(526.140)	(1.124.392)
Deferred tax (Note 9)	(105.828)	(790.950)
Total	**(631.968)**	**(1.915.341)**

The tax on the profits before tax of the Company differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Profit before tax	**1.430.944**	**3.258.480**
Tax calculated at tax rates applicable to Greece 24% (2018: 29%)	(343.427)	(944.959)
Expenses not deductible for tax purposes	(45.920)	(264.091)
Differences from changes in tax rates	(242.621)	(706.292)
Tax charge	**(631.968)**	**(1.915.342)**

Unaudited tax years

The company has not been tax audited for fiscal years 2014-2019.

Audit Tax Certificate

From the year ended 31 December 2011 onwards, in accordance with Law 4174/2013 (article 65A), as in force (and as defined by article 82 of Law 2238/1994), Greek limited companies (S.A) and limited liability companies (EPE) whose annual financial statements must mandatorily be audited by statutory auditors, were required until the years starting prior to 1st January 2016 to receive an "Annual Tax Certificate", issued after a relevant tax audit by the statutory auditor or audit firm auditing the annual financial statements. For the years starting from 1 January 2016 onwards, the "Annual Tax Certificate" is optional, but the Company has chosen to receive it.

The Compliance Reports for the years 2011 to 2018 were issued without reservation.

The tax audit by the company's auditors for the year 2019 is in progress and is expected to be completed after the publication of the Financial Statements; however any additional charges to arise after its completion are not expected to have a material effect on the Financial Statements

According to the Greek tax legislation and the corresponding Ministerial Decisions, companies for which a tax certificate is issued without any indications of breaches of tax legislation are not excluded from the imposition of additional taxes and fines by the Greek tax authorities after the completion of a relevant tax audit in the framework of the law restrictions (as a general principle, 5 years as of the end of the fiscal year in which the tax return should have been submitted). The Company's Management estimates that in the case of tax audit by the tax authorities no additional tax liabilities will arise that may have a material effect beyond those recorded and presented in the financial statements.

Changing tax rates

By virtue of Law 4579/2018 (Government Gazette A '201/03.12.2018), article 58 of the Code of Income Tax was replaced (Law 4172/2014). In particular, the tax rate for the tax year 2018 will be

applied to the current tax rate (29%), while for the tax year 2019 the tax rate is set at twenty eight per cent (28%) for the income for the tax year 2020 to twenty seven per cent (27%) for income tax year 2021 to twenty six per cent (26%) and for the income for the tax year 2022 and subsequent years the rate is set at twenty five per cent (25%).
By virtue of Law 4646/2019 the article 58 of the Code of Income Tax was replaced again (Law 4172/2014) and the tax rate for the year 2019 is 24% and remain stable.

The Company on December 31, 2019 and December 31, 2018 measured the deferred tax assets and liabilities with the tax rates that are expected to apply to the period in which deferred tax assets and liabilities will be settled. From this measurement and the change in tax rates, a tax expense amounting to Euro 242.621 and Euro 706,292 for year 2019 and 2018 respectively was incurred.

26. Earnings / (Loss) per share

Basic earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the net profit / (loss) attributable to equity holders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

Amounts in euro	**1/1-31/12/2019**	**1/1-31/12/2018**
Profit/(Losses) attributable to the equity holders of the Company	798.976	1.343.139
Weighted average number of shares	23.103.305	23.103.305
Earnings /(Losses) per share (euro per share)	**0,035**	**0,058**

The number of shares of the company has not changed during the year. The Company does not hold any treasury shares.

Diluted earnings / (loss) per share

Diluted earnings / (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as stock options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share of the Company do not differ from basic earnings per share.

27. Cash generated by operations

Amounts in euro	Note	1/1-31/12/2019	1/1-31/12/2018
Profit for the year		**798.976**	**1.343.139**
Adjustments for:			
Tax	25	**631.968**	**1.915.341**
Depreciation of property, plant & equipment	6	1.139.915	1.182.021
Depreciation of investment property	9	34.939	34.686
Depreciation of right-of-use assets	7	113.831	-
Amortisation of intangible assets	8	122.004	89.522
Impairment charges on assets	12	671.396	483.745
(Profit)/loss on disposal of property, plant & equipment		(948)	186
Interest income	24	(62.734)	(135.628)
Interest expense	24	576.326	391.238
Exchange gains / losses		53.768	(312.779)
		4.079.441	**4.991.472**
Changes in working capital		-	-
(Increase) / decrease in Inventories		(4.618.252)	913.022
(Increase) / decrease in trade and other receivables		(13.911.633)	4.817.493
Increase/ (decrease) in trade and other payables		14.963.095	(17.280.039)
Increase/ (decrease) in provisions		(118.279)	16.540
Increase/ (decrease) in retirement benefit obligations		24.372	103.488
		(3.660.696)	**(11.429.496)**
Cash generated from operations		**418.744**	**(6.438.024)**

28. Contingent liabilities/receivables

The Company has contingent liabilities in respect of banks and other matters arising in the ordinary course of business as follows:

Guarantees

Amounts in euro	31/12/2019	31/12/2018
Guarantees for advance payments	6.228.124	8.854.402
Guarantees for good performance	1.537.404	2.547.921
Guarantees for participation in contests	306.290	481.774
Total	**8.071.818**	**11.884.097**

Letters of guarantees include letters of guarantee issued to the Customs authorities concerning the import of materials under specific customs regimes. The amount of these guarantees is 3.389.300 at 31/12/2019 and 4.888.660 at 31/12/2018 respectively.

Outstanding legal cases

There are no legal or arbitration proceedings and decisions of judges or arbitrators which have or may have a material effect on the financial position or operations of the Company.

29. Related party transactions

The affiliated parties of the Company include:

(a) the parent company Intracom Holdings, the entities that are controlled, jointly controlled or significantly affected by it,

(b) affiliates and other related companies of the Intracom Holdings Group,

(c) the key members of the Company's Management, close relatives, and entities controlled or jointly controlled by such persons; and

(d) Persons or a close member of those person’s family (and entities controlled or jointly controlled by these persons) that control or jointly control or have a significant influence over the parent company Intracom Holdings.

The related parties Transactions for the current and prior period are as follows:

Amounts in euro	1/1-31/12/2019	1/1-31/12/2018
Sales of goods / services:		
To INTRACOM HOLDINGS group Subsidiaries	460	280
To other related parties	152.810	160.888
Total	**153.270**	**161.168**
Purchases of goods / services:		
From parent company INTRACOM HOLDINGS	188.233	194.158
From INTRACOM HOLDINGS group Subsidiaries	745.004	670.215
From other related parties	699.106	698.414
Total	**1.632.344**	**1.562.787**
Purchases of fixed assets:		
From INTRACOM HOLDINGS group Subsidiaries	103.960	36.579
Total	**103.960**	**36.579**
Rental Income		
From other related parties	87.536	86.347
Total	**87.536**	**86.347**

Year-end balances arising from transactions with related parties are as follows:

Amounts in euro	31/12/2019	31/12/2018
Receivables from related parties		
From INTRACOM HOLDINGS group Subsidiaries	2.681	2.110
From other related parties	70.133	73.980
Total	**72.814**	**76.090**
Payables to related parties		
To parent company INTRACOM HOLDINGS	40.894	18.600
To INTRACOM HOLDINGS group Subsidiaries	162.430	243.863
To other related parties	279.700	279.700
Total	**483.024**	**542.163**

Services by and to related parties as well as sales and purchases of goods, take place on the basis of the price lists in force with non-related parties.

Key management compensation

Directors' remuneration and key management compensation amounted to € 1.157.369 during the year 2019 in comparison to € 1.152.858 during the previous year.

30. Independent auditors' fees

The contractual fees of the auditing company "Associate Certified Accountants SA" for the current and previous years are as follows:

Amounts in euro	**1/1-31/12/2019**	**1/1-31/12/2018**
Fees for the financial statements audit	30.000	30.000
Fees for the Annual Tax Certificate	30.000	30.000
Fees for the other audits	7.000	-
Total	**67.000**	**60.000**

31. Dividends

The company did not pay dividends in the prior year. The Board of Directors propose a dividend of € 0,0260 per share (totaling € 600.000) for the current fiscal year 01.01.2019-31.12.2019.The proposed dividend will be submitted for formal approval at the shareholders' Annual General Meeting. This dividend will be accounted for as an appropriation of retained earnings in the following year.

32. Events after the balance sheet date

The coronavirus pandemic (COVID - 19)

The global health problem caused by the new COVID-19 virus outbreak during the first half of 2020, has plunged the global economy into recession.

In order to preserve the public health, governments of many countries, including Greece, have implemented strict temporary quarantine measures in order to reduce traffic and travel of the population.

In Greece specifically, from March 20, 2020, strict measures were gradually taken to safeguard public health, in particular whoever was considered part of a vulnerable group. These measures were also implemented to ensure the economic survival of workers and businesses until May 4, 2020. After that date, the Greek Government has gradually lifted the restrictive measures of the lockdown based on the implementation of the government's plan to ensure a smooth transition to the new reality.

The Company's Management, focusing on the health and safety of its employees and associates, but also on minimizing the unavoidable effect on its financial performance, immediately took actions to implement a plan of measures to create a safe working environment for its employees, along with the adoption of long-distance work policies wherever this was deemed feasible and necessary, like teleconferencing (video calls), as well as other flexible ways of work.

The magnitude of the impact of the current crisis on the global economy, will be determined by the duration and the extent of the pandemic, the time needed for effective methods of treatment of the disease (vaccine and / or treatment) to be developed, but mainly by the effectiveness of fiscal and other measures taken by governments as well as the decisions of the supervisory authorities of banking institutions to provide liquidity and support to businesses and households.

However, under the basic assumption that the culmination of the pandemic crisis took place in April / May 2020, in theory most of the economic recession could be in the first half of 2020, estimating that recovery will begin to show up from the third quarter of 2020, although in a very different way between countries and sectors.

In any case, any uncertainty created in regards to the business environment both in Greece and internationally after May 2020, due to the effects of COVID-19, which could affect the Company's activities in the future, is not considered essential.

Company's operations and processes especially on most critical projects are being carried out normally, based on their schedule and its estimate to complete planning.

The unaffected development of the Company's projects in 2020, especially after the emergence of COVID-19, is a result of the measures taken by the Management to control the situation. These preventive measures give us the confidence that the intensification of the overall activities in the remaining period of the year 2020, will reduce any losses to date in terms of sales and profitability.

The Company, has proven its ability to cope with difficulties and grow even during the recent financial crisis. Both on 31.12.2019 as well as today, the Company's financial position and liquidity, remain satisfactory.

Further to those already referred there are no significant subsequent to 31 December 2019 events, which should either be referred or that should differ the items of the published financial statements.