

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

**THIRD QUARTERLY REPORT FOR 2019 (01.07.2019 - 30.09.2019)
ON ACTIONS AND COMPANY FINANCIAL STATEMENTS**

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A. Hellenic Corporation of Assets and Participations

A. Hellenic Corporation of Assets and Participations S.A.

A.1. Purpose, Institutional Framework, and Structure of the Company

The Hellenic Corporation of Assets and Participations S.A. ("HCAP" or the "Corporation") is a holding company governed by the provisions of Law 4389/2016, as amended and in force (hereunder the "Law" or the "founding law").

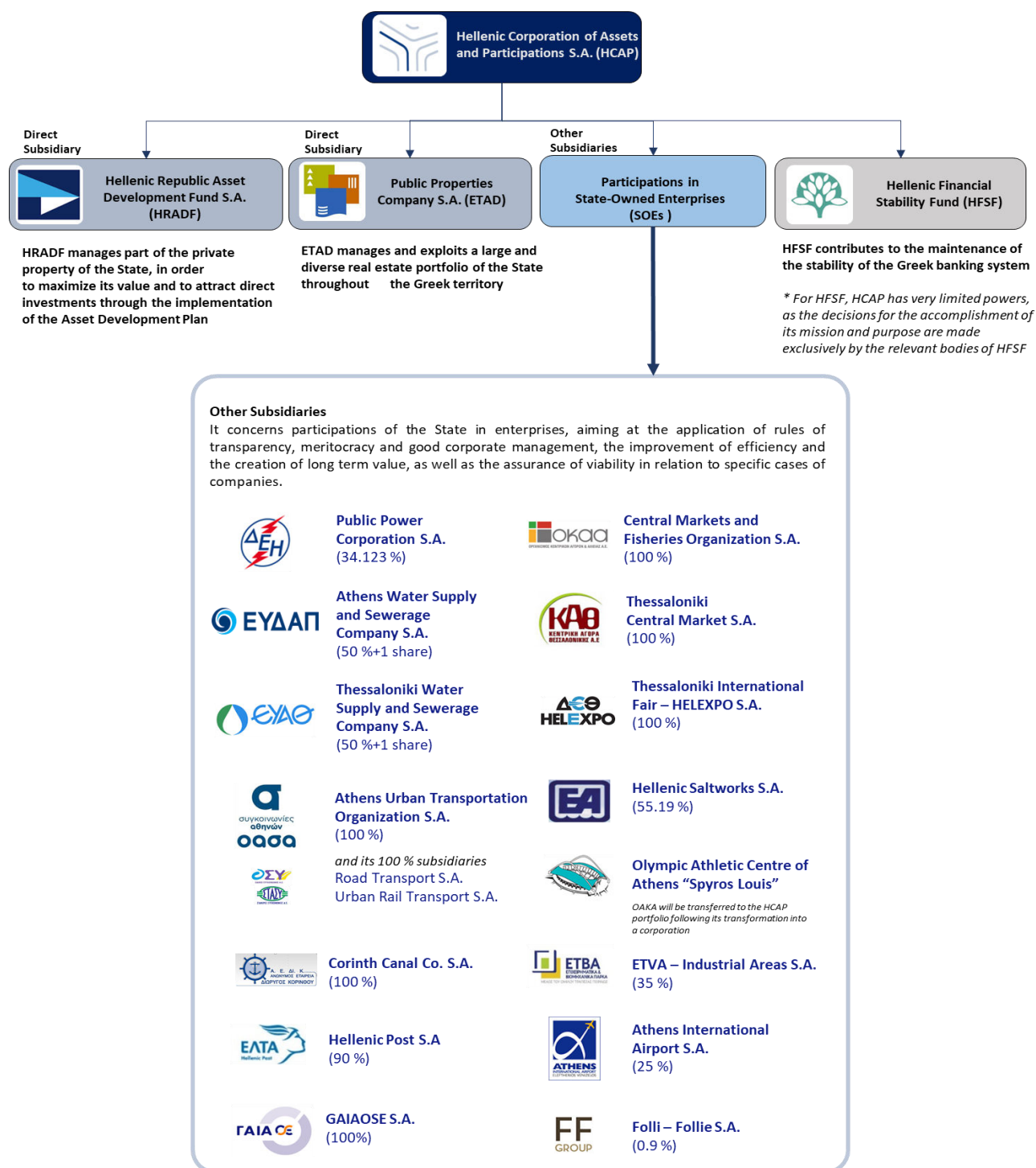
The Hellenic Corporation of Assets and Participations operates in the public interest, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. For the fulfilment of its purpose, the Corporation acts in an independent and professional manner, with a long-term perspective in relation to the achievement of its outcome, in accordance with the institutional framework laid down in its founding law, the applicable legislation and its Rules of Procedure, as well as guarantees for full transparency.

The Hellenic Corporation of Assets and Participations promotes reforms for State-Owned Enterprises (SOEs) through restructuring, promoting responsible management and good corporate governance, as well as corporate social responsibility, innovation and best corporate practices. The Corporation may also set up additional subsidiaries to achieve its purpose.

The portfolio of the Hellenic Corporation of Assets and Participations currently includes three companies as Direct Subsidiaries, namely the Hellenic Financial Stability Fund "HFSF", the Hellenic Republic Asset Development Fund "HRADF" and the Public Properties Company "ETAD", while the participations of the Greek State in SOEs which have been transferred to HCAP are referred to as "Other Subsidiaries".

The Other Subsidiaries in HCAP's portfolio are active in sectors of the Greek economy such as energy, water supply and sewerage, infrastructure, transport, services, markets, etc., sectors that impact critical sizes of the Greek economy, such as growth, employment, competitiveness and extroversion.

Structure of the Hellenic Corporation of Assets and Participations

Important Notes

* HRADF holds 30% of the share capital of Athens International Airport S.A., 17% of the share capital of Public Power Corporation S.A., 24.02% of the share capital of Thessaloniki Water Supply and Sewerage Company S.A. and 11.33 % of the share capital of Athens Water Supply and Sewerage Company S.A..

** Regarding the transfer of the shares of the water and sewerage companies, Athens Water Supply and Sewerage Company S.A. and Thessaloniki Water Supply and Sewerage Company S.A., four petitions for annulment by the Council of State with the number 692/2018, 822/2018, 693/2018 and 823/2018 have been submitted. The hearing of the above petitions was held on 27.11.2018 before the Council of State.

Other Participations and Rights

➤ Pursuant to Article 198 of Law 4389/2016, the concession contracts of the other subsidiaries shall be automatically transferred to the Corporation. The possibility of concluding or renewing concession contracts relating to SOEs whose shares are transferred to the Corporation, may be transferred to the Corporation by decision of the Minister of Finance. The Greek State, by virtue of act of the Ministerial Council, following a reasoned request of the Corporation, may decide to co-sign, on behalf of the Greek state as a third contracting party, concession contracts of property rights, intangible rights, rights of operation, maintenance, and exploitation of infrastructure, only in relation to the rights and obligations undertaken by the Greek State. By virtue of the aforementioned act the competent bodies for the countersigning of the abovementioned contracts regarding the particular terms, after the completion of the pre-contractual audit by the Court of Auditors described in Article 201 of Law 4389/2016, shall be appointed and authorized.

➤ 23 Regional Airports

1. Alexandroupolis	9. Kassos	17. Chios
2. Ioannina	10. Kastelorizo	18. Syros
3. Araxos	11. Kastoria	19. Nea Anchialos
4. Kalamata	12. Kythira	20. Sitia
5. Astypalaia	13. Leros	21. Naxos
6. Kalymnos	14. Milos	22. Kozani
7. Ikaria	15. Paros	23. Lemnos
8. Karpathos	16. Skyros	

➤ Based on the provision of Article 198(2) of Law 4389/2016, as amended and in force, any property rights, management, and exploitation rights, established financial interests, intangible rights, rights of operation, maintenance, and exploitation of infrastructures — which had been transferred previously to HRADF, by virtue of Decision No 195/2011 (GG B 2501) of the Interministerial Committee of Restructuring and Privatizations, regarding the right to grant to third parties, by virtue of concession agreements, the rights of administration, management, operation, upgrade, enlargement, maintenance, and exploitation of all state-owned airports, of which the organization, operation, and management has been assigned to the Civil Aviation Authority (CAA), including any rights of administration, management, and exploitation over movable and immovable assets that are connected to the abovementioned airports, as well as of any land of commercial or any other use located within or close to the premises of the abovementioned state-owned airports, and under the conditions to be set out in the relevant concession agreement, with the exception of the state-owned regional airports of Crete, mainland Greece and airports of islands in the Ionian and Aegean Sea, which have already been granted by virtue of concession agreements ratified by Articles 215 and 216 of Law 4389/2016 — are automatically transferred by HRADF to the Corporation, without consideration.

➤ Furthermore, pursuant to Article 350 of Law 4512/2018, the Greek State has ceded to HCAP the right to receive the dividend corresponding to the State's shareholding in the share of OTE, which amounts to 1%.

A.2. Main Administrative Bodies of the Corporation

The supreme body of the Corporation is the [General Assembly](#) of the sole shareholder, which is the Greek State, as legally represented by the Minister of Finance. The General Assembly of the sole shareholder shall be the only body responsible for deciding on matters which, in accordance with the applicable legislation, fall within the exclusive competence of the General Assembly of the shareholder, with the exception of the election and revocation of the appointment of members of the Board of Directors of the Corporation, the rules regarding the remuneration of the members of the Board of Directors and amendments to its Articles of Association.

The [Supervisory Board](#) is responsible for supervising the Board of Directors of the Corporation in order to ensure that it is operating in accordance with the provisions of the institutional framework that concerns its operation to the interest of the Corporation and to the serving of public interest. It consists of five (5) members with a five-year term of office, who are appointed by the General Assembly of the sole shareholder, in accordance with the following:

- Three (3) members selected by the sole shareholder, with the agreement of the European Commission and the European Stability Mechanism which act jointly;
- Two (2) members, one of whom is the Chairman of the Supervisory Board, selected by the European Commission and the European Stability Mechanism, acting jointly, with the agreement of the Minister of Finance.

The first Supervisory Board of HCAP consisted of the following members with a five-year term of office:

- Jacques, Henri, Pierre, Catherine Le Pape - Chairman of the Supervisory Board
- David Vegara Figueras
- Georgios Stampoulis
- Georgios-Spyros Tavlas
- Olga Charitou¹

On 07.10.2019, Mr Tavlas resigned, while on 09.10.2019, Ms Charitou and Mr Stampoulis resigned as members of the Supervisory Board. The remaining members of the Supervisory Board decided not to receive specific remuneration until new Supervisory Board members were appointed.

For the appointed of new members of the Supervisory Board was implemented the procedure laid down in Article 191(6) of Law 4389/2016. Pursuant to the General assembly Decision of the sole shareholder of HCAP dated 12.12.2019 were appointed three new members and the current composition of the Supervisory Board is the following:

- Jacques, Henri, Pierre, Catherine Le Pape - Chairman of the Supervisory Board
- David Vegara Figueras, Member
- Polyxeni (Xenia) Kazoli, Member
- Charalambos Meidanis, Member
- Avraam- Minos Moysis, Member

The term of office of the Supervisory Board is until 25 October of 2021.

¹ Without receiving any remuneration from 01.05.2019

The **Board of Directors** is responsible for the management of the Corporation and the achievement of the objects laid down in its Articles of Association. The Board of Directors shall decide on all issues relating to the management of the Corporation, apart from those issues which fall within the competence of the Supervisory Board or the General Assembly.

The Board of Directors of HCAP may consist from five (5) to nine (9) members, who are elected by the Supervisory Board in accordance with the provisions of its founding law. Also, a representative who is appointed jointly by the European Commission and the European Stability Mechanism is present at the meetings of the Board of Directors of the Corporation as an observer without voting rights.

Currently, the Board of Directors of HCAP consists of the following members:

Full Name	Position
Diamantopoulos George	Chairman of the Board of Directors, Non-executive Member
Ekaterinari Ourania	CEO, Executive Member
Giourelis Stefanos	Executive Director, Executive Member
Athanassiou Hiro	Non-executive Member
Gregoriadi Alice	Non-executive Member
Kouvarakis Themistoklis	Non-executive Member
Lorentziadis Spyros	Non-executive Member
Niforos Marina	Non-executive Member

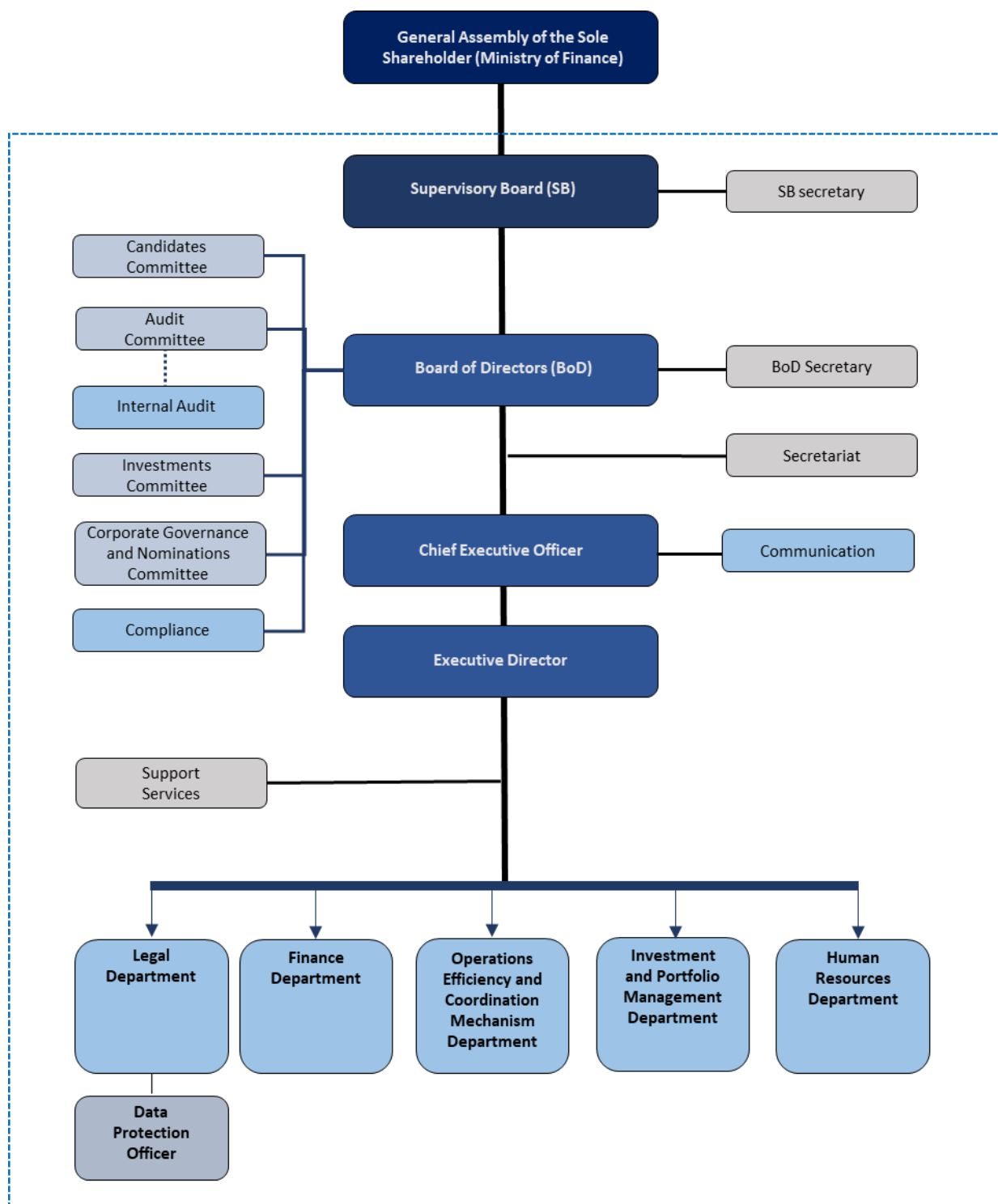
For the support of the operations of the Board of Directors, three Committees were initially established, namely:

- the Audit Committee;
- the Investment Committee; and
- the Corporate Governance Committee

Furthermore, pursuant to the provisions of the law (Article 197(4) of Law 4389/2016, as amended by Law 4512/2018, combined with Article 19(1) of Law 4618/2019), the Board of Directors of the Corporation established the Candidates Committee, consisting of executive and non-executive members of the Board of Directors of HCAP.

A.3. Organizational Chart

The organization chart of HCAP is as follows:



* The Compliance Officer supports and directly advises the Supervisory Board of the Corporation on issues of compliance that are relevant to it

A.4. Internal Audit & Compliance

The **Internal Audit Division (IAD)** supports HCAP's governing bodies in the performance of their duties and the achievement of the objectives set, by ensuring the proper application of procedures and operations by the Corporation's organisational units, as well as through auditing the application of effective internal controls and procedures, risk management, information systems and corporate governance. The IAD operates based on the "Performance Auditing Framework", which is part of HCAP's Internal Regulation. The IAD is independent and reports to HCAP's Board of Directors, through the Audit Committee, by which it is supervised.

The IAD confirms the application of governing bodies' directives and guidelines through planned and unplanned ad hoc audits of procedures, financial data and information systems, and submits relevant reports to HCAP's Management and Board of Directors. IAD staff are ensured complete freedom and unrestricted access to files, services, accounts and records, physical assets and staff of the Corporation.

The IAD prepares an annual plan of internal audit activities, based on a risk assessment, which is approved by the Audit Committee and the Board of Directors. During the third quarter of 2019, the IAD carried out the actions set out in the 2019 Audit Plan, which was approved on 13.12.2018. A relevant activity report was submitted and presented to the Audit Committee on 16.10.2019.

The **Compliance** function is responsible for the design, implementation, supervision and management of HCAP's compliance system. The aim is to develop a compliance culture and to establish the highest standards of integrity, meritocracy and good governance in every aspect of the operation of HCAP (and its subsidiaries), in line with international best practices. In this regard, HCAP has already adopted a number of policies, with the aim that these will also be adopted by the HCAP's subsidiaries.

In particular, the following compliance policies and procedures have been introduced:

- ✓ Code of Conduct
- ✓ Compliance System Framework
- ✓ Gifts and Hospitality Policy
- ✓ Anti-bribery and corruption Policy
- ✓ Guidance for the Protection of inside /market sensitive Information

The introduction and implementation of compliance policies and procedures is also part of HCAP subsidiaries' KPIs. In addition, compliance officers have already been appointed at most subsidiaries in order to better manage and implement the relevant compliance rules and procedures.

HCAP's Compliance function has also developed mechanisms and procedures to enhance the prevention of conflict of interest issues. In particular, a screening process is in place for all HCAP's subsidiaries' BoD members who are assessed and/or appointed by HCAP to ensure that their personal interests or relationships do not constitute a potential of conflict of interest. In this regard, a specific guidance on the prevention, identification and management of cases of conflict of interest for BoD members of HCAP's subsidiaries has been issued.

In addition, over the course of 2019, HCAP's Compliance function designed compliance education and training programmes for its subsidiaries (adapted to the needs of each company) and delivered tailored workshops and seminars to its subsidiaries (using state-of-the-art training tools) to promote compliance and raise awareness on relevant compliance issues.

The Compliance function is also working on the design and development of a compliance e-learning programme that will also be gradually be rolled out to all to all subsidiaries.

At the same time, HCAP also supports actions that aim to highlight the importance of compliance for Greek companies. More specifically, HCAP is represented on the Board of Directors of the Hellenic Corporate Governance Council (HCGC) and on the 15-member Experts' Council of HCGC, and participates in the Business Integrity Forum of Transparency International - Greece, which promotes corporate responsibility, transparency and accountability.

A.5 External Certified Auditor

According to the Decision of the General Assembly of the sole shareholder made on 15.11.2019, Grant Thornton was elected as external auditor for the statutory audit of the Corporation's separate statements and consolidated financial statements for the 01.01.2019 – 31.12.2019 period.

A.6. Cash Resources – Single Treasury Account

HCAP's cash is held in a cash management account at the Bank of Greece through which they are managed. HCAP's cash as at 30.09.2019 amounted to €56,697,771.

A.7. Rules of Procedure and BoD Reporting

The General Assembly of the sole shareholder adopts the Internal Rules of Procedure ("Rules of Procedure"), which regulate the operation of the Corporation and its direct subsidiaries, apart from HFSF, and are based on best international practices and OECD guidelines.

The Rules of Procedure of the Corporation may be amended by decision of the General Assembly of the sole shareholder, on a proposal of the Board of Directors, which shall be approved by the Supervisory Board. The Rules of Procedure, as it has been formed until now with decisions of the General Assembly, include the following chapters:

(a) Procurement Regulation	(h) Corporate Governance Code
(b) The Framework for the preparation of the Strategic Plan of HCAP	(i) Performance Monitoring and Reporting Framework
(c) Performance Auditing Framework	(j) Travel & expenses Policy
(d) Conflict of Interest Policy and Confidentiality Obligations	(k) Financial Reporting Standards and Framework for Financial Reporting
(e) Internal Rules of the Supervisory Board	(l) Board Evaluation and Removal Criteria concerning the Board of Directors of HCAP
(f) Remuneration & Compensation Policy for the BoD of HCAP, which incorporated the addendum of the subchapter "Remuneration Policy for the members of the BoD of the Direct Subsidiaries (apart from the HFSF)"	(m) Dividend Policy
(g) Coordination Mechanism	(n) Investment Policy

It should also be mentioned that the Corporate Governance Code is based on the Hellenic Corporate Governance Code for Listed Companies, which is mainly based on the OECD Corporate Governance Guidelines, an international benchmark for corporate governance.

Finally, regarding the reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports regarding compliance with the rules of corporate governance, as provided for by the regulatory framework of the Corporation. In the framework of the financial reports, HCAP submits:

- ✓ quarterly reports on its actions and financial statements,
- ✓ reviewed semi-annual separate and consolidated financial statements and
- ✓ audited annual separate and consolidated financial statements.

A.8. Activities from 01.07.2019 to 30.09.2019 and main subsequent events

The Corporation's most important activities during Q3 2019, i.e. from 01.07.2019 to 30.09.2019, are presented below:

April – July 2019 - Meeting were held to provide information on corporate governance and regulatory compliance issues with executives of EYDAP, OASA, TIF-HELEXPO, GAIAOSE, AEDIK and OASA.

July – October 2019 - During this period, the Ordinary General Meetings of the HCAP subsidiaries listed below were held, where HCAP was represented as a shareholder and exercised its voting rights on the items on the agenda: ETAD, HRADF, Hellenic Saltworks, CMT, OASA, CMFO, ELTA, TIF-Helexpo, ETVA-VIPE, GAIAOSE.

July – September 2019 – Approval by HCAP of the amendments to the Articles of Association of the other subsidiaries of HCAP for the purpose of their harmonisation with the provisions of Law 4548/2018.

18.07.2019 – Approval of the 2020 HCAP budget for the purposes of the state budget, and approval of the updated Mid-Term Budget for the purposes of reporting to the Greek State.

02.08.2019 – During the Extraordinary General Meeting of EYATH, the Board of Directors of HCAP decided on the election of a new Chairperson of the Board of Directors of EYATH.

22.08.2019 – During the Extraordinary General Meeting of PPC, the Board of Directors of HCAP decided on the election of a new CEO and four members of the Board of Directors of PPC. One additional member of the Board of Directors of PPC, nominated to HCAP by the Minister of Finance in accordance with Article 197(4) of Law 4389/2016, was elected to the Board of Directors of PPC during the abovementioned General Meeting.

27.08.2019 – During the Extraordinary General Meeting of EYATH, the Board of Directors of HCAP decided on the election of a new CEO of the Board of Directors of EYATH.

06.09.2019 – Approval of the Q2 2019 Report for the period from 01.04.2019 to 30.06.2019 on the activities and financial statements of the Corporation, in accordance with Article 195 of Law 4389/2016. The Report was submitted to the Supervisory Board for approval and was subsequently posted on the Corporation's website.

19.09.2019 – Approval of the Q2 2019 Corporate Governance Report for the period from 01.04.2019 to 30.06.2019 on compliance with the corporate governance rules laid down by law and the Corporation's Rules of Procedure, in accordance with Article 192 of Law 4389/2016. The report was then submitted to the Supervisory Board.

07.10.2019 - During the Extraordinary General Meeting of ELTA, the Board of Directors of HCAP decided on the election of a new CEO, an Executive Director and a Non-Executive Member of the Board of Directors of ELTA, in accordance with Article 197(4) of Law 4389/2016.

15.11.2019 – Ordinary General Meeting of HCAP and approval by the sole shareholder of the Annual Consolidated and Separate Financial Statements for the fiscal year 01.01.2018 – 31.12.2018 and of the relevant reports of the Board of Directors and of the certified auditors as well as of the overall management that occurred during the abovementioned fiscal year.

Boards of Directors of subsidiaries

Appointment of members to the BoDs and Audit Committees

Following the review of a large number of CVs and after the shortlisting and further assessment of a large number of professionals, HCAP's Board of Directors, following relevant proposals of the Candidates Committee, has appointed, as of the end of September 2019, 65 members in 11 Boards in HCAP portfolio companies, through open, professional and transparent procedures.

During Q3 2019, two (2) SOE Boards of Directors were filled following market research, evaluation, and numerous meetings with potential candidates with qualifications for executive and non-executive positions and with the support, on a case-by-case basis, of qualified consultants of recognised standing and experience.

It is important to highlight that most of the newly appointed board members have long professional experience of more than 20 years in the private and/or wider public sector, having driven successful business initiatives and managed large teams and operations in Greece and/or abroad.

Also, recognizing the importance of the role of the Audit Committee in a BoD, HCAP has appointed, as of the end of September 2019, twelve (12) Audit Committees Chairs at the Boards of Directors of ETAD, ELTA, PPC, Corinth Canal, KATH, GAIAOSE, EYATH, OASA, EYDAP and Hellenic Saltworks, while the appointment of the remaining ones will be completed soon in order to ensure the objective of the proper functioning of the Audit Committees in SOEs.

Also, following a recommendation of HCAP, an Audit Committee has been established and operates at HRADF pursuant to a resolution passed by HRADF's Board of Directors in July 2019.

Training and education of the subsidiaries on regulatory compliance and corporate governance issues

The Corporation actively supports the work of the Hellenic Corporate Governance Council (HCGC), in which it also participates along with the Athens Stock Exchange, the Hellenic Federation of Enterprises, the Hellenic Bank Association and the Hellenic Fund and Asset Management Association.

HCAP's portfolio includes several companies that influence the critical economic factors of the country, such as growth, employment, competitiveness and extroversion, and as such, HCAP recognizes the adoption of corporate governance rules and good practices as an important part of its mission. In this context, it is working systematically to improve corporate governance in State-Owned Enterprises through a number of initiatives and actions:

- It is upgrading the role of Audit Committees in the Boards of its subsidiaries by appointing as committee chairs people with appropriate knowledge and professional experience to effectively support the Boards in the context of financial reporting quality, internal audit and risk management.
- It is developing a corporate governance toolkit and best practice manuals for the its portfolio companies.
- It systematically evaluates the progress of compliance and corporate governance rules implementation, using specific key performance indicators.
- In collaboration with its subsidiaries and with the support of specialised work groups consisting of HCAP executives, it is developing and implementing compliance policies and procedures, and organises training

programs for its subsidiaries tailored to the needs of each company, aiming to raise awareness in relation to good corporate governance topics.

HCAP has designed policies and educational programmes which are being implemented to its subsidiaries with the aim to create added value, as well as to take advantage of the momentum derived by communication and increased awareness of SOEs' executives and employees on compliance issues through continuous training.

A sample of these tools and their implementation was demonstrated by the HCAP CEO and its executives during the 'Corporate Governance & Compliance of BoD Members' event held at the Athens Stock Exchange on 03.09.2019. More specifically, in order to elaborate on the functionality of the HCAP educational schemes and tools, the event participants, comprising representatives of approximately 50 listed companies, were asked questions to which they responded interactively and in real time using special voting buttons. From their responses the importance of corporate culture was highlighted as theoretically being clear to everyone, although its effectiveness in each organisation differs and is open to significant improvements.

In addition to the workshops, HCAP is completing an innovative for Greek standards e-learning programme addressing to its personnel which relates to matters of conduct, ethics and compliance, which will be gradually implemented at all its subsidiaries, and could be used widely for state organisations and/or the private sector, as it is based on international standards and tools.

[Appointment of the new Chairman of the Board of Directors of Thessaloniki Water Supply and Sewerage Company S.A.](#)

The Hellenic Corporation of Assets and Participations S.A. ("HCAP") announced on the 2nd of August the appointment of the new Chairman of the Board of Directors of Thessaloniki Water Supply and Sewerage Company S.A. ("EYATH").

The Board of Directors of HCAP, majority shareholder of EYATH, acting within its responsibilities, unanimously decided the appointment of Mr. Agis Papadopoulos as Chairman, Non-Executive Member of the Board of Directors of EYATH.

Below there is short a CV of the new Chairman of the Board of Directors of EYATH:

Mr. Agis Papadopoulos graduated from the German School of Thessaloniki. He obtained his Diploma in Mechanical Engineering from the Aristotle University Thessaloniki in 1989, his Master of Science in Energy Conservation and the Environment from Cranfield University (UK) in 1991, and his Doctorate in solar systems, from the Aristotle University Thessaloniki in 1994.

Since 1998 he is Professor of energy systems at the Department of Mechanical Engineering of the Aristotle University Thessaloniki (1998 Assistant Professor, 2004 Associate Professor, 2010 Professor). Since 2013 he is Director of the Process Equipment Design Laboratory at the same Department. His main research interests lie in the fields of (a) Energy efficiency and Renewable Energy Sources, (b) Energy and environmental design of buildings and (c) Energy economics. He has directed more than 65 research national and European research programs and he has published, alone or with colleagues, more than 115 papers in scientific journals. He is Editor-in-Chief of the International Journal of Sustainable Energy.

He has been a board member of the Hellenic Regulatory Authority for Energy (2003-2005) and a Vice-Chairman of the Governing Board of the Open University of Cyprus (2014-2018). Since 2015 he is Visiting Professor at the Technical University of Hamburg (TU Hamburg-Harburg) in Germany.

Appointment of new CEO and five Members of the Board of Directors of Public Power Company (PPC)

The Board of Directors of HCAP, shareholder of PPC, acting within its responsibilities, unanimously decided the appointment of Mr. Georgios Stassis as Chief Executive Officer of the Board of PPC. On August the 22nd of 2019, the extraordinary General Meeting of PPC took place, in which Mr. Stassis was elected as PPC's Chief Executive Officer.

Below there is a short CV of the new CEO of the Board of Directors of PPC

Mr. Georgios Stassis worked for ENEL SpA, the Italian multinational energy company where among others he held the position of the Head of Enel Green Power responsible for the area of Eastern Europe and Middle East until 2015.

Mr. Georgios Stassis worked for ENEL SpA, the Italian multinational energy company where among others he held the position of the Head of Enel Green Power responsible for the area of Eastern Europe and Middle East until 2015.

From 2016 until 2019 Mr. Stassis has been the President& CEO of Enel Romania Srl. the largest energy company in Romania. He has more than 13 years of experience in the Energy market, and has served in the Boards of various organizations and associations of the Energy Sector in Greece, and abroad.

Mr. Stassis holds a bachelor's degree in Civil Engineering and a master's degree in management in Construction and Structural Design (Kingston University, UK). Moreover, Mr. Stassis has attended Executive Courses at Harvard Business School (US) and Elis Academy (Italy).

Furthermore, on the subject of the extraordinary general meeting of PPC "Members of the Board of Directors Election", HCAP suggested in the general meeting the above mentioned nominees:

1. Paterakis Alexandros
2. Theodoridis Stephanos
3. Vlassopoulos Anastassios
4. Kardamakis Stephanos

Furthermore, HCAP voted at the General Meeting for the election of Mr. Pyrros Papadimitriou as a member of the Board of Directors of PPC. Mr. Papadimitriou was suggested by the Minister of Finance pursuant to the provisions of article 197 par. 4 of law 4389/2016.

Below there are short CVs of the abovementioned members of the Board of Directors of PPC:

Alexander Paterakis

He holds a BSc in Computer Engineering and Mathematics from the University of La Verne. Alexander Paterakis began his career as a Network Engineer and subsequently held a series of senior IT positions such as Head of Consulting Division in MicroAge, Management Consultant in Arthur Andersen (now Accenture) in

the UK as well as in Greece. In 2003 he served as Information Technology Director at Tellas, a fixed & broadband Greek operator. Then he joined Vodafone where he was promoted to CIO. He moved in Etihad Etisalat (Mobily), where he was appointed as a Chairman of Infotech Mobily India Pvt Ltd and completed his career as a CIO in Saudi Arabia driving the ICT transformation. Since 2016 he provides business consulting services focusing in digital strategy field. Since 2018 he holds the position of CIO in AXIATA Celcom, a telecommunication provider in Malaysia.

Stephanos Theodoridis

Stephanos Theodoridis has served for more than 35 years as Senior Executive of business groups in Greece and abroad, of which 25 years as Managing Director. From 1989 to 2006, Mr. Theodoridis was the Managing Director at DIAGEO S.A., initially for Greece and subsequently for Southern & Eastern Europe, with responsibility for 18 markets. In this capacity, was also a member of the European Executive Committee of the Company. From 2006 to 2011, Mr. Theodoridis was CEO of HYATT/REGENCY SA, a leading Company in Tourism & Leisure sector. Since 2012 up to date he holds the position of the Managing Director of TEMES S.A., a leading investor, developer and operator in the high-end tourism destination and real estate sector in Greece. Alongside his current position serves as Vice Chairman of PREZIOSI Group in Greece & Turkey, BoD and ExCo of IOBE and Member of General Council of SEV.

Tassos (Anastassios) Vlassopoulos

Tassos Vlassopoulos is a senior executive of large corporations with a total of 28 years of experience in the energy and hydrocarbons sector. Currently, he works as an independent advisor with special interest in energy and petroleum. During his career, he has held C-level positions such as Chief Marketing Officer (CMO) of GE Oil & Gas, globally, driving product management excellence, market & portfolio strategy and growth initiatives. Being responsible for the business strategy in Europe, Russia and North Africa in GE Energy, he has also acquired extensive experience in Fossil and Renewable Power Generation. Previously, he held the position of Head of Oil & Gas Research globally at the Boston Consulting Group and several commercial development roles with leading oil & gas majors, driving M&A and investment appraisals. Recently, he held the position of Director of Global Marketing at IMI Critical Engineering. Mr. Vlassopoulos has cooperated with various Regulatory Authorities and has also published articles. He holds an MSc in Operations Research from London School of Economics and a BSc in Economics from the University of Piraeus.

Stefanos Kardamakis

Born in Athens in 1967. He graduated from the Department of Mechanical Engineering from the National Technical University of Athens in 1991. He obtained an MSc in Shipping, Trade & Finance from the City University, Cass Business School in London. He started his professional career in 1993 from the Technical Department of Adelfia Shipping Enterprises, a Greek Shipping company. In 1994 he was hired from ABN AMRO Bank as Relationship Officer in the Greek Shipping Unit of the Bank where he was promoted to a Vice President of the Shipping Unit. In 2004 he assumed the position of the Head of Shipping in Egnatia Bank, to establish a shipping portfolio at that time. During his 14 years' career in the banking sector he dealt with the evaluation of new credit proposals, corporate finance transactions and treasury products, structuring and selling of syndicated facilities for large Greek shipping companies. Moreover, he focused on the improvement of the procedures and introduction of new processes ensuring the smooth operation, monitoring and improvement of the credit & operational risks, and also the restructuring of non-performing loans. In 2008, he assumed the position of the CFO of Conbulk Shipping S.A. a fast- developing container vessel operator and since 2019, he has served also as COO of the company, being responsible for all operational, technical and financial matters.

Appointment of new Chief Executive Officer of the Board of Directors of EYATH

HCAP announced on 27 August 2019 the election of a new CEO of EYATH.

The Board of Directors of HCAP, majority shareholder of EYATH, acting within its responsibilities, unanimously decided the appointment of Mr. Narkissos Georgiadis as Chief Executive Officer, Executive Member of the Board of Directors of EYATH.

Below there is a short CV of the new CEO of the Board of Directors of EYATH

Narkissos (Nassos) Georgiadis holds a Bachelor Degree in Economics from Pittsburgh University, USA (1982) and a Master Degree in Business Administration (MBA) from Manchester Business School (1990). He has an extensive experience in managing industrial and commercial companies as he has served for more than 20 years as Chairman, CEO and Board Member of multinational and listed groups in Greece, Germany and Italy across multi- industries including automotive, textiles and consulting. He began his career with Procter & Gamble GmbH in Germany as Financial Analysis Manager for Richardson-Wicks product lines, and Analysis & Budget Control Manager for Blendax. From 1998 to 2007 he worked for DAIMLER AG as a President & CEO in EVOBUS subsidiary in Greece and Italy. In Greece he developed a turnover of the company from 20 million euros to 110 million euros in 6 years. Moreover, he served as a Member of the Board of Management for DaimlerChrysler Italia Holding in Rome with a turnover of 4,2 billion euros. From 2007 to 2016 he held the positions of the Deputy CEO and subsequently CEO in the listed company Hellenic Fabrics Group executing one of the most complicated restructuring projects in Greece. Since 2016 he has been working as a business consultant in WERNER International Inc. developing business plans for governments and global textile, while the last year he undertook the coordination of the restructuring project of Folli-Follie Group.

Appointment of new Chief Executive Officer and two members at the Board of Directors of Hellenic Post (ELTA) S.A.

The Board of Directors of HCAP, majority shareholder of ELTA, acting within its responsibilities, according to the procedures provided by article 197, par.4 of law 4389/2016 and following the resignation of the Chief Executive Officer and one of the non-executive members of the BoD of ELTA, assessed and selected professionals with experience in important enterprises of the private sector and relevant knowledge to manage the challenges and take advantage of the opportunities in transforming ELTA.

Taking into account the above, HCAP unanimously decided the appointment of the following members to the Board of Directors of ELTA, during the extraordinary general meeting that took place on 07.10.2019:

1. George Konstantopoulos, CEO, Executive Member of the Board of Directors
2. Vassilis Balourdos, Managing Director, Executive Member of the Board of Directors
3. Konstantinos Kesentes, Non – Executive Member of the Board of Directors

The current nine – member Board is supplemented by the non –executive members that were appointed on the company's General Meeting that took place on 30.08.2018

George Konstantopoulos (Chief Executive Officer)

George Konstantopoulos studied at Ryerson University, Toronto, Canada and graduated in Electrical Engineering Technology. His extensive experience spans international and Greek companies in the Tech and IT space. He co-founded Byte Computer, a rapid growth software and IT Solutions Integrator in Greece, where

he remained Managing Director for several years. Between 1997 and 2002 he was appointed Country Manager for Lotus Development Corporation, an IBM company, where he successfully drove the strategic direction and growth across a region of three countries (Greece, Cyprus & Malta). Later, based in London, he joined SBR Consulting as Director & Partner, where he helped Tech and IT clients solve difficult challenges by introducing business transformation, restructuring and growth optimization programs. During his professional career he established collaboration with multi-national firms including Google, Microsoft, SAP, Oracle, Vodafone Cisco, HP, T-Systems, Expedia, etc. In recent years, he held the position of Chairman & CEO of SingularLogic Group, a leading enterprise software developer and provider of integrated IT Solutions.

Vassilis Balourdos (Managing Director)

Vassilis Balourdos holds a BSc in Accounting and Finance from American College of Greece (Deree College) and also a Postgraduate Degree in International Business Strategy from the Maastricht University. In 1995 he began his professional career at Kraft Jacobs Suchard where he left as a Treasury and Credit Control Manager. The next years he pursued a career in the telecommunications, holding managerial positions in large companies in the industry. From 2000 to 2010 he worked with Vodafone, and undertook positions of responsibility, initially in Finance and then in Commercial Departments. In 2010 he joined Wind and was appointed to the role of Marketing Executive Director and member of the Management team of the company as well. He also held the positions of Executive Director in the Fixed and FMC Consumer Marketing, as well as in Business Development. Mr. Balourdos has significant experience across a wide range of commercial activities as well as in developing and implementing new business partnerships in competitive markets.

Constantinos Kesentes (Non - Executive Member)

Born in 1965. Graduated from the Department of Electrical and Computer Engineering of the University of Patras where he also attended a postgraduate research program in Neural Network applications. CoFounder and for fifteen years CEO of Knowledge SA, an IT company with activities in the fields of Natural Language Processing, Speech Processing and large-scale distributed IT systems. In 2003 he undertook the position of General Manager of ECDL Hellas SA, which in 2009 has been transformed, based on innovation and technology, into a global Certification Services provider, under the brand PeopleCert. He served as Executive VP and COO/CTO of PeopleCert Group (2009-2018) and as the Chairman and CEO of PeopleCert Global Services SA (2016-2018). He also served as Member of the General Council of the Hellenic Federation of Enterprises (SEV), Board Member of Hellenic Association of Accredited Certification Bodies (HellasCert) and General Secretary of Federation of Hellenic ITC Enterprises (SEPE). He has been appointed as non-executive member of the Board of Directors of GAIAOSE S.A.

Setting of business goals and Key Performance Indicators (KPIs)

During Q3 2019, the procedure for monitoring the progress achieved by the subsidiaries in terms of Key Performance Indicators continued. Following the lapse of the first nine months of the year, the companies submitted to HCAP their revised projections for 2019 regarding financial, functional and quality indicators.

Through this systematic and regular re-assessment of indicators, companies have become familiarized with and have fully adopted this new procedure, a considerable value-added element by HCAP in its subsidiaries.

In this context, meetings with the management of the companies were held in order to further analyze the results (2019 estimate vs 2019 target) and to initially discuss on the new targets set for the next three years (2020-2022).

Coordination Mechanism

During Q3 2019, the main actions continued, targeting at the initial implementation of the Coordination Mechanism provisions, through which the procedures and the relevant deliverables are set.

In the context outlined in the Rules of Procedure, HCAP prepared templates of relevant deliverables (Mandate, Statement of Commitments, and Performance Contracts) and attended a number of meetings with SOEs and representatives of the Ministry of Finance and the State General Accounting Office, as well as representatives of the supervising Ministries.

In communication and cooperation with the Government formed in July 2019, the implementation model of the Coordination Mechanism was finalized. Pursuant to Ministerial Council Act 38 of 31.10.2019 (GG A 172/4-11-2019), a Cabinet Committee for the Coordination of SOE Governance. In this MC Act, the composition and responsibilities of the Cabinet Committee were set out and a Support Team to aid the Committee in its work was established.

Additionally, a number of actions are underway, including:

- Appointment of parties responsible and establishment of communication channels
- Review of the Mechanism deliverables
- Updating of targets and Key Performance Indicators for the 2020-2022 horizon included in the Statement of Commitments
- Commencement of discussions and consultation with subsidiaries involved in the provision of Services of General Economic Interest (SGEIs).

Inclusion of EYDAP shares on the FTSE stock index of the Athens Stock Exchange

During the semi-annual revision of the composition of the FTSE/Athex indicators for the May 2019 - October 2019 period, the shares of EYDAP were added to the Large Capitalization stock index (FTSE/ATHEX Large Cap). The change will be valid starting Monday, December the 23rd of 2019. Since the resolution passed by the Board of Directors of HCAP in June 2019 to appoint a new CEO, the company's capitalization has increased considerably. More specifically, by the end of Q3 2019, the capitalization of EYDAP increased by over 10%, while during the same period the FTSE/Athex Large Cap stock index fell by 1%. The addition to the stock index is important as it can attract investment funds that will boost the performance of the shares and, therefore, increase capitalization.

Investments

HCAP subsidiaries implement a broad investment programme supported and funded by the NSRF 2014-2020. This programme includes projects of varying maturity and size. At present, as the current NSRF programming period is nearing its end, SOEs must consult with the Ministry of Development and Investments in order to actively contribute towards preparing the programme for the 2021-2027 period.

Consequently, the investment programmes of the HCAP subsidiaries take place at two levels: a) projects of the current programming period; b) planning and maturity of projects of the next programming period.

As regards the current programming period, the majority corresponds to investment proposals by the two water supply and sewerage companies (EYDAP and EYATH), while there are also smaller projects of the HCAP subsidiaries. These include:

- **EYDAP:** Construction of sewerage pipes in Anixi, Dionysos, Stamata and Rodopoli areas of Dionysos Local Authority. The construction of this project was completed during the period under review
- **EYDAP:** Sewerage Network Construction of the Municipality of Paiania.. The project is underway, with an estimated completion date of year 2021
- **EYDAP:** Sewerage Network Construction of the Municipality of Pallini. The tender procedure for the selection of contractor is at final stage.
- **EYATH:** Thessaloniki Water Treatment Plant Expansion - Phase A2. The tender process has commenced.
- **EYATH:** Projects for the completion of the Thessaloniki Low Level Areas Sewerage Network connection. The relevant construction contract has been signed and the construction is expected to commence shortly.
- **EYATH:** Remote control and automation of the EYATH's Service Area Water Supply System. Tender process at a final stage.
- **ETAD:** RESTORATION AND PROMOTION OF THE CAVES AND BUILDING FACILITIES OF DIROS IN THE PREFECTURE OF LACONIA - PHASE B. The project is underway
- **ETAD:** RESTORATION AND PROMOTION OF THE ACHILLEION COMPLEX IN CORFU (PHASE B). The project is in the process of being included in the NSRF

Consolidation of the Financial Results of SOEs

In 2017, HCAP held shares in 2 consolidated companies and, as of 01.01.2018 (plus GAIAOSE as of 01.07.2018), it obtained shares in a further 13 SOEs (as well as their subsidiaries and associate companies). This constituted a crucial challenge, as this would mark the first time the shareholdings of the Greek State (majority or minority through HCAP) in 15 undertakings and numerous other subsidiaries or associate companies thereof would be consolidated.

Generally speaking, this was one of the most complex endeavours given the reality of the Greek market, both due to the number of so many and so different companies that had to be consolidated and due to the size of their balance sheets. After a reasonable period of time from the transfer of the companies, HCAP implemented actions to improve the quality of financial information and reports, including:

- ✓ It applied a procedure for the establishment of audit committees (or the enhancement of existing ones) at these companies, staffing them with Chairpersons with accounting and auditing knowledge that was sufficient by law, and ensuring the independence of Audit Committee members.
- ✓ It made a great effort to resolve and correct as many of the problems identified in the financial companies of these companies by external certified accountants as possible; as a result, from a total of 35 observations and points emphasised in the 2016 financial statements, these dropped to 21 in the 2017 financial statements and further dropped to approximately 15 for the year 2018.
- ✓ It began an effort to identify the most important differences in the accounting policies followed by the subsidiaries and to converge them, in order for the consolidated financial statements to be presented using uniform accounting policies.

Corporate Governance Enhancement for the HCAP portfolio companies

More specifically, HCAP is cooperating with a specialised external advisor in order to identify inefficiencies and/or areas for improvement, completion and/or update relating to corporate governance in the companies of its portfolio (HRADF, ETAD, OASA, ELTA, CMFO), including but not limited to the rules of procedure of the corporate bodies (BoD, Audit Committee) in relation to best practices at a European level for SOEs, that could be integrated into the operation of HCAP portfolio companies. The purpose of this project, on the basis of the findings of the aforementioned exercise and through the identification of priority areas concerning the corporate governance of the subsidiaries, is to prepare a single corporate governance handbook with proposals for improving policies and procedures, and guidelines on the preparation and implementation of an effective and functional corporate governance system at the direct and other subsidiaries.

Central Market of Thessaloniki - Crowdfunding

During Q3 2019, the strategic plan for the implementation of a Crowdfunding campaign concerning the operation of the 'Kioniki Epistitiki Voithia' CNPC was carried out. This campaign is planned to launch as soon as possible, in cooperation with the unique in Greece Act4Greece crowdfunding platform operated by the National Bank of Greece with well-established strategic bodies. Through this very useful tool and the multiple accessibility to sources of funding it offers, it is estimated that the goal of the programme to aid weaker social groups and to limit food waste will be achieved. This enhances the corporate social action of HCAP, while the technology used paves the way for similar actions in the future.



Technology, Digital Transformation and Synergies

HCAP has made the technological upgrading of the companies in its portfolio a top priority, ultimately aiming at contributing to the country's digital convergence at European levels. The most important actions that were scheduled during the first nine months of 2019 and are underway include:

Digital strategy of companies - At the initiative of HCAP, a number of presentations and briefings were organised, and the companies were asked to prepare a digital strategy. Based on a methodological framework proposed by HCAP, the companies are called upon to plan a mid- to long-term plan for their digital transformation through specific actions and a roadmap.

Establishment of an Innovation Committee at the HCAP level – The Committee consists of members of the Boards of Directors and Senior Management executives of the subsidiaries and HCAP with an academic background and/or experience in technology and IT. Its main purpose is to explore synergies between the enterprises in HCAP's portfolio and the technologies that can promote innovation in the areas where they are active, as well as to examine international best practices, business models and examples of innovation from the international environment, including the EU.

Technology projects at OASA - The modernisation of public transport will also be achieved through technology, with the adoption of digital solutions for smart and green development. Examples include a preventive maintenance system, a passenger information system using digital signage equipment to be

installed on vehicles and at stops, an integrated ERP system, etc. One pilot project underway is the provision of Wi-Fi to passengers, utilising the telecommunications equipment already installed in buses.

Technology projects at ELTA - At ELTA, technologies is integrally linked to the sustainability and strengthening of the company in a particularly demanding environment. In this direction, one of the pilot projects planned by ELTA is the creation of 'Smart Parcel Stations' for the automatic submission and collection of parcels, and a network of 'Smart Mailboxes'.

Synergies through the creation of a single geographic information system (GIS) - HCAP is creating a single geographic information system (GIS) relying on the geospatial data of the companies in its portfolio. Upon the completion of this endeavour, the result can be used as a tool for implementing a single system for the strategic management and utilisation of the real estate properties of SOEs.



HCAP Strategic Framework for the development of the real estate property of the companies in its portfolio

Within the framework of digital transformation as previously described and during the second half of 2019, HCAP has started implementing specific actions aiming at the identification and the documentation of the real estate property and the infrastructure of its subsidiaries into a Geographical Information System (GIS). The completion of such an undertaking, regardless of its size and the requirement of accessing accurate data, will lead to the optimum use of public resources, as the information system will be used as a tool for applying a single real estate development and exploitation strategy, for the real estate property that the State Owned Enterprises own. This strategy, could eventually surpass the strict boundaries of the HCAP group, since, for cases where this is technically and legally feasible, there could be some interoperability between HCAP's GIS and other peripheral systems, such as the Cadaster and the Asset Registry of the (former) General Secretariat of Public Property. This could result to synergies achievement, both within the HCAP group, and between HCAP's direct and other subsidiaries and the Greek State, leading to multiple benefits.

HCAP has already proceeded with the formulation and the required adaptation of the implementation methodology, according to which, the project splits into specific work packages for which specific scheduling is implemented. In the same time, the basic metadata – related issues have been identified, to be easier for the dataset to be homogenized.

HCAP is working closely with GAIOSE for the implementation of this project, as the company already operates such a system that has implemented internally, thus holding the relevant expertise.



Reporting and data elements framework for HCAP direct & other subsidiaries

The implementation of a target – setting model using KPIs to the subsidiaries is one of the main pillars of HCAP's Business Planning.

Through a common effort with the Structural Reform Support Services of the European Commission and the Ministry of Finance, HCAP takes part in the documentation of the totality of reporting requirements of its' subsidiaries. In more detail, during the second half of 2019 HCAP has coordinated the effort of data elements gathering that its' subsidiaries are required to report to various stakeholders, as those stem through their legal & regulatory framework (for instance reports to the General Accounting Office –GAO, to the supervising

Ministries, etc). Furthermore, all the internal reports were documented, for the direct and other subsidiaries that HCAP is the sole or the majority shareholder, excluding the listed companies for reasons of Corporate Governance.

The target – setting model that HCAP already applies, is added on top of the information described in the previous paragraph. The documentation ends up on a data element level, describing what exactly is being measured. Furthermore, each data element, is accompanied by the information about whether it can be produced through, or outside of the current information systems infrastructure, and all the relevant dimensions that each data element should be analyzed upon. This documentation leads to HCAP having received a deliverable that could stand as the initial deliverable of a Business Intelligence or Budgeting & Forecasting Information Technology project (the decision between the two will be taken on a latter, more mature phase of the project).

This is the first time that such a detailed documentation on an SOE level takes place, and it clearly depicts the reporting obligations that the SOEs have towards the Public Administration (resulting in problems identification due to multiple laws) but also towards HCAP as their shareholder.

After the completion of the documentation, HCAP will examine the feasibility of its transformation into a Management Information System, as already noted.



Work Groups

Within the framework of pursuing its strategic goals, HCAP has created work groups that are assigned to explore the below mentioned areas of interest:



Corporate Social Responsibility

The work group is assigned with the analysis of important factors related to propelling a new corporate culture, while at the same time, emphasis is given on issues like the company's environmental footprint, society, placing the citizen to the epicenter of the company's operations, voluntarism, social offering, human resources development, innovation and digital transformation.



Consultation with stakeholders

HCAP's goal is to prove the extroversion of its operations in practice, by creating vivid communication channels with the stakeholders, for issues that fall into HCAP's jurisdiction and the General Interest definition, so as to adopt practices and the stakeholder's approach in a series of matters.



HCAP holds a company portfolio with great population coverage and a great variety of operations. Therefore, is investigating ways of partnership with training institutions and organizations, contributing in such a way to the formulation of a corporate culture of the future managers of the Greek economy.

The work group aims at promoting equal opportunities, inclusion, as well as gender parity among the companies in HCAP portfolio, through various ways. To this end, the corporation is investigating relevant best practices both from the public & private sectors, in Greece and internationally. The primary goal is to create an action plan which would promote and accelerate equal professional opportunities.



Mentorship



Equal opportunities / Diversity

The formulation of the abovementioned work groups aims to the adoption of relevant practices by both HCAP and the companies in its portfolio. Towards that direction, and given the corporate governance restrictions and capabilities, HCAP aims to the creation of specific "expectation documents" to be handed to the boards of its subsidiaries. These documents will be communicated shortly.

B. Company Financial Information (for Q3 2019)

B. Separate Financial Statements

The Hellenic Corporation of Assets and Participations S.A. (hereunder "HCAP") acquired legal personality upon its registration in the General Commercial Registry (GEMI) on 25.10.2016. The Board of Directors of the Corporation convened as a body on 16.02.2017 and therefore 2017 was the starting year of operations, organisation of its structure and its gradual staffing. During that year, the Corporation held shares only in ETAD and HRADF.

From the year 2018 onwards and in accordance with the provisions of Law 4512/2018 and Law 4549/2018, the assets of the Corporation changed through the transfer to HCAP of the Greek State participation in 13 SOEs. As a result, during this year, HCAP recorded for the first time dividend income and profits, while the transfer of these companies necessitated a change in its structure and staffing, a procedure that was underway during 2018 and was almost completed during the first nine months of 2019.

In 2019 the performance of HCAP in terms of revenue and profitability further increased. The improvement in the financial data of HCAP is presented below:

	30.09.2019	2018	2017
Turnover	41,317,439	16,997,936	0
Profit / (Loss) After Tax	37,724,041	13,060,356	-3,143,395
Total assets	59,645,469	20,909,873	7,719,932
Total equity	57,433,706	19,709,665	6,652,166

As regards the results of the nine-month period of 2019:

- there is a considerable increase in the Corporation's revenue and profitability as a result of the maturity of its new structure and activities and of the active management of dividend expectations and companies dividend distribution capabilities. As a result of these changes, revenue almost doubled and profit almost tripled in comparison to total year of 2018, while this performance is expected to further improve during Q4 2019.

As regards the results of Q3 2019:

- Dividend income is recognised for on the date of the dividend approval by the General Assembly Meetings of the companies in HCAP's portfolio, usually held during Q2 or Q3; as a result, Q2 appears highly profitable, while Q1, Q3 and Q4 usually depict mainly operating costs and zero or little revenue.
- The variance in the results for Q3 (and the first nine months) of 2019 in comparison to the same period in 2018 is mainly due to the maturity of the corporation's structure and activities. From 01.01.2018 onwards (and, subsequently, from 01.07.2018 onwards, with the transfer of the Greek State's shareholding in GAIAOSE to HCAP), there was a significant change in the number of shareholdings in its portfolio (from two companies to fifteen)², necessitating a change in its structure and staffing, a procedure that was underway during 2018 and was almost completed during the first nine months of 2019.
- The increased dividend income during this quarter is mainly due to the increase in dividends distributed by the subsidiaries CMFO and CMT due to increased profitability.

As a holding company, HCAP's revenues in the separate financial statements mainly derive from dividends, interest and other capital gains/income from assets under management, while its expenses mainly relate to administrative expenses for its operation and the fulfilment of its mission. As regards dividend income, it must be noted that, due to the nature of the relevant revenue stream for HCAP, there is:

² Except the subsidiary HFSF.

- Significant variance in the operating results and the revenue between the quarters within the same financial year: Dividend income along with the operating results of the Corporation present significant variations within the quarters of each financial year as they depend on the timing of the subsidiaries' General Assembly Meetings during which the dividends are approved and which are usually held during Q2 and Q3 of each year.
- Time lag between the profitability of associated companies and dividend collection by the Parent Company: There is a time lag between the period that the subsidiaries create the profitability and the period that the dividends are collected (e.g. the subsidiaries' profits of each financial year are distributed during the next financial year).
- Existing restrictions on the distribution of subsidiaries' and associated companies' annual profits: Certain subsidiaries or associates may achieve profits which, however, may not be distributable for various, such as the existence of cumulative losses from previous years, restrictions due to other obligations (due to investment plans etc.).

B.1 Basis of preparation of the Quarterly Financial Report

The interim condensed financial information and financial data presented in the Quarterly Report tally with the Corporation's books and records using the accrual basis of accounting. The amounts presented under the accrual basis have been determined in compliance with International Accounting Standard 34 'Interim Financial Reporting', without the presentation of all the information and disclosures required by IAS 34 for interim financial information.

Pursuant to Article 195 of Law 4389/2016, the Board of Directors prepares quarterly reports on the activities and the financial statements of the Corporation.

As regards the other data found in this financial report, the main principles applied are presented below:

1. The depreciation rates of fixed assets are in accordance with the useful life of each respective asset.
2. Dividend income is recognised in the period during which the shareholder's right to receive payment is established, i.e. the period when the General Assembly Meeting of each subsidiary that decided on the dividend distribution takes place.

Dividend income is presented in the statement of total comprehensive income as operating income, as they constitute the Company's main source of income. Similarly, in the cash flow statement the cash inflows from dividends are presented as operating activities.

3. Expenses are recognised within the period that the respective liability occurred.
4. Interest income is collected every six (6) months and, as such, the Company's interest income for the respective quarter includes the estimate of the amount of accrued interest relating to this period.
5. By law, the Corporation's share capital amounts to €40 million, of which €10 million has been paid up and the balance is owed; as a result, the €30 million is presented as "Unpaid Share Capital" within Equity in the Statement of Financial Position. Under Article 12(2a) of Law 2190/1920, the period of partial payment cannot exceed five (5) years.
6. As regards the Direct subsidiaries transferred by the Greek State directly to the Corporation for no consideration (as per Law 4389/2016), they have been recognized in the financial statements at cost which is nil and are presented at the symbolic value of one (1) euro per subsidiary.
7. Participations in "Other Subsidiaries", as well as other assets or liabilities transferred to HCAP by the Greek State for no consideration as of 01.01.2018 and 01.07.2018, have been recognized in the financial statements at cost which is nil and are presented at the symbolic value of one (1) euro per Other Subsidiary, except for "Folli Follie".

The participations transferred by the Greek State directly to the Corporation for no consideration as per Law 4389/2016, relate to the "Direct Subsidiaries" (which were transferred in 2016) and the "Other Subsidiaries" (which were transferred as of 1 January 2018, except for GAIAOSE which was transferred as of 1 July 2018) and are broken down as follows:

A. “Direct Subsidiaries” –participation %



100%

100%

100%

B. «Other Subsidiaries» (according law 4389/2016) which were transferred to HCAP from 01.01.2018 or 01.07.2018

Ownership Percentage

Athens Urban Transportation Organization S.A. (OASA)	100%	
GAIAOSE S.A.	100%	
Thessaloniki International Fair – HELEXPO S.A. (TIF-HELEXPO)	100%	
Central Markets and Fisheries Organization S.A. (OKAA)	100%	
Thessaloniki Central Market S.A. (CMT)	100%	
Corinth Canal Co. S.A. (AEDIK)	100%	
Hellenic Post S.A. (ELTA)	90%	
Hellenic Saltworks S.A.	55,19%	
Athens Water Supply and Sewerage Company S.A. (EYDAP)	50%+1 share	
Thessaloniki Water Supply and Sewerage Company S.A. (EYATH)	50%+1 share	
ETVA – Industrial Areas S.A.	35%	
Public Power Corporation S.A. (PPC)	34,12%	
Athens International Airport S.A.	25%	
Folli Follie S.A.	0,96%	

* **NOTE:** HCAP has very limited powers on HFSF, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF.

Additionally:

a) Under Article 350 of Law 4512/2018, “the Greek State's right to collect a dividend due to its participation in the share capital of the Société Anonyme under the name "Hellenic Telecommunications Organization S.A." (OTE S.A.) is transferred to HCAP. The Greek State reserves the right to vote in the General Meeting of OTE for its corresponding shares;

b) in accordance with Article 113 of Law 4549/2018, as of 01.07.2018, the participation of the Greek State in GAIAOSE S.A. was transferred to the Corporation; and

c) pursuant to the provisions of Law 4549/2018, until full repayment of the loan granted under the Financial Facility Agreement and its subsequent amendments, the Corporation became a guarantor with the commitments as defined in the said agreement.

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement as at 30 September 2019 and for the periods 01.07.2019 – 30.09.2019 and 01.01.2019 – 30.09.2019 are presented in paragraphs B.1.1, B.1.2, B.1.3 and B.1.4 below.

B.1.1 Statement of Comprehensive Income for the period 01.07.2019 – 30.09.2019 and nine-month period 01.01.2019 – 30.09.2019

Statement of Comprehensive Income (in EUR)	01.01.2019 – 30.09.2019	01.01.2018* – 30.09.2018	01.07.2019 – 30.09.2019	01.07.2018* – 30.09.2018
Dividend income	41,317,439	16,997,936	996,101	741,941
Payroll and Management Cost	(2,627,528)	(1,943,924)	(851,251)	(735,791)
Third Party Fees	(1,009,284)	(815,348)	(474,769)	(283,482)
Other Operating Expenses	(385,187)	(309,101)	(161,357)	(110,225)
Result before interest, tax, depreciation and amortisation (EBITDA)	37,295,440	13,929,563	(491,276)	(387,557)
Depreciation and amortisation	(154,369)	(9,747)	(52,890)	(3,390)
Result before interest and tax	37,141,071	13,919,816	(544,166)	(390,947)
Finance income	625,807	269,814	378,103	167,804
Finance cost	(42,837)	(4,540)	(14,610)	(1,883)
Profit before tax (note 2)	37,724,041	14,185,090	(180,673)	(225,026)
Income tax	-	-	-	-
Net profits	37,724,041	14,185,090	(180,673)	(225,026)
Actuarial gains / (losses)	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	37,724,041	14,185,090	(180,673)	(225,026)

*IFRS 16 was adopted with the cumulative impact recognised in retained earnings, without restating the 2018 comparatives

Notes on the results of Q3 2019:

Note 1 – Dividend income: The main revenue stream of the Corporation relates to dividends, which in their majority are distributed by the companies in HCAP's portfolio during the 2nd quarter. As a consequence, the 2nd quarter is showing high and strong profitability, while the 1st, 3rd and 4th quarters usually show mainly operating expenses and low income.

Therefore, Q3 2019 and 2018 show losses (as there are low amounts of revenue from dividends). Q4 2019 will be an exception, as considerable additional dividend income of the “other subsidiaries” will be recognised, further increasing the corporation's profitability for 2019. Total dividend income for the period is analysed as follows:

Company	Amount for Q1 to Q3 2019	Amount for Q3 2019
ETAD	21,188,468.00	
EYDAP	14,377,500.27	
EYATH	2,286,900.13	
OTE	2,468,469.55	
CMT	267,738.66	267,738.66
CMFO	688,408.62	688,408.62
HELLENIC SALTWORKS	39,954.24	39,954.24
Total	41,317,439.47	996,101.52

Note 2 - expenses The operating expenses incurred in Q3 2019 and in Q3 2018 are not comparable, as the Corporation's structure and operations have significantly change since that time. During the first nine months of 2018, the Company was understaffed since its structure up until the end of 2017 was based on the supervision of three direct subsidiaries, including EDIS S.A. to which the shareholdings in SOEs would be transferred. Finally, the shareholdings in a further 13 SOEs were directly transferred to the Hellenic Corporation of Assets and Participations as "other subsidiaries" over the course of 2018 (in addition to the "direct subsidiaries", HRADF and ETAD). In this light, the structure of Q3 2019 and the supplementation of the organisation and staffing in comparison to the initial structure and staffing during the first year of operation took place according to the responsibilities currently in effect.

The variances in expenses between the Q3 2019 and Q3 2018 (and consequently the first nine months of 2019 and of 2018) are attributable to the following facts.

Payroll and Management Cost: this includes costs for the employees, the Supervisory Board, the Board of Directors and the Board of Directors' Committees, as well as other related expenses.

As described in note 2 above, the increase in this expenditure is due to the significantly different structure and operations of HCAP between those two periods. It was stipulated in Law 4512/2018 that EDIS S.A., the subsidiary of HCAP being founded (to which all other subsidiaries would be transferred), would not be founded and HCAP would undertake its role. Consequently, throughout the duration of 2018, the Corporation realised the organisational structure to cover the new duties (which EDIS S.A. was expected to be covered until 31.12.2017).

Other operating expenses: these mainly include third party provision costs, various taxes/charges and other expenses. The increase observed is mainly due to the expenditure incurred for the relocation of the Corporation to its new and single professional premises and related expenses, as the Corporation was housed in temporary offices until December 2018 and relocated to its new premises during December 2018 - January 2019.

B.1.2 Statement of Financial Position as at 30.09.2019

Statement of Financial Position (in EUR)	30.09.2019	31.12.2018*
ASSETS		
Investment in 'Direct Subsidiaries' (note 1)	3	3
Investment in 'Other Subsidiaries' (note 1)	13	13
Tangible, intangible and right-of-use assets (note 2)	1,202,092	163,779
Other non-current assets	33,045	33,045
Total non-current assets	1,235,153	196,840
Receivables (note 3)	1,290,925	555,834
Cash and cash equivalents (note 3)	56,697,771	19,640,841
Other current assets (note 4)	421,620	516,358
Total current assets	58,410,316	20,713,033
TOTAL ASSETS	59,645,469	20,909,873
LIABILITIES		
Provision for staff leaving indemnities	62,389	40,448
Long-term lease liabilities (IFRS 16)* (note 2)	804,626	-
Total non-current liabilities and provisions	867,015	40,448
Trade and other payables (note 5)	1,196,977	1,159,760
Short-term portion of long-term lease liabilities (IFRS 16)* (note 2)	147,771	-
Total current liabilities	1,344,748	1,159,760
TOTAL LIABILITIES	2,211,763	1,200,208
EQUITY		
Authorised Share Capital	40,000,000	40,000,000
Less: Unpaid Share Capital	(30,000,000)	(30,000,000)
Paid-up Share Capital	10,000,000	10,000,000
Other reserves	(2,854)	(2,854)
Retained earnings (note 6)	47,436,560	9,712,519
Total Equity	57,433,706	19,709,665
TOTAL EQUITY AND LIABILITIES	59,645,469	20,909,873

*IFRS 16 was adopted with the cumulative impact recognised in retained earnings, without restating the 2018 comparatives.

Notes:

- Investment in the Direct Subsidiaries ETAD (100%), HRADF (100%) and HFSF (100%) and "Other Subsidiaries" were transferred to HCAP for no consideration as per Law 4389/2016 and its subsequent amendments. The Company has selected to recognize in the financial statements the participations in Direct Subsidiaries and Other Subsidiaries at cost (which is nil) and to present them at the symbolic value of one (1) euro per participation.
- Following the first adoption of IFRS 16 on 01.01.2019, the Corporation recognized the rights-of-use assets and lease liabilities, with the exception of the standard for lease contracts with a residual duration of less than twelve months at the date of initial application of the standard, for contracts for which the leased asset is of small value, as well as for short-term contracts. The recognized leases relate mainly to a professional lease agreement in the context of the Corporation's relocation to new offices. The impact

of the adoption of IFRS 16 on 1 January 2019 was an increase in tangible fixed assets and lease liabilities by € 1,058,587.

- 3 The Corporation's cash and cash equivalents as at 30.09.2019 amounted to €56.7 million and their increase is the result of the collection of a considerable part of revenue from dividends, amounting to €40,589,077 in total, during Q3 2019. Furthermore, the Receivables mainly relate to: a) the total dividends receivable amounting to €728,363 from distributions approved during Q3 2019; and b) total dividends receivable amounting to €555,321 from distributions approved during the year. These receivables have almost been paid in full to date.
- 4 This amount mainly relates to accrued interest income as at period end as well as prepaid expenses.
- 5 This mainly includes trade payables, accrued expenses, withheld personnel tax payables, deductions and social security contributions.
- 6 The General Assembly Meeting of the sole shareholder of the Corporation was held on 15 November 2019 and decided the distribution of a dividend, in accordance with the law, to the Greek State amounting to €7,150,842.

B.1.3 Statement of Changes in Equity for the 01.01.2019 - 30.09.2019 period

Statement of Changes in Equity (in EUR)	Share Capital	Reserves	Retained earnings	Total
Balance as at 01.01.2018	10,000,000	3	(3,347,837)	6,652,166
Net results of the first half of 2018	-	-	14,410,116	14,410,116
Total comprehensive income for the period	-	-	14,410,116	14,410,116
Transfer of subsidiaries to HCAP for no consideration	-	12	-	12
Balance as at 30.06.2018	10,000,000	15	11,062,279	21,062,294
Net results of Q3 2018	-	-	(225,026)	(225,026)
Total comprehensive income for the period	-	-	(225,026)	(225,026)
Transfer of subsidiaries to HCAP for no consideration	-	1	-	1
Balance as at 30.09.2018*	10,000,000	16	10,837,253	20,837,269
Balance on 01/01/2019	10,000,000	(2,854)	9,712,519	19,709,665
Net results of the first half of 2019	-	-	37,904,714	37,904,714
Total comprehensive income for the period	-	-	37,904,714	37,904,714
Balance as at 30.06.2019	10,000,000	(2,854)	47,617,233	57,614,379
Net results of Q3 2019	-	-	(180,673)	(180,673)
Total comprehensive income for the period	-	-	(180,673)	(180,673)
Balance as at 30.09.2019	10,000,000	(2,854)	47,436,560	57,433,706

*IFRS 16 was adopted with the cumulative impact recognised in retained earnings, without restating the 2018 comparatives.

B.1.4 Cash Flow Statement for the 01.07.2019 - 30.09.2019 period and the 01.01.2019-30.09.2019 nine-month period

Cash Flow Statement (in EUR)	01.01.2019 – 30.09.2019	01.01.2018* – 30.09.2018	01.07.2019 – 30.09.2019	01.07.2018* – 30.09.2018
EBT	37,724,041	14,185,090	(180,673)	(225,026)
<u>Adjustments for:</u>				
Depreciation and amortisation	154,369	9,747	52,890	3,390
Provisions	196,754	192,753	41,400	47,131
Losses from destruction/write-off of assets	438	-	-	-
Finance income	(625,807)	(269,814)	(378,103)	(167,804)
Finance cost	42,837	4,540	14,610	1,883
<u>Changes in Working Capital:</u>				
(Increase)/ Decrease in Receivables (note 1)	(909,904)	(926,513)	39,573,836	4,819,486
(Increase)/ Decrease in Other Current Assets	147,717	135,718	49,430	46,573
Increase / (Decrease) in payables	37,217	(279,694)	229,872	86,023
Net Cash Flow from Operating Activities	36,767,661	13,051,827	39,403,262	4,611,656
Purchase of Property, Plant and Equipment	(151,915)	(38,103)	(19,680)	(33,187)
Collection from disposal of assets	17,383	-	-	-
Interest received	572,828	236,249	247,704	102,023
Net Cash Flow from Investing Activities	438,296	198,146	228,024	68,836
Interest and related expenses paid	(42,837)	(4,540)	(14,610)	(1,883)
Payments of leasing liabilities	(106,190)	-	(35,822)	-
Net Cash Flow from Financing Activities	(149,027)	(4,540)	(50,432)	(1,883)
Total Net Cash Flow for the Period (note 2)	37,056,930	13,245,433	39,580,854	4,678,609
Cash at the beginning of the period	19,640,841	7,335,934	17,116,917	15,902,758
Cash at the period end	56,697,771	20,581,367	56,697,771	20,581,367

*IFRS 16 was adopted with the cumulative impact recognised in retained earnings, without restating the 2018 comparatives.

Note 1: The significant cash inflow from reduced receivables in Q3 is due to the collection of dividends from “direct” and “other” subsidiaries, the distributions of which were mostly approved during Q2. Consequently, this amount appears to be significantly decreased by the amount of dividends collected as at 30 September.

Note 2: The net variance in cash in Q3 2019 is due to the timing of collection of revenue from dividends, mainly occurring during Q3, which sees low dividend income but very high collection amounts, as the companies pay the dividends that were approved during Q2.