INTRACOM DEFENSE S.A.

Financial Statements
for the year ended December 31, 2023
in accordance with International Financial Reporting Standards

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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 S.A." on 1st March 2024 and have been posted on the web site at the address http://www.intracomdefense.com.

THE CHAIRMAN OF THE BoD AND MANAGING DIRECTOR	THE CHIEF FINANCIAL MANAGER
G. I. TROULLINOS ID. No. S 681748 / 21.07.1999	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

ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
of the company
"INTRACOM DEFENSE S.A."
DISTINCTIVE NAME: "IDE"
On the Financial Statements
For the year from 1 January to 31 December 2023

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 2023.

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 until 31 December 2023.

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

FINANCIAL RESULTS – ACTIVITY REVIEW

The company sales in fiscal year 2023, amounted to € 42.078 thousand against € 66.565 thousand in fiscal year 2022 decreased by 36,8%. The decrease in sales is mainly due to the time difference between the completion of existing projects and the start of new ones.

The company's losses before income tax, financing, investing results and total depreciation (EBITDA), amounted to € 2.950 thousand, compared to losses of € 281 thousand in 2022.

In terms of income before taxes (EBT), the Company recorded losses of € 4.972 thousand compared to losses of € 1.813 thousand in year 2022.

The after-tax losses amounted to € 3.993 thousand compared to losses of € 2.558 thousand in the prior year.

These changes for the year 2023 and 2022 are presented in the following table:

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022	Div(%)
Sales	42.078	66.565	-36,8%
Gross profit	11.295	17.051	-33,8%
%	*26,84%*	*25,61%*	
Losses Before Interest, Taxes, Depreciation & Amortazation (EBITDA)	-2.950	-281	949,2%
%	*-7,01%*	*-0,42%*	
Losses Before Interest, Taxes (EBIT)	-4.669	-2.044	128,4%
%	*-11,10%*	*-3,07%*	
Losses Before Taxes (EBT)	-4.972	-1.813	174,3%
%	*-11,82%*	*-2,72%*	
Losses After Taxes (EAT)	-3.993	-2.558	56,1%
%	*-9,49%*	*-3,84%*	

The increase of the gross profit margin is due to the composition of the projects that were invoiced during the fiscal year 2023.

The inventories amounted to € 34.406 thousand compared to € 30.789 thousand in the previous year, increased by 11,7%.

Trade receivables and other non-current assets in fiscal year 2023 amounted to € 14.341 thousands of which € 1.648 thousand relates to advances paid by the company to suppliers in the frame of projects implementation.

Trade payables and other liabilities amounted to € 22.489 thousand, of which the largest part of € 17.995 thousand, concerns customers advance payments in the frame of projects implementation.

Selling costs amounted to € 7.719 thousand compared to € 6.964 thousand in the previous year, showing an increase of 10,8%.

Research costs amounted to € 8.279 thousand compared to € 8.232 thousand in the previous year, showing an increase of 0,6%. The amount of expenses also includes the cost of development granted programs. So, the amount of the grants corresponding to these programs in the year 2023 amounted to € 2.982 thousand and is recorded in the item "Other income" of the statement of comprehensive income.

The administrative expenses amounted to € 3.023 thousand compared to € 10.239 in the previous year. An amount of € 6.435 thousand in year 2022 referred to the fair value of shares allocated to Company’s Key Personnel.

The company received a loan of € 4.500 in October 2023 by its Mother Company Israel Aerospace Industries.

Cash and cash equivalents at the end of the year amounted to € 9.114 thousand compared to € 14.654 thousand at the end of the previous year.

The equity of the Company at the end of the year 2023 amounted to € 68.193 thousand against € 72.244 in the year 2022.

The total Assets amounted in 2023 to € 102.197 thousand against € 98.402 in the year 2022, increased by 3,9%.

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

Ratios	31/12/2023	31/12/2022
a.Financial Structure Ratios		
Current Assets / Total Assets	56,8%	57,9%
Total Equity / Total Liabilities	200,5%	276,2%
Total Equity / Fixed Assets	154,6%	174,3%
Current Assets / Short- term Liabilites	388,3%	287,7%
b. Profitability Ratios		
Net Losses / Sales	-9,5%	-3,8%
Gross Profit / Sales	26,8%	25,6%
Sales / Total Equity	61,7%	92,1%

MAIN EVENTS

January 2023: INTRACOM DEFENSE (IDE) announces the award of a new contract by Raytheon Missiles & Defense, amounted to 10.2 million USD, for the production of electronic missile components of the Evolved Sea Sparrow Missile (ESSM) Block-2 system. With this order, IDE extends its successful cooperation with Raytheon in the NATO co-operative ESSM program.

January 2023: INTRACOM DEFENSE (IDE) announces the extension of its co-operation with Diehl Defence with the receipt of a new order, amounted to 14.2 million Euros, for the production of crucial electronic missile components of the IRIS-T family of missile systems. This new success is a result of IDE's continuous efforts and investment in the development and manufacturing of advanced technology products for the most demanding environments.

January 2023: INTRACOM DEFENSE (IDE) hosted the inaugural meeting with the Hellenic National Military Airworthiness Authority (HNMAA), in the framework of the process of the company's approval as a Military Design Organization (MDOA) for aeronautical products, according to the military European airworthiness requirements (EMAR Part 21). Concurrently, IDE initiates with HNMAA the certification process of the Low Observable Unmanned Aircraft System "LOTUS", in order to obtain the Military Type Certificate (MTC), according to the NATO certification standards (STANAG 4671), in the frame of the implementation of the homonymous European program.

February 2023: INTRACOM DEFENSE (IDE) participates in the establishment of "INTRACOM AVIATION S.A." with a percentage of 49%. INTRACOM AVIATION has as its main purpose the provision of modification, repair, maintenance and conversion services for airplanes, helicopters and aircraft in general, the provision of aviation application services of all kinds, and the participation in tenders of any kind with the aim of undertaking the above projects.

March 2023: INTRACOM DEFENSE (IDE) participated in the International Defence Exhibition "IDEX 2023", held in Abu Dhabi, UAE, between 20-24 February 2023, as part of the Hellenic Pavilion, which was under the auspices of the Hellenic Ministry of National Defense and leaded by the General Director of Defence Investments and Armaments. IDE exhibited its advanced products and solutions in the areas of Hybrid Electric Power Systems, Tactical Communication & Information Systems and Surveillance Systems. Its booth was visited by the Ambassador of the Hellenic Republic to the UAE and the Defense Attaché of the Greek Embassy, who had the opportunity to be updated on the innovative technologies, products, and export activities of the company. During the exhibition, the

IDE's executives had a variety of meetings with industry and government officials regarding its activities in the region, confirming the strong will to cooperate with the UAE and its defense industry.

May 2023: INTRACOM DEFENSE (IDE) participated in the International Defence & Security Exhibition "DEFEA 2023", held in Athens, Greece, on 9-11 of May 2023, under the auspices of the Ministry of National Defense. IDE's exhibition area was visited by the Minister of the Hellenic National Defense, Chiefs and delegations of the Armed Forces of the country. The CEO of IDE, Mr. George Troullinos, and high executives of the company, had the pleasure to host the visit of the official delegation of the USA and specifically the U.S. Assistant Secretary of the Army for Acquisition, Logistics, and Technology. Meetings were also held with government representatives and military delegations of Germany, Cyprus, Romania, the United Arab Emirates, and other countries, as well as with defense industry executives, in the context of the implementation of NATO and other international programs of interest. In the frame of the exhibition, IDE presented its high-technology systems and solutions in the areas of Secure Tactical Communications and Command & Control, Hybrid Electric Power Systems, Unmanned Systems, Defense & Missile Electronic Systems, and its activities in international industrial cooperative programs, as well as its participation in European Defense Research & Development projects. The exhibit of the first Greek Loitering Munition, the innovative ATTALUS, which is being developed by IDE in collaboration with the HELLENIC DEFENSE SYSTEMS (EAS S.A.), attracted a great interest.

June 2023: The acquisition of INTRACOM DEFENSE by the Israeli company ISRAEL AEROSPACE INDUSTRIES (IAI) is announced. IAI is Israel's largest aerospace and defense company and a globally recognized technology and innovation leader, both for the defense and civilian sectors. IAI maintains extensive partnerships with the United States of America as well as European countries. Over 60% of IAI's revenue comes from exports. IAI is a purely state-owned company, as it is owned by the Government of Israel and its bonds are listed and traded on the Tel-Aviv Stock Exchange. IDE will collaborate with IAI which already has business activities in Greece in particular, and in Europe in general, overcoming the challenges faced by the countries of the continent in the field of defense and security. This cooperation will be achieved by continuing to preserve IDE's independence, by maintaining its Greek character, by providing services with a wider footprint, as well as a greater range of functions. It is worth noting that IDE was chosen by IAI because it has been distinguished for its technological excellence and its work in developing new innovative products that can fully meet international challenges in the field of defense.

June 2023: INTRACOM DEFENSE (IDE) announces the contract award by Raytheon, which amounts to $18.2 million, for the manufacturing of key components for the Patriot™ air defense system. This new success is coming as a testament to the long-lasting relationship between Raytheon and IDE in the production and support of international Patriot programs, strengthening IDE's position as a key supplier in Raytheon's global supply chain.

July 2023: INTRACOM DEFENSE (IDE) announces the extension of its co-operation with Diehl Defence with the receipt of new orders for the production of crucial electronic missile components of the IRIS-T family of missile systems. This new award is a result of IDE's continuous efforts and investment in the engineering development and manufacturing of advanced technology products for the most demanding environments.

September 2023: INTRACOM DEFENSE (IDE) announces the contract award by RAYTHEON TECHNOLOGIES for the production of electronic modules for the support and sustainment of the surface-to-air Rolling Airframe Missile (RAM). The contract, valued at 4.16 million USD, signifies an expansion of the long-lasting successful cooperation between the two companies and solidifies IDE’s position as a key supplier in the global supply chain of RAYTHEON TECHNOLOGIES.

September 2023: INTRACOM DEFENSE (IDE) exhibited in the Defense & Security Exhibition International “DSEI 2023”, which was held in London, UK, during 11-15 September. The Ambassador of Greece in London, accompanied by the Defense Attaché visited IDE’s booth and had the opportunity to be updated on the company’s innovative technologies, products, and export activities, as well as on the prospects for the UK market. IDE’s executives had also the pleasure and honor to welcome at the company’s booth, the Alternate General Director of GDDIA (General Directorate of Defence Investments and Armaments), accompanied by delegates of the Hellenic Armed Forces. Aiming to extend further its international industrial co-operations and customer portfolio, IDE facilitated meetings with international defense companies, as well as with MoD executives during the DSEI 2023. The main focus and interest was in the company’s advanced technology, its reputation in quality and product reliability, and its internationally recognized solutions in the areas of Hybrid Electric Power Systems and Tactical Communication & Information Systems.

September 2023: INTRACOM DEFENSE (IDE) announces a new area of co-operation with DIEHL DEFENCE, with the decision for the deployment of IDE’s WiSPR evolution as the main voice and data Tactical Communication and Information System in DIEHL’s IRIS-T Ground Based Air Defense (GBAD) units. This decision was preceded by extensive evaluation by DIEHL, which proved the operational capabilities of WiSPRevo to fulfil the demanding requirements of IRIS-T GBAD for critical voice and data communication schemes, given the System’s robustness and adaptability, along with the flexibility to satisfy IP information exchange. These WiSPRevo attributes, together with its ease of integration and seamless interoperability with 3rd party systems, establish an effective solution, being the System of choice to support tactical communications for DIEHL’s IRIS-T GBAD deployments. This initial contract comes as another acknowledgement of IDE’s persistence and continuous investment in the engineering design, development and manufacturing of advanced technology systems for the most demanding tactical communication environments.

October 2023: According to the results announced by the European Commission (EC), all five (5) new projects in which Intracom Defense participates, were selected for funding within the framework of the European Defense Fund – EDF 2022:

- “DePloyable Special OpeRations Forces MulTiEnvironment CommAnd Post and C2 System (SOFCPC2)” – PROTEAS
- “Future Air System for European Tactical Transportation” – FASETT
- “Threats Identification by Collaborative vehicles for Human life saving against Explosives” – TICHE
- “multinational Development Initiative for a Space-based missile earlY-warning architecture II” – ODIN’S EYE II
- “Covert and Advanced multi-modal Sensor Systems for tArget acquisition and reconnaissance” – CASSATA

IDE coordinates the PROTEAS project consortium, which comprises partners from Greece, (IDE, ISD S.A., Satways), Belgium (C&V Consulting, Dotocean), France (Thales Six GTS France, Commissariat à l’ Energie Atomique et aux Energies Alternatives, Hensoldt France SAS, SAS Impact), Germany

(Rheinmetall Electronics), Italy (Leonardo S.p.A.), Norway (Squarehead), the Netherlands (Losbergerde boer) and Cyprus (Eight Bells, Ubitech). The ultimate goal of this project is to create the first of its kind Special Operations Forces (SOF) Command Post and Command & Control System (SOFCPC2), to support EU-led SOF Small Joint Operations. It is expected to provide significant value to the end users, since it will promote the upgraded role of SOF as envisioned by EU and reduce the cost of EU SOF Small Joint Operations missions. The Hellenic Ministry of Defence (HMoD) contributes significantly in the above effort, as it does not only support and co-fund the above projects, but it will also be the Project Manager of the PROTEAS project. The structured and productive cooperation between HMoD's authorities and the industry decisively strengthens the country's presence in the emerging European defense industrial infrastructure, providing operational advantages to the Hellenic Armed Forces and significant benefits to the Greek economy.

The above projects are related to strategic product / technology areas of the company, such as Hybrid Energy and Storage Technologies, Tactical Communications, and Unmanned Systems, where IDE has a competitive advantage and can contribute significantly with its technology, know-how and expertise. This IDE's new success confirms once again the company's international dynamics and reliability, and follows the positive results already achieved in the frame of the EDF programs.

The new contracts signed by the Company in 2023 amounted to € 74,5 million EUR.

GOALS – PERSPECTIVES

The company's target, in the context of the policy it will follow the upcoming years, will be to maintain its independency and its Greek identity, and also its recognized presence in Greece, NATO & European Union and to methodize the expansion of its presence in other markets focusing on strengthening its size. The main goals are the:

- Expansion and strengthening of its activity in the field of Missile Systems and Airborne Electronic Systems with main exports to the USA, Germany and Israel.
- Industrial participation in domestic manufacturing and support of systems related to Greek equipment programs, strengthening the Greek added value, but also the domestic know-how in other sectors.
- Promotion of innovative products and systems of own development and manufacture in Greek equipment programs, offering new and advanced operational field capabilities to the Hellenic Armed Forces, in the areas of Tactical Secure Communications and Hybrid Energy for Weapon Systems.
- Continuation and expansion of collaborations with large international defense companies for the integration of products and systems of own development and manufacture into integrated Defense Systems intended for the international market.
- Direct promotion of IDE's own products and systems in the international market, mainly in applications related to military vehicles and tactical energy supply systems.
- Continuation of the successful activity in European programs (Horizon, Frontex, EDIDP, EDF, ASAP) significantly strengthening the Greek presence in the field of European Research and

Technology concerning the future operational capabilities of the European Armed Forces and further expanding the domestic know-how in specialized areas of high technology.

On 31.12.2023, the backlog of the Company's agreements was worth a total of € 118,0 mil.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company continuously invests significant funds in research and development both in new innovative products and in the development of integrated solutions. The Company's activities include the development of cutting-edge defense products that will meet the current and future needs of the Defense and Security Sector internationally.

Innovation is at the core of the Company's development model and is consistently supported through significant investments in research & development, but also in maintaining strategic partnerships with internationally renowned companies and educational institutions in order to jointly conduct research and co-develop products and services.

In order to facilitate the rapid design and development of advanced high-tech products, sophisticated Research and Development laboratories equipped with the most modern infrastructure operate within the company's facilities. Also, the Research & Development department employs highly scientifically trained personnel in the fields of telecommunications, electronics, mechanical engineering and IT.

The aim of the Research & Development Department, guided by market trends and the introduction of new technologies, is the design, development and production of new innovative products, as well as the improvement, development and modernization of existing ones with competitive features.

In this context, the main technological areas in which the Company focuses its interest concern Broadband Tactical Communications Systems, Hybrid Electric Power Systems and Electric Energy Storage Systems, Information Processing and Geographic Imaging Systems for Monitoring and Control in real-time applications, Electronic Missile Subsystems, Unmanned Vehicle (UxV) Systems as well as Artificial Intelligence and Cyber Security Systems.

RISKS AND UNCERTAINTIES

Risks associated with the company's activity

Defense market trend

Based on data from the International Institute for Strategic Studies (IISS), the trends in global military spending in 2023 are briefly described as follows:

Global defense spending for 2023 is estimated to have reached €2 trillion, representing an unprecedented 9% nominal increase over 2022, according to the IISS, which also expects further growth in year 2024. In addition, according to the IISS, the main reasons for this increase were both the continuation of the war in Ukraine, the beginning of the war between Israel and Hamas and the tensions in China and the Middle East that took place during the year. Another two important facts that mentioned in the "Military Balance 2024" report of IISS, are that 19 of the 31 NATO countries increased their defense spending in the year 2023, and that the defense spending budgets of China, Russia, India and NATO countries are about to exceed 70% of global military spending.

Finally, in recent years, the European Union has been investing several billion euros in research and development costs related to the defense industry. A typical example is that the European Defense Fund (EDF), announced that its financial program for 2023 in relation to research and development costs amounts to 1.2 billion euros. At the same time, it is noted that a budget close to 8 billion euros for the period 2021-2027 is dedicated to the European Defense Fund. Of this, 2.7 billion euros to fund collaborative defense research and 5.3 billion euros to fund collaborative capacity building projects that complement national investments in such programs.

Economic Environment

The global economy and therefore Greece, in 2023, faced an environment of high inflation, lower rates of economic growth, high interest rates and increased uncertainty due to successive geopolitical crises and the effects of the climate crisis. Therefore, an increase was observed in both the prices of raw materials and the operating costs of the companies, which led to an increase in the cost of production.

On the other hand, the forecasts of international organizations for the coming year are as follows: 1) according to the International Monetary Fund, global inflation is projected to continue its deceleration, from 6.9% in 2023 to 5.8% in 2024 (IMF World Economic Outlook, October 2023), as well as 2) according to the revised forecasts of the European Central Bank (ECB) in December 2023, the Eurozone is expected to achieve a growth rate of 0.8% in 2024.

The Company constantly monitors the evolution of macro-economic parameters and the effect they may have on its activities and adjusts its actions, at operational level, based both on current and on predicted needs. Also, all the necessary actions are taken to mitigate the risks at each level. The Company’s financial position and liquidity remain satisfactory in order to guarantee its normal activity.

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 fixed interest rate for its loan (according to the agreement) and the short-term horizon of the cash deposits.

Credit risk

The Company'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 to act 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 & ENERGY RESPONSIBILITY

Intracom Defense S.A. places as a priority the adherence to the values of Environmental and Energy responsibility and systematically seeks the smallest possible impact on the environment, the rational management of the energy used for the Company's processes, and its transition to the principles of sustainable development and the circular economy.

For this purpose, IDE has developed and implements Environmental and Energy Management Systems (EN ISO 14001:2015 & EN ISO 50001:2018) in order to be able to recognize potential impacts created by its business activity on the natural environment and to ensure the continuous improvement of its environmental and energy performance through the establishment of specific environmental and energy targets. These goals are documented and monitored through programs for their implementation.

All environmental and energy issues arising from the Company's activities have been defined and documented and methods are applied to determine and evaluate their relative effects.

The issues are evaluated based on pre-defined criteria, which include:

- The standard environmental commitments that come with the company's (two) operating licenses,
- The applicable legislative requirements and
- Other regulatory and contractual requirements.

Continuous information on developments and future trends in national and community environmental legislation is achieved by accessing legal databases.

The company is committed to the following in relation to its activities:

- It complies with the current Greek and European environmental and energy legislation as well as with any other environmental and energy requirement signed by the Company, in the context of its business processes and activities.
- Recognizes and evaluates the Environmental Aspects, Energy Uses and Impacts of its processes and activities on the environment and energy, taking the necessary measures to minimize them.
- Monitors and measures Significant Environmental and Energy Impacts.

- Continuously improves its environmental and energy performance.
- Sets clear, measurable, attainable, realistic, and time-bound Goals and Objectives, and takes every necessary action to achieve them.
- Raises awareness among the Company's employees on Environmental and Energy Management issues.
- Determines and ensures the competence and the abilities of the employees, in order to improve its Environmental and Energy Performance.
- It provides the required resources for the implementation of the Environmental and Energy Management Systems, the Protection of the Environment and the achievement of the Environmental and Energy Goals and Objectives.
- Implements and continuously improves the Environmental and Energy Management System.
- To use its resources properly and sustainably.
- To limit the impact and adaptation of climate change.
- To protect biodiversity and ecosystems.

Intracom Defense promotes the following Environmental Actions with a positive impact on both the environment and Energy:

- Rational Management of Hazardous Waste
- Rational Recycling and Circular Economy
- Investment in Technology, Research and Development through Green Product Design (e.g. hybrid energy systems)
- Investment in Renewable Energy Sources in projects
- Replacing its fleet of conventional cars with electric or lower polluting cars by 2024
- Production of Green Energy through the PV system it has installed in its facilities
- Investment in equipment with low energy requirements such as production line machines, air conditioning units and appliances for daily use.
- Irrigation of green environment areas from licensed drilling
- Saving natural resources and reducing Carbon Footprint (investment in new technologies to reduce energy consumption)
- Allocation of financial resources for the purchase of Carbon Credits to utilize these resources to offset part of the Company's Carbon Footprint.
- Cooperation with the electricity supply company for the exclusive consumption of electricity from a mixture of renewable energy sources.
- Supply of energy efficient products and services, which positively affect energy efficiency.

SOCIAL RESPONSIBILITY

The company provides a safe working environment in which policies to deal with violence and harassment as well as non-discriminatory policies are applied, and equal opportunities are offered to all employees regardless of gender, age, religion, and nationality. Furthermore, employee trade union rights are respected, health & safety procedures are faithfully adhered to, and open-door policies as well as the “whistleblowing” system are consistently implemented.

PERSONNEL

The number of company's employees at 31.12.2023 and 31.12.2022 reached 435 and 454 employees respectively.

Directors' remuneration and key management compensation (wages, salaries & other benefits) amounted to € 1.225.210 during the year 2023 in comparison to € 1.051.769 during the previous year.

Dear Shareholders,

The Board of Directors will suggest to the Shareholders General Meeting not to distribute dividends for the current fiscal year 01.01.2023-31.12.2023.

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 31/12/2023.

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 2023 to 31 December 2023.

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

True copy from the minute book of the Board of Directors

Koropi, 1st March 2024

THE CHAIRMAN OF THE BoD
AND MANAGING DIRECTOR
(CEO)

GEORGE TROULLINOS

B) Independent Auditors' Report

To the Shareholders of INTRACOM DEFENSE S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of INTRACOM DEFENSE S.A. (the Company), which comprise the balance sheet as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of INTRACOM DEFENSE S.A. as at 31 December 2023, 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.

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 of L. 4336/2015 (part B'), 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 31.12.2023.

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

Athens, 05 March 2024

NIKOS IOANNOU

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 29301

Grant Thornton

Chartered Accountants Management Consultants
58, Katehaki Av., 115 25 Athens, Greece
Registry Number SOEL 127

This is a translation into English of the Statutory Auditors' report issued originally in Greek and is provided for the convenience of English speaking readers. This report includes information specifically required by European regulation and Greek law and should be read in conjunction with, and construed in accordance with, Greek law and International Standards on Auditing (ISAs) incorporated into the Greek Legislation.

C) Annual Financial Statements in accordance with IFRS

Contents

Balance Sheet

Amounts in euro	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	32.503.825	33.267.323
Right-of-use assets	7	216.744	307.345
Other intangible assets	8	2.964.975	605.239
Investment property	9	3.295.893	3.335.879
Investment in associates	10	256.915	-
Deferred income tax assets	11	4.877.846	3.924.094
Total		**44.116.197**	**41.439.880**
Current assets			
Inventories	13	34.405.780	30.789.228
Trade and other receivables	12	14.340.715	11.519.015
Current income tax receivables		220.782	-
Cash and cash equivalents	14	9.113.818	14.654.303
Total		**58.081.094**	**56.962.545**
Total assets		**102.197.291**	**98.402.425**
EQUITY			
Share capital	15	58.197.224	58.197.224
Other reserves	16	9.368.180	9.425.864
Retained earnings		628.148	4.621.022
Total equity		**68.193.553**	**72.244.110**
LIABILITIES			
Non-current liabilities			
Borrowings	17	4.554.438	-
Lease liabilities	7	98.143	190.404
Retirement benefit obligations	18	2.111.034	1.881.813
Government grants	19	2.492.231	-
Long-term provisions for other liabilities and charges	20	218.008	219.991
Trade and other payables	21	9.571.589	4.064.745
Total		**19.045.443**	**6.356.952**
Current Liabilities			
Trade and other payables	21	12.917.382	16.924.108
Current income tax liabilities		-	102.216
Lease liabilities	7	132.370	132.590
Government grants	19	1.690.536	2.400.411
Short-term provisions for other liabilities and charges	20	218.008	242.036
Total		**14.958.296**	**19.801.363**
Total liabilities		**34.003.739**	**26.158.315**
Total equity and liabilities		**102.197.291**	**98.402.425**

The notes on pages 23 to 59 are an integral part of these financial statements.

Statement of Comprehensive Income

Amounts in euro	Note	1/1-31/12/2023	1/1-31/12/2022
Sales	22	42.077.925	66.565.198
Cost of goods sold	23	(30.783.250)	(49.514.630)
Gross profit		**11.294.675**	**17.050.568**
Selling costs	23	(7.718.929)	(6.964.482)
Research costs	23	(8.279.185)	(8.231.700)
Administrative expenses	23	(3.022.909)	(10.239.076)
Impairment losses on trade receivables and reversals	25	40.900	(39.920)
Other income	26	3.117.823	2.766.329
Other gains/(losses) - net	27	(101.271)	301.928
Impairment losses from tangible assets and investment property / Reversal	6, 9	-	3.312.604
Operating profit/(Loss)		**(4.668.896)**	**(2.043.748)**
Finance income	28	159.550	395.886
Finance cost	28	(462.337)	(164.755)
Finance costs - net	28	**(302.788)**	**231.132**
Profit/(Loss) before income tax		**(4.971.684)**	**(1.812.616)**
Income tax expense	29	978.810	(745.265)
Profit/(Loss) after tax for the period		**(3.992.874)**	**(2.557.881)**
Other comprehensive income:			
Available-for-sale financial assets - Fair value gains			
Actuarial gain/losses	18	(57.684)	136.522
Other comprehensive income, net of tax:		**(57.684)**	**136.522**
Total comprehensive income for the period		**(4.050.558)**	**(2.421.359)**

The notes on pages 23 to 59 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 2022		**52.906.568**	**9.754.135**	**5.851.393**	**68.512.096**
Actuarial gains/ (losses), net of tax	18		136.522		136.522
Profit for the period				(2.557.881)	(2.557.881)
Total comprehensive income for the period			**136.522**	**(2.557.881)**	**(2.421.359)**
Share capital issuance	15	5.290.656	(520.521)	(5.048.590)	(278.456)
Share capital issuance expenses	15			(4.127)	(4.127)
Statutory reserves formation	16		55.729	(55.729)	-
Fair value of shares allocated to staff	15		-	6.435.955	6.435.955
Balance at 31 December 2022		**58.197.224**	**9.425.864**	**4.621.022**	**72.244.110**
Balance at 1 January 2023		**58.197.224**	**9.425.864**	**4.621.022**	**72.244.110**
Actuarial gains/ (losses), net of tax	18		(57.684)	-	(57.684)
Profit for the period				(3.992.874)	(3.992.874)
Total comprehensive income for the period			**(57.684)**	**(3.992.874)**	**(4.050.558)**
Balance at 31 December 2023		**58.197.224**	**9.368.180**	**628.148**	**68.193.553**

The notes on pages 23 to 59 are an integral part of these financial statements.

Cash flow statement

(indirect method)

Amounts in euro	Note	1/1-31/12/2023	1/1-31/12/2022
Cash flows from operating activities			
Cash generated from operations	30	(9.752.053)	(4.922.530)
Financial expenses paid	28	(474.296)	(164.755)
Financial income received	28	-	217.102
Income tax paid		(281.670)	(378.805)
Net cash from operating activities		**(10.508.019)**	**(5.248.987)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(499.724)	(907.099)
Purchase of intangible assets	8	(2.956.320)	(254.251)
Proceeds from sale of property, plant & equipment	6	10.500	1.816
Investment on associates	0	(269.500)	-
Interest income received	28	159.550	62.861
		(3.555.494)	**(1.096.673)**
Cash flows from financing activities			
Expenses on issue of share capital	15	-	(5.291)
Proceeds from borrowings	17	4.500.000	-
Government grants received	19	4.093.839	1.218.412
Principal elements of lease payments	7	(137.207)	(150.995)
Withholding tax on capitalization of retained earnings & reserves	15	-	(278.456)
Net cash used in financing activities		**8.456.632**	**783.671**
Net (decrease) / increase in cash & cash equivalents		**(5.606.881)**	**(5.561.990)**
Cash and cash equivalents at beginning of the period		14.654.303	20.100.370
Effects of exchange rate changes on cash and cash equivalents	28	66.396	115.923
Cash and cash equivalents at end of the period	**14**	**9.113.818**	**14.654.303**

The notes on pages 23 to 59 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended December 31, 2023

1. General Information

INTRACOM DEFENSE S.A. (“IDE”, “the Company”) 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 systems and related 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.

The major shareholder owned 94,55% of the Company’s share capital is "ISRAEL AEROSPACE INDUSTRIES Ltd." based in ISRAEL.

The Company is fully consolidated in the consolidated financial statements of ISRAEL AEROSPACE INDUSTRIES.

These financial statements have been approved for issue by the Board of Directors on 1st March 2024 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 2023 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 2023, are consistent with those described in the published financial statements for the year ended 31 December 2022, 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 2023.

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 2023. The Company has not previously adopted some other standard, interpretation or amendment issued but is not obligatory to be applied for the fiscal year 2023.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies

The amendments to IAS 1 require companies to disclose their material accounting policies and not their significant accounting policies. The amendments had no impact on the Company's financial statements.

Amendments to IAS 8 Accounting Principles, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. This distinction is important, as a change in accounting estimate is applied without retroactive effect and only to future transactions and other future events, in contrast to a change in accounting policy which has retrospective effect and is applied to past transactions and other past events. The amendments had no impact on the Company's financial statements.

Amendments to IAS 12 Income Tax: Deferred tax related to assets and liabilities arising from a single transaction

The amendments limited the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemptions) so that it no longer applies to transactions which, on initial recognition, give rise to a receivable and a liability simultaneously. These amendments clarify that this exemption does not apply, and entities have to recognize deferred tax on these transactions. The amendments had no impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: International Tax Reform—Pillar Two Model Rules

The amendments introduce a mandatory temporary exemption from accounting for deferred taxes arising from the international tax reform of the Organization for Economic Co-operation and Development (OECD). The amendments also introduce specific disclosure requirements. The temporary exemption applies immediately and retrospectively, in accordance with IAS 8, while the specific disclosure requirements will be applied to annual reporting periods beginning on or after January 1, 2023. The amendments had no impact on the Company's financial statements.

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 by the International Accounting Standards Board (IASB), 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: Disclosure of Accounting policies

- 2020 Amendment "Classification of liabilities as current or non-current"

This amendment clarifies that liabilities are classified as current or non-current based on the rights in effect at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date. In addition, the amendment clarifies the meaning of the term "settlement" of an IAS 1 liability.

- Amendments of 2022 "Contingent long-term liabilities"

The new amendments clarify that, if the right to defer settlement is subject to the entity's compliance with specified conditions (clauses), that amendment will only apply to conditions which exist when compliance is assessed on or before the reporting date. Furthermore, the amendments are intended to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with clauses within twelve months of the reporting period.

The year 2022 amendments changed the effective date of the amendments of year 2020. As a result, both amendments are effective for annual reporting periods beginning on or after 1 January 2024 and should be applied retrospectively in accordance with IAS 8. As a result of the alignment of effective dates, the 2022 amendments will take precedence over the 2020 amendments when both become effective in 2024. Earlier adoption is allowed. The amendments are not expected to have an impact on the Company's financial statements.

Amendments to IAS 21 The Effects of Changes in Exchange Rates: Lack of Exchangeability

The amendments will require companies to apply a consistent approach to assessing whether a currency can be exchanged for another currency (in the absence of exchangeability between currencies) and, where it cannot, to determining the exchange rate to be used and the disclosures they must provide. The amendments apply to annual periods beginning on January 1, 2025, have not yet been adopted by the European Union and are not expected to have an impact on the Company's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplier Finance Arrangements

The amendments require companies to disclose information about their Supplier Finance Arrangements, such as terms and conditions, carrying amount of financial liabilities that are part of such arrangements, range of payment due dates and liquidity risk information. The amendments apply to annual periods beginning on 1 January 2024 and have not yet been adopted by the European Union.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments are effective to annual periods beginning on or after 1 January 2024 and will not affect the Company's financial statements. This amendment has not been adopted by the European Union.

The amendments will apply to annual accounting periods beginning on or after January 1, 2024 and are not expected to have an impact on the Company's financial statements.

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 20).

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 12), while the liabilities refer to deferred income and customer advances and are presented in the item "Trade and other payables" (note 21) 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 recognized 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 financial statements 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. Specifically, land and buildings are measured either at their acquisition cost or at the deemed cost that was attributed to them on the date of the first transition to the International Financial Reporting Standards (IFRS) (i.e., they were assessed at their fair value based on a study by recognized independent real estate appraisers during the transition to IFRS).

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 & Equipment	10-25 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. An impairment reversal is recognized on Statement of Comprehensive Income.

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 Investment in associates

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control those policies. Investment in associates is accounted for using the equity method and initially recognized at cost. The carrying amount is then increased or decreased to recognize the investor’s share of the subsequent profit or loss of the investee after the acquisition. The account of investments in associates also includes the goodwill that arose during the acquisition.

The Company's share of the profits or losses of associates after the acquisition is recognized in the statement of comprehensive income, while the share of direct changes in other comprehensive income after the acquisition is recognized in other comprehensive income. The accumulated changes affect the book value of investments in associates with a corresponding adjustment to the current value of the investment. When the Company’s share of an associate’s losses exceeds the value of the investment in it, no additional losses are recognized unless payments or further commitments have been made on behalf of the associate.

Unrealized profits from transactions between the Company and its associates are eliminated according to the percentage of the Company's participation in them. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting principles of associates have been modified to be relative to those adopted by the Company.

The Company at each reporting period assesses if there are objective indications of impairment in investment in associates. As long as there is an indication, the Company calculates the amount of the impairment as the difference between the recoverable amount of investments in associates and the carrying amount and recognizes the amount in the Statement of Comprehensive Income.

The Company records the investments in associates at cost minus any impairment minus/plus the Company's share on profits/losses of the associates after the acquisition.

2.3.8 Leases

The Company as lessee

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.

The Company as Lessor

The leases in which the Company is the lessor are categorized as financial or operational.

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.

The company has not contracted any financial leases.

2.3.9 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.

Trademarks and licences

Trademarks are words, names, symbols or other means used in commerce to indicate the source of a product and to distinguish it from the products of other producers. A license characterizes and distinguishes the source of a service rather than a product. The general marks are used to characterize the Companies' merchandise or goods. Trademarks, trade names, service marks, general marks, and certification marks usually are legally protected through filing with government agencies, continued commercial use, or with other means. As long as a trademark or other mark is legally secured through filing or other means, when it is acquired in a business combination, is an intangible asset that meets the contractual-legal criterion. Trademarks are valued at cost less any accumulated impairment loss. Trademarks are tested for impairment on an yearly basis.

2.3.10 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.

2.3.11 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 does not hold any other financial assets except trade receivables from customers and cash and cash equivalents. The company has classified trade receivables at amortized cost and measures them subsequently, using the effective interest rate 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 & other payables and loans.

The Company's financial liabilities 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.

2.3.12 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.

2.3.13 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.

2.3.14 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.

2.3.15 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.

2.3.16 Provisions

Provisions are recognised 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.

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.

2.3.17 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.

2.4 Change in presentation of Statement of Comprehensive Income

For reasons of better presentation, the section on the Statement of Comprehensive Income that was presented until the previous year as "Selling and research costs" was separated and is presented from the closing year in two sections, as "Selling Costs" and as "Research costs".

Consequently, the "Selling and research costs" of the previous year in the amount of € 15.196.182 are presented as "Selling Costs" in the amount of € 6.964.482 and "Research costs" in the amount of € 8.231.700 in the comparative information of the closing year.

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 Company 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 and loans. 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 Company use thereof is not allowed for speculation.

3.1.1 Market risk

Foreign exchange risk

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 contracts 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 2023 and 2022. This analysis took into account the Company's cash reserves and trade receivables and liabilities in USD on 31 December 2023 and 2022 respectively.

Change in EUR/USD rate by	Effect on net results 31/12/2023	Effect on net results 31/12/2022
3,00%	144	(141.362)
6,00%	287	(282.723)
9,00%	431	(424.085)
12,00%	574	(565.447)
-3,00%	(144)	141.362
-6,00%	(287)	282.723
-9,00%	(431)	424.085
-12,00%	(574)	565.447

Price 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. 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 2023 and 2022. This analysis took into account the cash reserves of the Company as at 31 December 2023 and 2022 respectively. Regarding the loan received by the Company in October 2023, there is no risk of interest rate changes because the contract provides for a fixed interest rate until maturity.

Financial instruments in Euro

Interest rates cahnge (base units)	Effect on net results 31/12/2023	Effect on net results 31/12/2022
(100)	(62.158)	(45.554)
(75)	(46.619)	(34.166)
(50)	(31.079)	(22.777)
(25)	(15.540)	(11.389)
25	15.540	11.389
50	31.079	22.777
75	46.619	34.166
100	62.158	45.554

Financial instruments in USD

Interest rates cahnge (base units)	Effect on net results 31/12/2023	Effect on net results 31/12/2022
(100)	(30.096)	(102.929)
(75)	(22.572)	(77.197)
(50)	(15.048)	(51.465)
(25)	(7.524)	(25.732)
25	7.524	25.732
50	15.048	51.465
75	22.572	77.197
100	30.096	102.929

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 capital and there are no loans. Dividend payments are always covered by the Company's cash and cash equivalents.

3.3 Economic environment

The global economy and therefore Greece, in 2023, faced an environment of high inflation, lower rates of economic growth, high interest rates and increased uncertainty due to successive geopolitical crises and the effects of the climate crisis. Therefore, an increase was observed in both the prices of raw materials and the operating costs of the companies, which led to an increase in the cost of production.

On the other hand, the forecasts of international organizations for the coming year are as follows: 1) according to the International Monetary Fund, global inflation is projected to continue its deceleration, from 6.9% in 2023 to 5.8% in 2024 (IMF World Economic Outlook, October 2023), as well as 2) according to the revised forecasts of the European Central Bank (ECB) in December 2023, the Eurozone is expected to achieve a growth rate of 0.8% in 2024.

The Company constantly monitors the evolution of macro-economic parameters and the effect they may have on its activities and adjusts its actions, at operational level, based both on current and on predicted needs.

The Company constantly monitors the evolution of macro-economic parameters and the effect they may have on its activities and adjusts its actions, at operational level, based both on current and on predicted needs. Also, all the necessary actions are taken to mitigate the risks at each level. The Company’s financial position and liquidity remain satisfactory in order to guarantee its normal activity.

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 2.4.5, 2.4.6 and 2.4.8.

4.2 Estimated net realizable value of inventories

Under the accounting policy referred to in paragraph 2.3.12, 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 3.3).

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.

4.7 Intangible Asset Impairment Tests with an Indefinite Useful Life

The Company carries out the relevant impairment test of the intangible assets with an indefinite useful life which have resulted from the purchase of trademarks, at least on an yearly basis or whenever there is an indication of impairment, in accordance with the provisions of IAS 36. In order to be determined if there is reason of impairment, the calculations of value in use and the fair value less any costs of sales are demanded. Commonly used methods are present value of cash flows, valuation based on indexes of similar transactions or companies traded in an active market and there is a stock price. To implement the specific methods, Management is required to use data such as estimated future revenues, business plans as well as market data such as interest rates etc.

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, Middle East 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(*)	
	1/1-31/12/2023	1/1-31/12/2022	31/12/2023	31/12/2022
Greece	10.854.576	1.389.615	39.238.351	37.515.785
European Union	14.860.380	4.538.133	-	-
Other European countries	9.958	8.710	-	-
Other countries	16.353.011	60.628.740	-	-
Total	**42.077.925**	**66.565.198**	**39.238.351**	**37.515.785**

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 22 below.

6. Property, plant and equipment

Amounts in euro	Land - buildings	Machinery	Vehicles	Furniture & other equipment	Prepayments and assets under construction	Total
Cost						
Balance at 1 January 2022	**53.954.824**	**15.672.201**	**163.836**	**4.406.804**	**3.298.880**	**77.496.546**
Additions	24.604	629.688	-	184.253	39.705	878.249
Sales of assets / Write offs	-	(372.994)	-	(85.987)	-	(458.981)
Reclassifications	3.338.585	-	-	-	(3.338.585)	-
Transfer to investment property (note 9)	(3.338.585)	-	-	-	-	(3.338.585)
Balance at 31 December 2022	**53.979.428**	**15.928.895**	**163.836**	**4.505.069**	**-**	**74.577.230**
Accumulated depreciation						
Balance at 1 January 2022	**27.267.304**	**14.384.632**	**162.738**	**3.458.027**	**-**	**45.272.701**
Depreciation charge	734.836	269.405	785	275.434	-	1.280.460
Impairment (Reversal)	(4.787.306)	-	-	-	-	(4.787.306)
Sales of assets / Write offs	-	(372.993)	-	(82.955)	-	(455.948)
Balance at 31 December 2022	**23.214.833**	**14.281.045**	**163.523**	**3.650.506**	**-**	**41.309.907**
Net book amount at 31 December 2022	**30.764.595**	**1.647.851**	**313**	**854.563**	**-**	**33.267.323**
Cost						
Balance at 1 January 2023	**53.979.428**	**15.928.895**	**163.836**	**4.505.069**	**-**	**74.577.230**
Additions	18.404	372.714	-	92.826	8.100	492.044
Sales of assets / Write offs	-	(28.000)	-	(591)	-	(28.591)
Balance at 31 December 2023	**53.997.832**	**16.273.610**	**163.836**	**4.597.304**	**8.100**	**75.040.683**
Accumulated depreciation						
Balance at 1 January 2023	**23.214.833**	**14.281.045**	**163.523**	**3.650.506**	**-**	**41.309.907**
Depreciation charge	719.550	268.484	313	266.604	-	1.254.951
Sales of assets / Write offs	-	(28.000)	-	-	-	(28.000)
Balance at 31 December 2023	**23.934.383**	**14.521.528**	**163.836**	**3.917.110**	**-**	**42.536.858**
Net book amount at 31 December 2023	**30.063.450**	**1.752.081**	**0,2**	**680.194**	**8.100**	**32.503.825**

There are no real lines on the above assets.

At 31.12.2023 the Company had no contractual obligations for purchase of PPE assets.

7. Right-of-use assets

Amounts in euro	Right-of-use Motor vehicles	Right-of-use Printers	Total	Lease liabilities
Balance at 1 January 2022	375.011	26.224	401.235	413.513
Additions	69.515	2.405	71.920	71.920
Changes in lease terms	(10.076)	-	(10.076)	(11.444)
Depreciation	(148.884)	(6.849)	(155.733)	-
Interest (note 28)				20.944
Payments				(171.939)
Balance at 31 December 2022	**285.565**	**21.780**	**307.345**	**322.994**
Balance at 1 January 2023	285.565	21.780	307.345	322.994
Additions	83.862	-	83.862	83.862
Changes in lease terms	(38.139)	-	(38.139)	(38.139)
Depreciation	(129.065)	(7.260)	(136.325)	-
Interest (note 28)			-	14.826
Payments			-	(153.030)
Balance at 31 December 2023	**202.224**	**14.520**	**216.744**	**230.513**

The lease liabilities are as follows:

Amounts in euro	31/12/2023	31/12/2022
Current lease liabilities	132.370	132.590
Non-current lease liabilities	98.143	190.404
Total	**230.513**	**322.994**

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

Amounts in euro	31/12/2023	31/12/2022
Not later than one month	12.407	12.486
Later than one month and not later than three months	24.814	24.655
Later than three months and not later than one year	103.306	108.558
Later than one year and not later than five years	103.325	199.028
Total contractual cash flows	**243.852**	**344.727**

8. Intangible assets

Amounts in euro	Trademarks and licences	Software	Prepayments and intagible assets under development	Total
Cost				
Balance at 1 January 2022	40.240	4.090.158	29.071	4.159.469
Additions	-	235.240	37.217	272.457
Reclassifications		(366.577)	-	(366.577)
Disposals	-	66.288	(66.288)	-
Balance at 31 December 2022	**40.240**	**4.025.109**	**-**	**4.065.349**
	-			
Accumulated depreciation	**-**			
Balance at 1 January 2022	**40.240**	**3.495.191**	**-**	**3.535.431**
Depreciation charge	-	291.255	-	291.255
Disposals	-	(366.577)	-	(366.577)
Balance at 31 December 2022	**40.240**	**3.419.870**	**-**	**3.460.109**
	-			
Net book amount at 31 December 2023	**0**	**605.239**	**-**	**605.239**
Cost				
Balance at 1 January 2023	**40.240**	**4.025.109**	**-**	**4.065.349**
Additions	2.565.000	67.168	15.000	2.647.168
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Balance at 31 December 2023	**2.605.240**	**4.092.277**	**15.000**	**6.712.517**
	-			
Accumulated depreciation	**-**			
Balance at 1 January 2023	**40.240**	**3.419.870**	**-**	**3.460.109**
Depreciation charge	-	287.433	-	287.433
Disposals	-	-	-	-
Balance at 31 December 2023	**40.240**	**3.707.303**	**-**	**3.747.542**
Net book amount at 31 December 2023	**2.565.000**	**384.975**	**15.000**	**2.964.975**

During the current fiscal year, the Company acquired the Trademark "Intracom" from its previous mother company Intracom Holdings S.A. This Trademark is non-transferable and non-exclusive. On 31/12/2023, an impairment test for this Trademark was carried out, according to IAS 36, in order to be determined whether there is a need to recognize an impairment loss on the value recognized on the Financial Statements. No impairment loss emerged from the audit that carried out.

The Relief-from-Royalty method was used for the impairment test, based on the assumptions:

WACC	15,10%
Long-term revenue growth rate	1,50%

The present value's sensitivity analysis for the changes in WACC is as follows:

Amounts in euro	Approach	Valuation method	Decrease 0,50%	WACC 15%	Increase 0,50%
Recoverable amount (31/12/2023)	Value in use	Relief-from-royalty	3.491.431	3.350.519	3.219.977
Carrying amount (31/12/2023)			2.565.000	2.565.000	2.565.000
Impairment			No	No	No
Impairment loss			-	-	-

9. Investment Property

Amounts in euro	31/12/2023	31/12/2022
Cost		
Balance at beginning of year	**6.054.790**	**2.716.206**
Transfer from PPE (note 6)	-	3.338.585
Balance at end of year	**6.054.790**	**6.054.790**
Accumulated depreciation		
Balance at beginning of year	**2.718.912**	**1.209.099**
Depreciation charge	39.986	35.110
Impairment	-	1.474.702
Balance at end of year	**2.758.897**	**2.718.912**
Net book amount at end of year	**3.295.893**	**3.335.879**

The carrying value of investment property approximates their fair value.

Rental income for 2023 and 2022 amounted to € 100.710 and € 111.486 respectively (note 26).

The minimum future rental income is as follows:

Amounts in euro	31/12/2023	31/12/2022
Up to 1 year	93.985	94.615
Later than 1 year and no later than 2 years	78.361	91.015
Later than 2 years and no later than 3 years	240	75.846
Total	**172.587**	**261.476**

10. Investments in associates

Amounts in euro	31/12/2023	31/12/2022
Additions	269.500	-
Gains/(Losses) of current fiscal year	(12.585)	-
Total	**256.915**	**-**

During this financial year, the Company participated by 49% in the establishment of the company Intracom Aviation. Based on its percentage, the Company exercises significant influence over Intracom Aviation and records this investment in associate using the equity method. In Note 23 (Expenses by Nature – line "Other Expenses") of the financial year results is included a loss amount of € 12.585 which is the Company's share based on its percentage in the results of Intracom Aviation during its first year of operation.

11. 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	31/12/2023	31/12/2022
Deferred tax assets:	(5.897.460)	(4.966.654)
Deferred tax liabilities:	1.019.614	1.042.559
	(4.877.846)	**(3.924.094)**

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	31/12/2023	31/12/2022
Balance at the beginning of the year:	**(3.924.094)**	**(4.524.350)**
Income statement charge (Note 29)	(937.482)	561.749
Charged/ (credited) to the other Comprehensive income	(16.270)	38.506
Balance at the end of the year	**(4.877.846)**	**(3.924.094)**

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 18).

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**	**Total**
Balance at 1 January 2022	**1.071.819**	**1.071.819**
Charged / (credited) to the income statement	(29.260)	(29.260)
Balance at 31 December 2022	**1.042.559**	**1.042.559**
Balance at 1 January 2023	**1.042.559**	**1.042.559**
Charged / (credited) to the income statement	**(22.945)**	**(22.945)**
Balance at 31 December 2023	**1.019.614**	**1.019.614**

Deferred tax assets:	Impairments of Land	Impairments of inventories	Impairments of receivables	Accrued expenses	Provisions	Tax losses	Other	Total
Balance at 1 January 2022	**(2.338.923)**	**(2.679.101)**	**-**	**(415.950)**	**(167.576)**	**-**	**5.382**	**(5.596.169)**
Charged / (credited) to the income statement	728.773	(91.891)	(60.758)	(36.555)	70.780	-	(19.341)	591.009
Charge in the other Comprehensive income	-	-	-	38.506	-	-	-	38.506
Balance at 31 December 2022	**(1.610.150)**	**(2.770.992)**	**(60.758)**	**(413.999)**	**(96.796)**	**-**	**(13.959)**	**(4.966.654)**
Balance at 1 January 2023	**(1.610.150)**	**(2.770.992)**	**(60.758)**	**(413.999)**	**(96.796)**	**-**	**(13.959)**	**(4.966.654)**
Charged / (credited) to the income statement	-	(249.557)	-	(34.159)	872	(619.631)	(12.062)	(914.537)
Charge in the other Comprehensive income	-	-	-	(16.270)	-	-	-	(16.270)
Balance at 31 December 2023	**(1.610.150)**	**(3.020.549)**	**(60.758)**	**(464.427)**	**(95.924)**	**(619.631)**	**(26.022)**	**(5.897.460)**

On 31/12/2023, the Company recognized a deferred tax asset on its accumulated tax losses. Regarding the nature of the evidence that supports the recognition of deferred tax assets arose from tax losses, it is noted that based on the Business Plan approved by the Company's Management, the Company is expected to achieve within the next 5 years, sufficient tax profits to offset the recognized amount of the deferred tax asset. Also, for all deductible temporary differences that the Company has recognized deferred tax assets, it is estimated that there will be future available taxable profits against which the deductible temporary differences can be used.

12. Trade and other receivables

Amounts in euro	**31/12/2023**	**31/12/2022**
Trade receivables	10.820.262	5.699.492
Less: provision for impairment	(300.738)	(341.638)
Trade receivables - net	**10.519.525**	**5.357.854**
Receivables from related parties (note 32)	300.000	61.929
Prepayments to creditors	1.648.316	4.710.705
Other prepayments	441.979	279.521
Accrued income	2.689	91.918
V.A.T. Receivables from Tax Authorities	714.703	746.214
Other receivables	713.502	270.874
Total	**14.340.715**	**11.519.015**
Non-current assets	-	-
Current assets	14.340.715	11.519.015
Total	**14.340.715**	**11.519.015**

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	31/12/2023	31/12/2022
Opening loss allowance as at 1 January 2023	**341.638**	**301.717**
Increase in loss allowance recognised in profit or loss during the period	24.567	65.467
Utilised during the period	-	(4.244)
Unused amounts reversed	(65.467)	(21.303)
Balance at the year end	**300.738**	**341.638**

Trade and other receivables are denominated in the following currencies:

Amounts in euro	31/12/2023	31/12/2022
Euro	7.733.449	2.754.004
US Dollar	6.587.051	8.691.937
GBP	20.215	21.602
CHF	-	51.472
Total	**14.340.715**	**11.519.015**

Aging analysis of trade receivables:

	31/12/2023	31/12/2022
No due and not impaired at the balance sheet date (a)	**10.283.144**	**5.100.984**
Impaired trade receivables at the balance sheet date	(276.171)	(276.171)
Provision for impairments	(24.567)	(65.467)
Total (b)	**(300.738)**	**(341.638)**
Balances are not impaired at the balance sheet date but are due:		
< 90 days	806.390	152.409
90-180 days	15.252	95.485
180-270 days	0	3.930
270-365 days	2.940	5.011
1- 2 years	36	40.275
>2 years	12.500	301.397
Total (c)	**837.118**	**598.508**
Total Trade Receivables (a+b+c)	**10.819.525**	**5.357.854**

13. Inventories

Amounts in euro	31/12/2023	31/12/2022
Raw & auxiliary materials	29.407.253	24.695.222
Semi-finished goods	14.469.892	15.538.820
Finished goods	1.269.071	1.484.786
Work in progress	2.985.967	1.659.654
Merchandise	3.364	6.164
Total	**48.135.547**	**43.384.645**
Less: Provisions for obsolete inventories		
Raw & auxiliary materials	7.845.423	7.109.300
Semi-finished goods	5.069.242	4.857.712
Finished goods	811.738	628.406
Merchandise	3.364	-
Total	**13.729.767**	**12.595.417**
Net realisable value	**34.405.780**	**30.789.228**

The movement of the provision is as follows:

Amounts in euro	31/12/2023	31/12/2022
At the beginning of the year	12.595.417	12.177.732
Provision for impairment	1.976.691	1.204.370
Amount of provision reversed during the year	(842.341)	(786.684)
At the year end	**13.729.767**	**12.595.417**

14. Cash and cash equivalent

Amounts in euro	31/12/2023	31/12/2022
Cash in hand	27.829	21.370
Cash at bank	1.371.057	1.601.056
Short-term bank deposits	7.714.932	13.031.877
Total	**9.113.818**	**14.654.303**

The effective interest rate on short-term bank deposits in Euro and USD was 1,42% and 3,09% respectively (2022: 0,15% and 0,65% 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 analyzed in the following currencies:

Amounts in euro	31/12/2023	31/12/2022
Euro (EUR)	6.130.688	4.493.035
US Dollar (USD)	2.968.410	10.151.945
UK Pound (GBP)	6.223	8.210
Bulgarian Leva (BGN)	5	5
Poland Zloty (PLN)	-	49
Other	8.492	1.058
Total	**9.113.818**	**14.654.303**

15. Share capital

Amounts in euro	Number of Shares	Common Shares	Total
Balance at 1 January 2022	23.103.305	2,29	52.906.568
Issue of Share Capital	2.310.330	2,29	5.290.656
Balance at 31 December 2022	25.413.635	2,29	58.197.224
Balance at 31 December 2023	**25.413.635**	**2,29**	**58.197.224**

Change in Share capital during the previous fiscal year 2022

With the decision of the Annual General Meeting of the Company's shareholders on 15.03.2022, it was decided to increase the Company's share capital, by the amount of € 5.290.655,70 by issuing 2.310.330 new common registered shares, with a nominal value of two euros and twenty-nine cents (€ 2,29) each, covered by partial capitalization of retained earnings (amounting to € 4.796.160,46) and tax reserves (amounting to € 494.495,24).

These shares were distributed to the Company's Key Personnel. According to the relevant decision of the Board of Directors the date that these shares were distributed to the beneficiaries was the 7th of April 2023.

The distributed shares vested on 7/4/23, because the employees were not required to serve the company for a specific period as the services offered by the beneficiaries in exchange of the distributed shares had already been provided.

The Company fully recognized the received services, at the fair value of distributed shares amounted to € 6.435.955, in the results of year 2022 as Employee benefits (note 24) with a corresponding increase of the Retained Earnings on the distribution date.

Both discounted cash flow (DCF) and market (CMM) techniques were used to measure the fair value of the distributed shares and were based on unobservable inputs (level 3 elements of the fair value hierarchy).

The significant unobservable inputs used to measure fair value are as follows:

Discounted Cash Flow Method (DCF)	
WACC	9,76%
Long-term revenue growth rate	1,50%
EBITDA margin	10,80%

Capability Maturity Model (CMM)	
Revenue multiple	1,7
EBITDA multiple	11,2
EBIT multiple	12,8

During the closing financial year, there was no change in the share capital.

16. Reserves

Amounts in euro	Statutory reserves	Tax free reserves	Extraordinary reserves	Actuarial gains/ (losses) reserve	Total
Balance at 1 January 2022	**973.509**	**9.095.334**	**520.521**	**(835.229)**	**9.754.135**
Transfer from retained earnings	55.729	-	-	-	**55.729**
Actuarial gains/ (losses)	-	-	-	136.522	**136.522**
Transfer to retained earnings	-	-	(520.521)	-	**(520.521)**
Balance at 31 December 2022	**1.029.237**	**9.095.334**	**-**	**(698.707)**	**9.425.864**
Balance at 1 January 2023	**1.029.237**	**9.095.334**	**-**	**(698.707)**	**9.425.864**
Statutory reserve formation	-	-	-	-	-
Actuarial gains/ (losses)	-	-	-	(57.684)	**(57.684)**
Balance at 31 December 2023	**1.029.237**	**9.095.334**	**-**	**(756.391)**	**9.368.180**

(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 18).

17. Loans

Amounts in euro	31/12/2023	31/12/2022
Loans from related parties	4.500.000	-
Interest payable	54.438	-
Total non-current borrowings	**4.554.438**	**-**

In October 2023, the company received a loan of €4,500,000 from the parent company Israel Aerospace Industries with a fixed annual interest rate of 6.5%. The repayment of the capital as well as the total interest will be made at the end of the loan on 31/12/2025, as described in the agreement between the two parties.

Reconciliation of liabilities arising from financing activities:

Amounts in euro	31/12/2022	Cash flows from financing activities	Non-cash Changes			31/12/2023
			Additions	Changes in lease terms	Interest Payables	
Lease liabilities	322.994	(138.204)	83.862	(38.139)		**230.513**
Loans received		4.500.000			54.438	**4.554.438**
Total liabilities from financing activities	**322.994**	**4.361.796**	**83.862**	**(38.139)**	**54.438**	**4.784.951**

18. Retirement benefit obligations Retirement benefit obligations

Amounts in euro	31/12/2023	31/12/2022
Balance sheet obligations for :		
Pension benefits	2.111.034	1.881.813
Total	**2.111.034**	**1.881.813**
Income statement charge		
Pension benefits (note 24)	351.509	250.158
Total	**351.509**	**250.158**
Actuarial (gains) / losses (Other comprehensive income)		
Pension benefits	73.954	(175.028)
Total	**73.954**	**(175.028)**

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

Amounts in euro	31/12/2023	31/12/2022
Present value of unfunded obligations	2.111.034	1.881.813
Liability in the Balance Sheet	**2.111.034**	**1.881.813**

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

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Current service cost	157.416	172.527
Interest cost	52.691	11.344
Losses from settlements	141.403	66.287
Total, included in staff costs (note 24)	**351.509**	**250.158**

The total charge is allocated as follows:

Amounts in euro	**1/1-31/12/2023**	**1/1-31/12/2022**
Cost of goods sold	205.174	115.413
Selling and research costs	131.588	93.988
Administrative expenses	14.748	40.757
Total	**351.509**	**250.158**

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

Amounts in euro	**31/12/2023**	**31/12/2022**
Balance at the beginning of the year	**1.881.813**	**1.890.683**
Total expense charged / (credited) in the income statement	351.509	250.158
Contributions paid	(196.243)	(84.001)
Total	**2.037.080**	**2.056.841**
Actuarial gains/ (losses) from changes in financial assumptions	(14.172)	(158.374)
Other Actuarial gains/ (losses)	88.126	(16.654)
Balance at the end of the year	**2.111.034**	**1.881.813**

The principal actuarial assumptions used are as follows:

	31/12/2023	**31/12/2022**
	%	**%**
Discount rate	2,98%	2,80%
Inflation rate	2,10%	2,20%
Future salary increases	2,40%	2,40%

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

	Assumption Change		**Increase / (decrease) in present value of liability in case of increase in assumption**		**Increase / (decrease) in present value of liability in case of reduction in assumption**	
Actuarial Assumption	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Discount rate	0,50%	0,50%	2% decrease	2% decrease	2% increase	2% increase
Future salary increases	0,50%	0,50%	4% increase	4% increase	2% decrease	4% decrease

The average expected maturity of the retirement benefit obligation (plan duration) is as follows:

	31/12/2023	**31/12/2022**
	years	**years**
Pension benefits	3,73	4,45

19. Grants

Amounts in euro	31/12/2023	31/12/2022
Balance at 1 January 2019	**2.400.411**	**3.623.848**
Additions	4.093.839	1.218.412
Charged to the income statement	(2.311.484)	(2.441.849)
Utilised during the year	**4.182.767**	**2.400.411**
Current liabilities	1.690.536	2.400.411
Non- current liabilities	2.492.231	-
Total	**4.182.767**	**2.400.411**

Government Grants are related to Research and Development projects with the European Commission as well as with the Hellenic General Secretariat for Research and Innovation.

20. Provision

Amounts in euro	Warranties	ther provisior	Total
Balance at 1 January 2022	**644.533**	**117.179**	**761.712**
Additional provision for the period	355.154	22.046	377.200
Unused amounts reversed	(344.366)	-	(344.366)
Utilised during the year	(215.340)	(117.179)	(332.519)
Balance at 31 December 2022	**439.982**	**22.046**	**462.027**
Additional provisions	458.632	-	458.632
Unused amounts reversed	(221.022)	-	(221.022)
Utilised during the year	(241.575)	(22.046)	(263.621)
Balance at 31 December 2023	**436.016**	**-**	**436.016**

Analysis of total Provisions:

Amounts in euro	31/12/2023	31/12/2022
Current liabilities	218.008	242.036
Non- current liabilities	218.008	219.991
Total	**436.016**	**462.027**

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

21. Trade and other payables

Amounts in euro	**31/12/2023**	**31/12/2022**
Trade payables	3.959.563	8.307.512
Trade payables-Purchases in transit	(845.382)	(1.162.608)
Amounts due to related parties (note 32)	-	493.203
Accrued expenses	84.081	128.248
Social security and other taxes	1.260.848	1.231.810
Advances from customers	17.994.542	11.965.202
Other payables	35.319	25.486
Total	**22.488.972**	**20.988.853**
Non-current liabilities	9.571.589	4.064.745
Current liabilities	12.917.382	16.924.108
Total	**22.488.972**	**20.988.853**

The increase in customer advances is due to new projects undertaken by the company during the fiscal year 2023. The non-current liabilities related to advances from customers.

Trade and other payables are denominated in the following currencies:

Amounts in euro	**31/12/2023**	**31/12/2022**
Euro (EUR)	12.805.939	6.281.194
US Dollar (USD)	9.560.248	14.131.826
UK Pound (GBP)	85.612	575.833
Swiss Franc (CHF)	37.173	-
Total	**22.488.972**	**20.988.853**

The average credit payment term of the Company’s trade payables is 60 days.

22. Sales by category

Analysis of revenue by category is as follows:

Amounts in euro	**1/1-31/12/2023**	**1/1-31/12/2022**
Sales of products	30.440.419	64.036.195
Revenue from services	11.637.506	2.529.003
Total	**42.077.925**	**66.565.198**

The decrease in sales is mainly due to the time difference between the completion of existing projects and the start of new ones.

23. Expenses by nature

Amounts in euro	Note	1/1-31/12/2023	1/1-31/12/2022
Employee benefit expense	24	(18.173.346)	(23.963.000)
Inventory cost recognised in cost of goods sold		(22.215.283)	(40.834.964)
Depreciation of property, plant and equipment	6	(1.254.951)	(1.280.460)
Depreciation of right-of-use assets	7	(136.325)	(155.733)
Depreciation of investment property	9	(39.986)	(35.110)
Amortisation of intangible assets	8	(287.433)	(291.255)
Impairment of Inventories	13	(1.976.691)	(1.204.370)
Reversal of Inventories write down	13	842.341	786.684
Subcontractors		(876.004)	(2.136.829)
Rrepair and maintenance expenses of PPE		(916.745)	(1.401.748)
Short-term leases		(26.918)	(16.198)
Leases of low-value underlying assets		(7.191)	(10.149)
Transportation and travelling expenses		(1.556.964)	(1.272.810)
Telecommunication, lighting & heating		(772.505)	(1.037.894)
Third party fees		(1.233.855)	(1.138.596)
Hospitality Expenses, conferences, exhibitions, advertising, etc.		(491.338)	(557.277)
Taxes and duties		(29.112)	(7.037)
Other expenses		(651.969)	(393.141)
Total		**(49.804.274)**	**(74.949.887)**

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Split by function:		
Cost of goods sold	(30.783.250)	(49.514.630)
Selling costs	(7.718.929)	(6.964.482)
Research costs	(8.279.185)	(8.231.700)
Administrative expenses	(3.022.909)	(10.239.076)
Total	**(49.804.274)**	**(74.949.887)**

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Split of depreciation and amortisation by function:		
Cost of goods sold	(617.565)	(593.483)
Selling costs	(289.344)	(400.172)
Research costs	(643.803)	(524.871)
Administrative expenses	(167.982)	(244.032)
Total	**(1.718.694)**	**(1.762.559)**

24. Employee benefits

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Wages and salaries	(14.300.671)	(13.840.361)
Social security costs	(3.006.566)	(2.849.024)
Other employers' contributions and expenses	(514.599)	(587.501)
Fair value of shares allocated to staff	-	(6.435.955)
Pension costs - defined benefit plans (note 18)	(351.509)	(250.158)
Total	**(18.173.346)**	**(23.963.000)**

The average number of staff employed in the years 2023 and 2022 was 443 and 445 respectively, while on 31 December 2023 and 31 December 2022 the company employed 435 and 454 people respectively.

25. Net impairment gains/ (losses)

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Impairment gains/ (losses) on trade receivables	(24.567)	(61.223)
Reversal of previous impairment losses	65.467	21.303
Total	**40.900**	**(39.920)**

26. Other operating income

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Income from grants	3.002.074	2.653.175
Rental income	100.710	111.486
Insurance Compensation	14.920	592
Other	119	1.077
Total	**3.117.823**	**2.766.329**

27. Other gain / (losses) – net

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Net foreign exchange gains / (losses)	(112.177)	301.779
Gains/ (losses) from disposal of PPE	9.909	(1.218)
(Profit)/ Loss on disposal of intangible assets	-	(0,2)
(Profit)/ Loss on disposal of right-of-use assets	997	1.368
Total	**(101.271)**	**301.928**

28. Finance costs – net

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Finance expenses		
- Interest from loans	(54.438)	-
- Lease liabilities	(14.826)	(20.944)
- Letters of guarantee	(154.121)	(114.061)
- Other	(30.481)	(29.750)
- Net losses from realized exchange differences	(274.868)	-
Total	**(528.734)**	**(164.755)**
Finance income		
-Interest income	159.550	62.861
- Net profits from realized exchange differences	-	217.102
- Net profits from exchange rate differences in cash valuation	66.396	115.923
Total	**225.946**	**395.886**
Finance costs – net	**(302.788)**	**231.132**

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

29. Income tax expense

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Current tax	41.329	(183.516)
Deferred tax (Note 11)	937.482	(561.749)
Total	**978.810**	**(745.265)**

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	1/1-31/12/2023	1/1-31/12/2022
Profit before tax	**(4.971.684)**	**(1.812.616)**
Tax calculated at tax rates applicable to Greece (2023: 22%,2022: 22%)	1.093.770	398.775
Expenses not deductible for tax purposes	(206.717)	(1.497.846)
Tax deduction from Research and Development expenses	-	220.000
Provision Differences	50.429	-
Previous years income taxes	-	42.175
Other	41.329	91.630
Tax charge	**978.810**	**(745.265)**

Unaudited tax years

The company has not been tax audited for fiscal years 2018-2023.
The associate company “Intracom Aviation” has not been tax audited for fiscal year 2023.

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 2017 to 2022 were issued without reservation.

The tax audit by the company's auditors for the year 2022 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.

30. Cash generated by operations

Amounts in euro	Note	1/1-31/12/2023	1/1-31/12/2022
Profit for the year		**(3.992.874)**	**(2.557.881)**
Adjustments for:			
Tax	29	**(978.810)**	**745.265**
Depreciation of property, plant & equipment	6	1.254.951	1.280.460
Depreciation of investment property	9	39.986	35.110
Depreciation of right-of-use assets	7	136.325	155.733
Amortisation of intangible assets	8	287.433	291.255
Impairment gains on assets	6, 9	-	(3.312.604)
(Profit)/ Loss on disposal of property, plant & equipment	27	(9.909)	1.218
(Profit)/loss on disposal of intangible assets	27	-	0,2
(Profit)/ Loss on disposal of right-of-use assets	27	(997)	(1.368)
Interest income	28	(159.550)	(395.886)
Interest expense	28	462.337	164.755
Income from government grants	19	(2.311.484)	(2.441.849)
Exchange gains / losses		314.815	(238.456)
Fair value of shares allocated to staff	15	-	6.435.955
Impairment charges on inventories	13	1.134.350	417.686
(Profit)/Loss from associates	10	12.585	-
		(3.810.842)	**579.393**
Changes in working capital			
(Increase) / decrease in Inventories		(4.750.902)	1.344.339
(Increase) / decrease in trade and other receivables		(2.921.507)	16.333.124
Increase/ (decrease) in trade and other payables		1.601.942	(23.045.858)
Increase/ (decrease) in provisions		(26.011)	(299.685)
Increase/ (decrease) in retirement benefit obligations		155.267	166.158
		(5.941.212)	**(5.501.923)**
Cash generated from operations		**(9.752.053)**	**(4.922.530)**

31. 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	31/12/2023	31/12/2022
Guarantees for advance payments	11.072.469	3.725.143
Guarantees for good performance	233.564	151.044
Guarantees for participation in contests	464.677	434.677
Total	**11.770.710**	**4.310.864**

Letters of guarantee include letters of guarantee issued to the Customs authorities concerning the import of materials under specific customs regimes. The amount of these guarantees is € 2.684.800 at 31/12/2023 and € 3.039.400 at 31/12/2022 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.

32. Related party transactions

The affiliated parties of the Company include:

(a) the parent company Intracom Holdings (until 30.06.2023), the entities that are controlled, jointly controlled or significantly affected by it,

(b) the parent company Israel Aerospace Industries (from 01.07.2023), the entities that are controlled, jointly controlled or significantly affected by it,

(c) affiliates and other related companies of the Intracom Holdings Group and Israel Aerospace Industries,

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

(e) 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 (until 30.06.2023).

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

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Sales of goods / services:		
To parent company ISRAEL AEROSPACE INDUSTRIES	565.336	-
To other related parties (before 30.06.2023)	83.091	177.812
Total	**648.427**	**177.812**
Purchases of goods / services:		
To other related parties (before 30.06.2023)	-	1.129.918
Total	**-**	**1.129.918**
Purchases and advaced paymets for purcahasing of fixed assets:		
To other related parties (before 30.06.2023)	2.565.000	58.141
Total	**2.565.000**	**58.141**
Rental Income		
To other related parties (before 30.06.2023)	45.507	88.806
Total	**45.507**	**88.806**
Interest expense		
From parent company ISRAEL AEROSPACE INDUSTRIES	54.438	-
Total	**54.438**	**-**

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

Amounts in euro	31/12/2023	31/12/2022
Receivables from related parties		
From parent company ISRAEL AEROSPACE INDUSTRIES	300.000	-
From other related parties	-	61.929
Total	**300.000**	**61.929**
Payables to related parties		
To parent company ISRAEL AEROSPACE INDUSTRIES	4.554.438	-
To other related parties	-	493.203
Total	**4.554.438**	**493.203**

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. In addition, payables to the parent company amounted at € 4.554 thousand concerning the loan which will be paid at the maturity (31/12/2025).

Key management compensation

Directors' remuneration and key management compensation (wages, salaries & other benefits) amounted to € 1.225.210 during the year 2023 in comparison to € 1.051.769 during the previous year.

33. Independent auditors' fees

The contractual fees of the auditing companies "Grant Thornton S.A." for the current and "Associate Certified Accountants SA" & "Grant Thornton S.A." for the previous year are as follows:

Amounts in euro	1/1-31/12/2023	1/1-31/12/2022
Fees for the financial statements audit	30.000	60.000
Fees for the Annual Tax Certificate	30.000	60.000
Fees for the other audits	25.500	12.500
Total	**85.500**	**132.500**

On the fees for other audits for the current year, an amount of € 18.000 concerning the interim financial reporting audit.

34. Dividends

The Board of Directors will suggest to the Shareholders General Meeting not to distribute dividends for the current fiscal year 01.01.2023-31.12.2023.

35. Events after the financial statements date

Further to those already referred there are no significant subsequent to 31 December 2022 events, which should either be referred or that should differ the items of the published financial statements.