

**HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS**

## **FOURTH QUARTERLY REPORT FOR 2019 (01.10.2019 - 31.12.2019) 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 Corporation

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”).



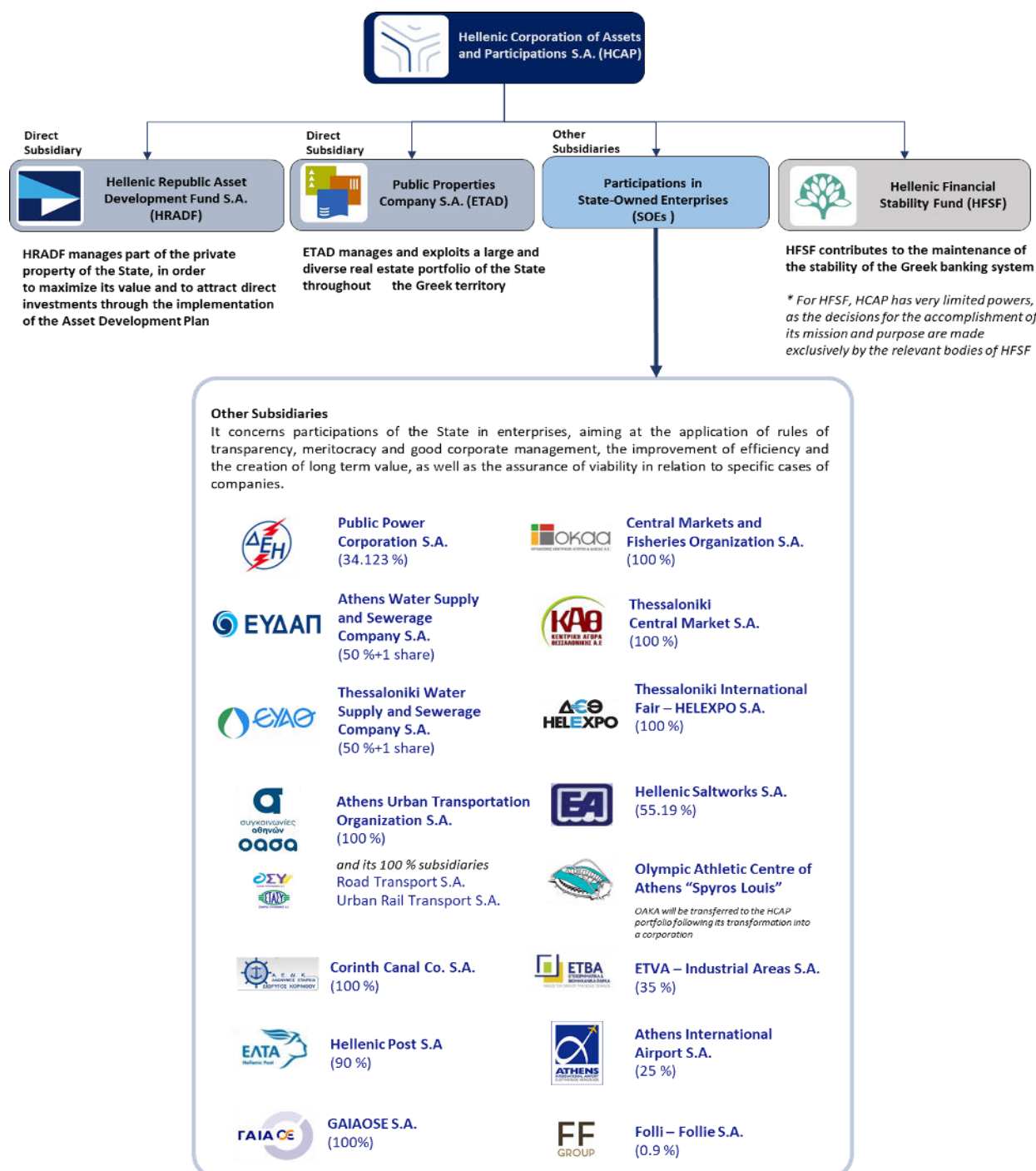
*The Hellenic Corporation of Assets and Participations **operates in the public interest**, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. For the fulfilment of its purpose, **the Corporation acts in an independent and professional manner, with a 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

**Concession Agreements**

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**

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.

-  Alexandroupolis
-  Ioannina
-  Araxos
-  Kalamata
-  Astypalaia
-  Kalymnos
-  Ikaria
-  Karpathos
-  Kassos
-  Kastelorizo
-  Kastoria
-  Kythira
-  Leros
-  Milos
-  Pros
-  Skyros
-  Chios
-  Syros
-  Nea Anchialos
-  Sitia
-  Naxos
-  Kozani
-  Limnos

**OTE Dividend**

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 Charitou<sup>1</sup>

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 remuneration until new Supervisory Board members were appointed.

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

- Jacques, Henri, Pierre, Catherine Le Pape, Chairman
- 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.

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<sup>1</sup> 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.

On 25.02.2020 the Supervisory Board unanimously decided to select and appoint Mr. Konstantinos Derdemezis as non – executive member of HCAP’s Board of Directors, with a four (4) – year term, starting on 01.03.2020.

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
Derdemezis Konstantinos	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:

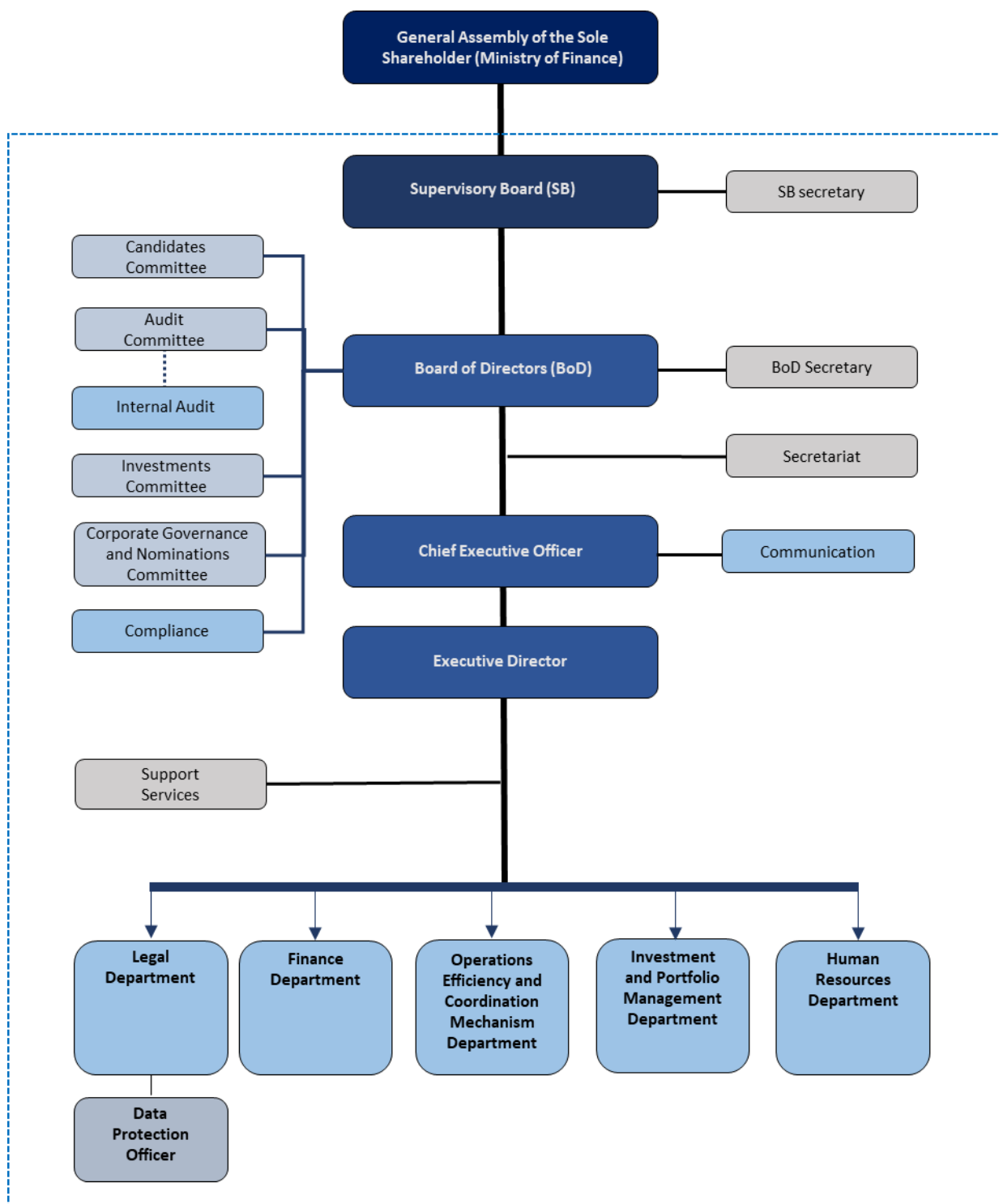
- the Audit Committee;
- the Investment Committee; and
- the Corporate Governance Committee

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 and Compliance

The **Internal Audit Division (IAD)** supports HCAP's BoD on its supervisory role regarding the internal audit system of the company, as well as 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 organizational 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 fourth 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 16.12.2019.

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 that are also being adopted by HCAP's portfolio companies.

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 BoD, Supervisory Board and 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 portfolio companies has been issued.

In addition, over the course of 2019, HCAP's Compliance function designed compliance education and training programs 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 and raise

awareness on relevant issues. Furthermore, HCAP held an event at the Athens Stock Exchange premises on corporate culture and business ethics, in which a large number of listed companies took part, while an event on similar issues was also held at the premises of Thessaloniki Industry Chambers, in order to promote the practical importance of corporate governance in Greek businesses.

The Compliance function has also developed an e-learning program on issues of compliance and business ethics that will be gradually used by all HCAP's subsidiaries. An online training platform is designed by HCAP, to this end.

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 it is managed. HCAP's cash and cash equivalents as at 31.12.2019 amounted to **€ 72,627,752**.

#### 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:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li><b>a)</b> Procurement Regulation</li> <li><b>b)</b> The Framework for the preparation of the Strategic Plan of HCAP</li> <li><b>c)</b> Performance Auditing Framework</li> <li><b>d)</b> Conflict of Interest Policy and Confidentiality Obligations</li> <li><b>e)</b> Internal Rules of the Supervisory Board</li> </ul> | <ul style="list-style-type: none"> <li><b>f)</b> Remuneration &amp; 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)"</li> <li><b>g)</b> Coordination Mechanism</li> </ul> | <ul style="list-style-type: none"> <li><b>h)</b> Corporate Governance Code</li> <li><b>i)</b> Performance Monitoring and Reporting Framework</li> <li><b>j)</b> Travel &amp; expenses Policy</li> <li><b>k)</b> Financial Reporting Standards and Framework for Financial Reporting</li> <li><b>l)</b> Board Evaluation and Removal Criteria concerning the Board of Directors of HCAP</li> <li><b>m)</b> Dividend Policy</li> </ul> |
|---|---|--|

## 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 in its turn adopts the OECD Corporate Governance Guidelines, an international benchmark for corporate governance.

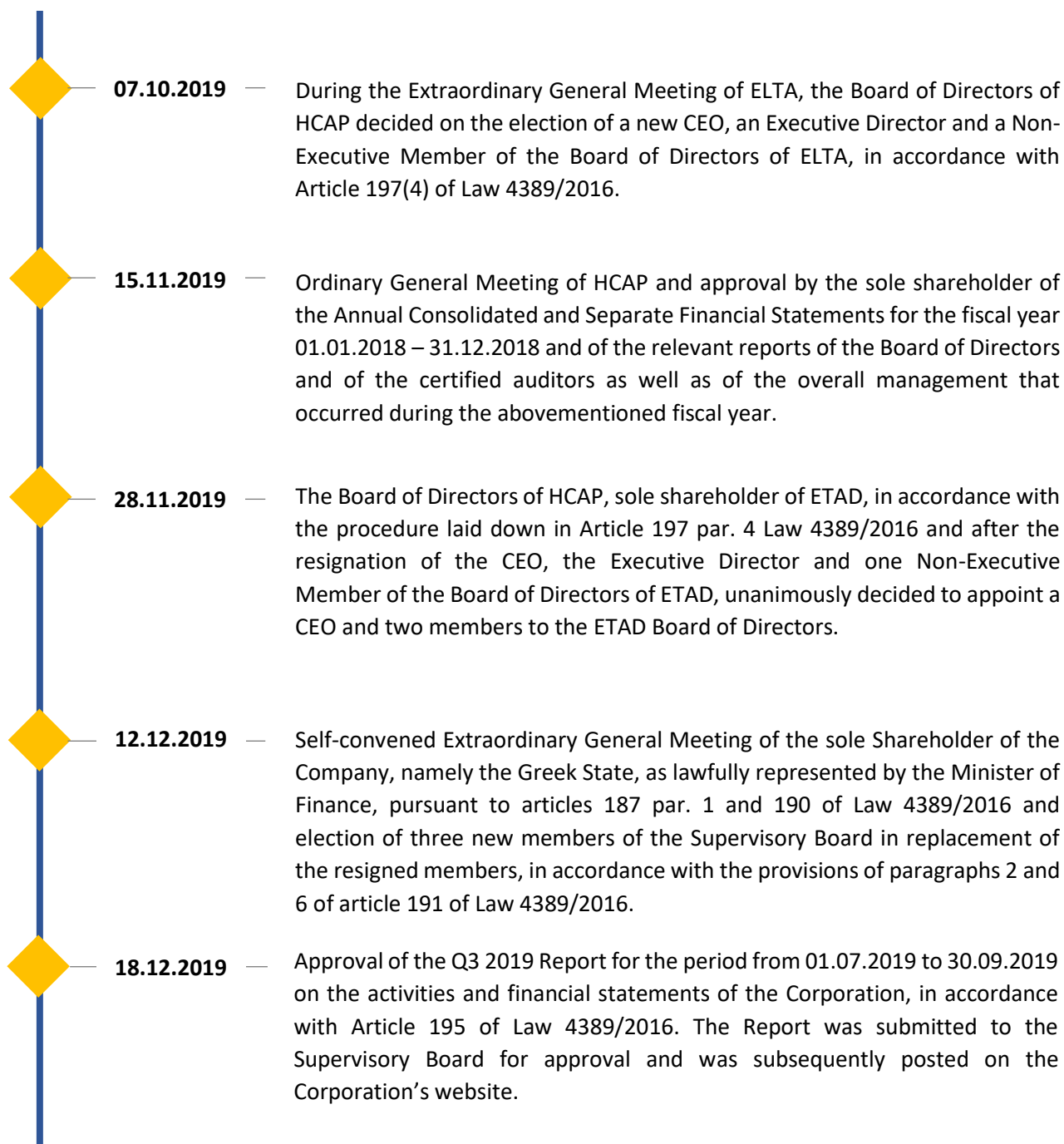
Finally, regarding the reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports regarding compliance with the rules of corporate governance, as provided for by the regulatory framework of the Corporation. In the framework of the financial reports, HCAP submits:

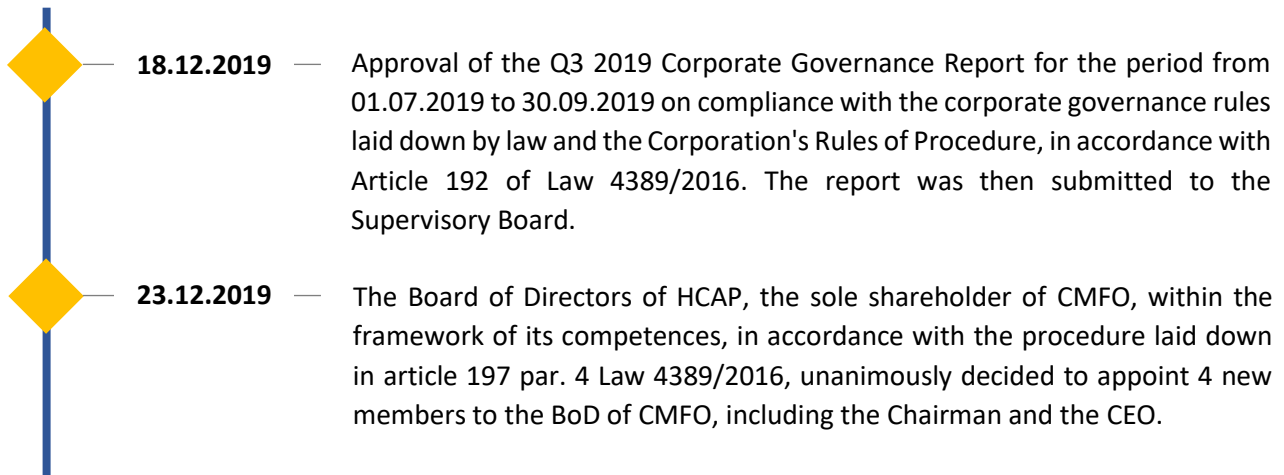
- ✓ Quarterly reports on its actions and financial statements,
- ✓ Reviewed semi-annual separate and consolidated financial statements and
- ✓ Audited annual separate and consolidated financial statements.

#### A.8. Activities from 01.10.2019 to 31.12.2019 and main subsequent events

The Corporation's most important activities during Q4 2019, i.e. from 01.10.2019 to 31.12.2019, are presented below:

**July - December 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, AEDIK and FF.





### 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 December 2019, **62 members in 12 Boards** in HCAP portfolio companies, through open, professional and transparent procedures.

During Q4 2019, executives were appointed in four **(4) Boards of Directors** 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 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 December 2019, **fourteen (14) Audit Committees Chairs** at the Boards of Directors of HRADF, ETAD, ELTA, PPC, Corinth Canal, CMT, GAIAOSE, EYATH, OASA, EYDAP, CMFO, TIF - HELEXPO 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

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. Within this framework, and to develop and enhance the cooperation of the Audit Committee of HCAP with the Audit Committees of its subsidiaries, an event took place on November the 26<sup>th</sup>, 2019 on the expected role of the Audit Committee in relation with the Board of Directors and the executive management, while also issues of organization and functioning of Audit Committees were analyzed and discussed, along with auxiliary material and standards that HCAP has already developed and are available to its subsidiaries for use.
- It is developing a corporate governance toolkit and best practice manuals for 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 specialized work groups consisting of HCAP executives, it is developing and implementing compliance policies and procedures, and organizes training programs for its subsidiaries tailored to the needs of each company, aiming to raise awareness in relation to good corporate governance topics.
- 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 continues the design and implementation of training programs, tools and workshops 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 organization differs and is open to significant improvements.

In addition to the training programs, HCAP is completing an innovative for Greek standards e-learning program 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 organizations and/or the private sector, as it is based on international standards and tools.

Lastly, HCAP is cooperating with a specialized 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.

#### **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, Executive 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.

#### **Below there are short CVs of the Chief Executive Officer, the Executive Director and of the members of the board of ELTA S.A.**

##### ***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, Executive 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.

**Appointment of the new CEO and two Members of the Board of Directors for the Public Properties Company SA (“ETAD”)**

The Board of Directors of HCAP, sole shareholder of ETAD, as per their authority and according to the procedure of article 197 par.4 law 4389/2016, following the resignation of the CEO, the Executive Director and one non-executive Board member of ETAD, evaluated and selected executives with long professional experience in large organization in Greece and abroad, as well as expertise in management and exploitation of real estate portfolios, in order to meet the challenges and actively track the company’s opportunities deriving from the ETAD real estate portfolio, contributing to the value enhancement of public real estate and creating multiplying benefits for the economy and the local communities.

In particular, HCAP’s Board of Directors unanimously decided the appointment of the following members to the ETAD’s Board of Directors, with force from November 28th 2019.

1. Stefanos Vlastos, Chief Executive Officer, Executive Member of the Board of Directors
2. Akis Markatos, Executive Director, Executive Member of the Board of Directors
3. Chara Vardakari, Non-Executive Member of the Board of Directors

The current seven-member Board of Directors is completed by the non-executive Board members that have been appointed by the General Assembly of ETAD dated 15.02.2018.

**Short CVs of the Members of the Board of Directors of ETAD:**

**Stefanos Vlastos,**  
*Chief Executive Officer*

Stefanos D. Vlastos holds a BSc in Business Economics from Vrije Universiteit Brussel (VUB) and a MBA from SDA Bocconi, as well as NYU Stern School of Business (exchange programme). His extensive experience varies in different business sectors such as banking, consulting, tourism and IT in Greece and abroad. Over the course of his career, he has held senior management positions in the French consulting company “YLIOS Hellas”, at Bear Stearns International Ltd (JP Morgan Chase & Co), at Credit Commercial de France (HSBC Bank) and at Banque des Dépôts CH (EFG Intl.). Later, he served as President and CEO of ComMit Group – DIAS Ventures and Executive Director of the Greek ministry of Tourism. In recent years, he held the position of Director of GRIVALIA Hospitality S.A, the hospitality branch of Grivalia Properties, contributing actively and successfully to the rapid growth of the company in the tourism business.

**Akis Markatos,**  
*Executive Director*

Akis Markatos is a graduate of the Physics Department of the University of Athens and holds a M.Sc. in Modern and Applied Optics from Reading University. He was the General Director at National Cadastre & Mapping Agency S.A., advisor to the CEO at Forthnet Group, Investments Director at Attica Ventures, a large Venture Capital fund in Greece, and Managing Director of Eurocom Expertise S.A. He has also served as Head of the research programs at Telecommunications Department of the University of Athens and Director of the Wolfson Unit at University College London working on technology transfer from the university to industry in the optical fiber communications sector. He has served as a consultant to the European Commission on issues of telecom market deregulation, an Elected Member of the Board of Directors in ECTA (European Competitive Telecommunications Association) and has more than 40 publications on telecom issues and in particular on telecommunications techno-economics and investments.

**Chara Vardakari,**  
*Non - executive member*

Chara Vardakari graduated from the Department of Business Administration from the University of Piraeus and holds an MBA in finance from the Ecole des Hautes Etudes en Sciences Sociale in Paris, France. She has extensive professional experience in the broader financial sector. Her career started as a business consultant on financial matters and feasibility studies in various sectors of the economy. She then worked as a senior executive at large Greek banks and their subsidiaries. For more than a decade, she holds the position of CEO at Piraeus Factoring SA and Member of its Board of Directors since 2015.

#### Appointment of new BoD members of Central Market and Fishery Organisation S.A. (“CMFO”)

The Board of Directors of HCAP S.A., sole shareholder of CMFO, acting within its responsibilities according to the procedure established in article 197 par. 4 Law 4389/2016, unanimously, decided the appointment of the following members to the Board of Directors of CMFO, with force from December 23rd, 2019.

1. Christos Krommydas, Chairman of the Board of Directors, Non-Executive Member
2. Apostolos Apostolakos, Chief Executive Officer, Executive Member of the Board of Directors
3. Dimitrios Bartzokas, Non-Executive Member of the Board of Directors
4. Eleni Leodi, Non-Executive Member of the Board of Directors

The current Board of Directors is completed with the Traders Association of Athens Central Fruit and Vegetable Market representative (Non-Executive Member), the Meat Traders Union representative (Non-Executive Member) and the Employees’ representative (Non-Executive Member), according to article 7 par. 2 of OKAA’s Articles of Association. One more non-executive member position will be filled by the nominee proposed by the Minister of Finance to HCAP pursuant to article 197 par. 4 of Law 4389/2016.

Short CVs of the Members of the Board of Directors of CMFO:**Christos Krommydas,**  
*Chairman of the Board  
of Directors*

Born in 1958. Graduated from the Chemistry Department of University of Patras and holds an MSc on Applied Chemistry – Diplome d’ Etudes Approfondies from the Université Pierre et Marie Curie (Paris VI). He began his professional career in 1986 at FAGE SA, where he worked in several managerial positions such as the Milk and Regional Factories Directorate and then he undertook the position of Factory Manager, responsible for the Production, Logistics and Technical Support departments for the design, organization and management of all factory operations. Between 2006 and 2016, he also served as an executive member of the Company’s Board of Directors. He has also been a member of the Board of Directors of the Hellenic Association of Milk and Dairy Products Industry and member of the Board of Directors of the Packaging Materials Recovery Company.

**Apostolos Apostolakis,**  
*Chief Executive Officer*

Born in Piraeus in 1967. Holds a Diploma in Business Studies and an MBA from Nottingham Trent University (Nottingham Business School). He has 30years of professional experience. From 1988 to 1990 he worked at OPTIMA SA of the PANTELIADES GROUP and then for 12 years, from 1991 to 2003, at ELGEKA S.A. in managerial positions including Retail Sales Director and General Sales Manager. From 2003 until 2006 he acted as General Manager of Sales and Exports at CRETA FARM S.A. From 2007 until 2018 he served at SKLAVENITIS S.A. in different top management positions including General Manager and Executive Director. From 2018 until today he works in the private sector as a Business Consultant.

**Dimitrios Bartzokas,**  
*Non – executive  
member, Chairman of  
the Audit Committee*

Born in 1951. Holds a Bachelor in Economics from ASOE. From 1971 until 1985 he worked for companies in the fuel and lubricants sectors in various positions of responsibility. From 1985 to 2012 he was CFO at CYCLON HELLAS and a member of the Board of Directors of the company. From 2006 to 2017 he served as Vice President of the Board of Directors of NN AVIATION and from 2012 to 2015 he was an independent member of the Board of Directors of CYCLON HELLAS. Since 2013, he holds the position of Management Consulting Partner at INTERLOG SA.

**Eleni Leodi,**  
*Non – executive member*

Born in 1971. Holds a Bachelor in Business Administration from the University of Aegean and an MSc in Banking and Finance from the University of Stirling, Scotland, UK. She has over 20 years of experience in Corporate and Investment Banking, in major international and Greek Banks such as BARCLAYS, SOCIETE GENERALE, CREDIT AGRICOLE, EUROBANK and ALPHA BANK. During her career in the banking industry she worked in providing financial and banking services in various sectors of the economy, both in industry and commerce, while also participated as Senior Manager in large financial schemes as well as in financial restructuring of companies in Greece and abroad. Since 2018 he has been working at HCAP as Portfolio Manager.

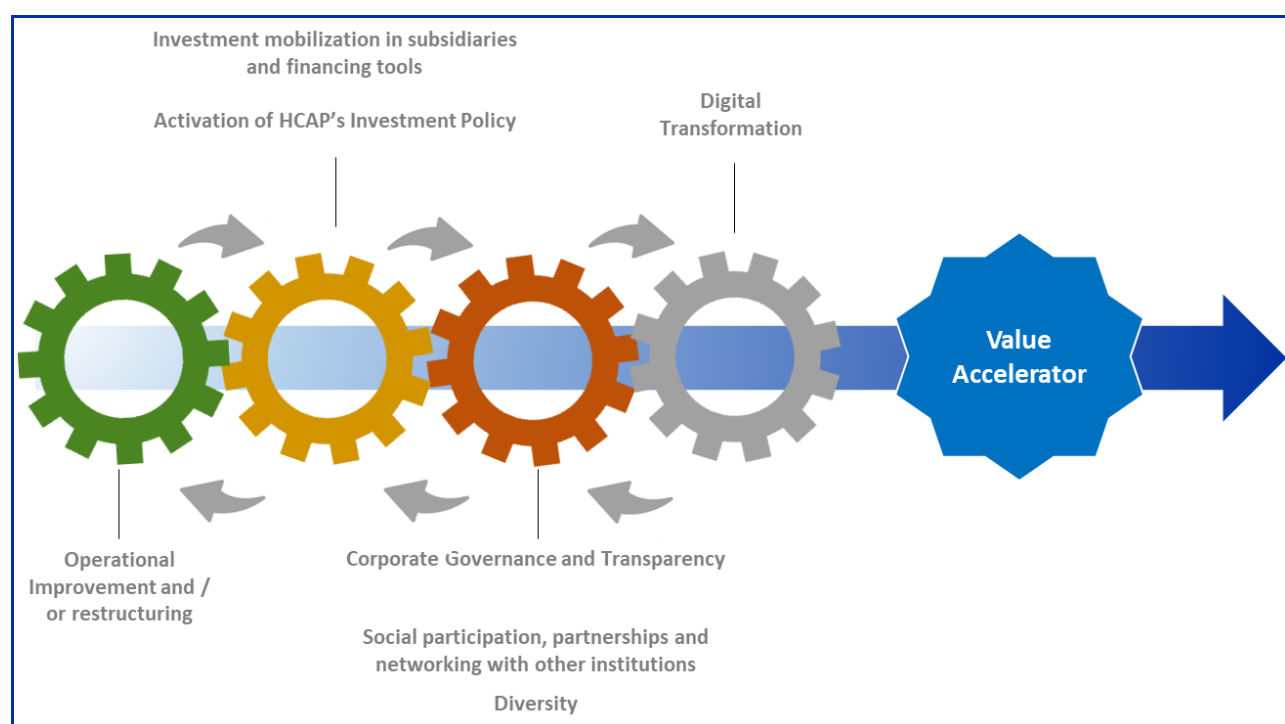
**Key Performance Indicators (KPIs) and initial discussions for target setting of the next three – year horizon (2020 – 2022)**

HCAP role as an accelerator of value creation in SOEs, is developed through specific objectives such as operational improvement and digital transformation of the enterprises driven by current trends and innovative ideas, investment mobilization to advance offered services and critical infrastructure along with appropriate funding tools, as well as good corporate governance practices, while promoting transparency, diversity and social inclusion.

The ultimate goal for HCAP is to increase the economic and public value of the Public Enterprises. This entails increased dividends from HCAP to the State and positive cash flows to the Public Investment Program, activation of HCAP Investment Policy and, generally, positive social and economic footprint due to the size of these companies and their impact on key figures of the economy.

Under this aspect, 2019 has been a milestone for establishing, for the first time, an integrated model for performance targeting and monitoring through Key Performance Indicators (KPIs). The process was introduced with the target setting across a three-year horizon (2019-2021) and was supplemented by periodic reviews on a quarterly basis in order to take timely corrective actions in case of any deviations.

Following the process already established and implemented, during the last quarter of 2019, the subsidiaries submitted their revised year-end estimates (nine months actual financial results plus Q4 2019 forecast), as well as the degree of attaining operational and qualitative indicators. The results were reviewed and further discussed with the SOEs, providing the basis for evaluating their performance for 2019 and for the target setting in the forthcoming years (rolling three-year basis).



The target setting model, to date, relates to direct subsidiaries (HRADF, ETAD) and State-Owned Enterprises ("Other subsidiaries") which are not listed and for which HCAP is the sole or majority shareholder, with the exclusion of GAIAOSE which was transferred to HCAP on 01.07.2018 and the business planning of which is under way, and of ELTA for which priority is given to their transformation plan.

In parallel, discussions are also held with the listed companies in which HCAP is a majority shareholder, EYDAP and EYATH. The aim is to extend this model, aiming at the continuous improvement of the water and sewerage services and the effective management of resources, taking into consideration sustainable development.





## Coordination Mechanism

During Q4 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, regarding the cooperation model among the State, HCAP and the State Owned Enterprises (SOEs).

In the context outlined in the Rules of Procedure and following the constitution of the Cabinet Committee pursuant to Ministerial Council Act 38 of 31.10.2019 (GG A 172/4-11-2019), a series of meetings were conducted, so as to prepare the drafts of the provided deliverables for a group of HCAP subsidiaries.

In particular, the Mandates for the companies below were drafted and submitted to the Cabinet Committee:

- ✓ Corinth Canal
- ✓ GAIAOSE
- ✓ TIF - HELEXPO
- ✓ ELTA
- ✓ HELLENIC SALTWORKS
- ✓ CMT
- ✓ CMFO
- ✓ OASA

The text of the “Mandate” includes high – level directions for each SOE in the long – term, but also high level targets regarding the position of each company within the sector it operates, the pursuing of services of high quality, etc. Companies’ mandates were shaped, taking into consideration the Strategic Guidelines of the sole shareholder and the results of consultation of HCAP with the supporting team of the Cabinet Committee.

Following the validation of the Mandates which is expected by the Cabinet Committee, HCAP will move forward to the preparation of the relevant “Statements of Commitments”, as deliverables of the Coordination Mechanism.

In parallel with the Coordination Mechanism processes, and throughout the fourth quarter of 2019, HCAP stirred the consultation process with its subsidiaries so as to agree on basic Key Performance Indicators (KPIs) and on the relevant targets, as part of the rolling business planning process for the period 2020 – 2022. The result of this process will be depicted on each Statement of Commitments (expected during Q2 of 2020).

Regarding the abovementioned subsidiaries, it should be noted that: a) the Statement of Commitments of ELTA will be shaped after the finalization of the strategy and the transformation plan that is currently being designed for the company b) the business planning of OASA and the Statement of Commitments respectively are highly dependent on the agreement for the provision of Special Obligations by the company (such as for vulnerable social groups). This discussion will take place on a later stage and will lead to the drafting of the Statement of Commitments and the Performance Contract(s) as deliverables of the Coordination Mechanism.



## SOEs' Financial Results Consolidation

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 endeavors 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 qualifications and matters of emphasis 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.



## SOEs' Investment Plans

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

Thus, the investment programs of HCAP's subsidiaries are set at two levels: a) projects of the current programming period; b) planning and maturity of projects of the next programming period.

Regarding the current programming period, the majority corresponds to investment proposals by the two Water and Sewerage companies (EYDAP and EYATH), while there are also smaller projects of the HCAP subsidiaries. During the 4th quarter of 2019, the companies in the HCAP's portfolio carried out the tendering and implementation processes amongst others:

**EYDAP**

- ◆ Sewerage Network System Construction of the Municipality of Paiania. The implementation of the Project proceeded during the quarter under review, with an estimated completion date of year 2021.
- ◆ Sewerage Network System Construction of the Municipality of Pallini. This project is in the final stage of bidding.
- ◆ The company- during the 4th quarter of 2019-commenced the tender procedures for two major sewerage projects in Eastern Attica: Collection, urban wastewater treatment of Rafina - Pikermi Municipalities and construction of wastewater pipeline System in Spata & Artemida (Loutsas) Municipalities and Reuse - Disposal of treated outflows. These two projects form part of a wider overall planning including four (4) sub-projects, one for Wastewater Treatment Plant (Tender A458) in the Area of Plati Choraifi and three (projects) for the sewerage networks (Tenders A455, A456 and A457) (including the pipeline linking the sewerage network to dwellings) with a total budget of €271 mln. These projects will cover critical missing sewerage infrastructure in the East Attica region.

**EYATH**

- ◆ The Company on 20/11/2020 launched the tender for the expansion of the Thessaloniki Water Treatment Plant (THWTP) - Phase A2, in order to increase the current capacity of the facility from 150,000 m<sup>3</sup> daily to 300,000 m<sup>3</sup> /day (A2 Phase).
- ◆ Projects for the completion of the Thessaloniki Low Level Areas Sewerage Network connection. The relevant construction contract has been signed and the construction has commenced.
- ◆ Remote control and automation of the EYATH's Service Area Water Supply System. The tender for the construction assignment of the project continued during the period under review entering at final stage (contract signing with the preferred bidder).

**ETAD**

- ◆ Fanari, Rodopi Ecotourism Park, modernization of basic infrastructure networks and development of new tourism infrastructure. The Project - during the period under review – is under bidding process.
- ◆ Restoration and promotion of the caves and building facilities of Diros in the prefecture of Laconia - Phase B. The Project - during the period under review - is under implementation.
- ◆ Restoration and promotion of the Achilleion complex in Corfu (Phase B). Actions for the integration of the project in the NSRF are being implemented.



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

The activation of the mechanisms provided by HCAP's Investment Policy is identified as an important target for the immediate future. Part of these provisions regards investment in Real Estate property. Thus, aiming at the better response to the challenges relevant with the exploitation of the corporations' subsidiaries' real estate property, HCAP during the fourth quarter of 2019 has started to process adequate alternatives. To secure that this process will be successful, the formation of a working group on the holding company level is assessed. Such a group, will be responsible for the formation of a holistic investment strategy and a strategy for the exploitation of the groups' real estate assets, and will result in multiple benefits both for the group and its subsidiaries.

Part of such a strategy is the detailed documentation of the real estate property of HCAP's subsidiaries. Thus, the initiative that has already launched and is relevant to the creation of a common GIS system, is considered part of this strategy. It is noted, that the ultimate goal of this undertaking is the identification and documentation of the real estate property of HCAP's subsidiaries. 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 Asset Registry of the 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.



## 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 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 Network of the wider public sector** – HCAP has proceeded with the constitution of an Innovation Network, an initiative that was immediately fostered by the SOEs management, binding members of their Boards and management that have a deep scientific and technical expertise and experience. This initiative aims at the documentation of possible synergies among HCAP companies, the

mapping of new technologies that can promote innovation, but also at the investigation of international best practices, business models and innovation standards.

The Innovation Network is practically supported by members of the Boards and managers of the subsidiaries of HCAP with relevant academic background and experience in technology and information technology. Its main target is to explore synergies among the SOEs in HCAP portfolio, technology that could promote innovation in the areas in which these companies are active, but also to explore international best practices, and standards, including in the EU.

Within the framework of its operations and during Q4 of 2019, the Network designed and took the initiative to implement an action to promote the digital transformation of HCAP's specific subsidiaries. In parallel, and in cooperation with the MIT Enterprise Forum Greece, HCAP is scheduling an event on digital opportunities on business. In this event, renowned members of the international academic community will take part, presenting the potential of the Internet of Things (IoT), Big Data, Smart Mobility, etc. Specific HCAP's subsidiaries will be subsequently called to present projects that are designing or are already being implemented on the above mentioned fields. Lastly, and for the first time a competition will be announced: HCAP's subsidiaries will provide data for analysis, to the Greek startup ecosystem. The target of this competition is to establish a connection between the Greek State Owned Enterprises and innovation, as this occurs through small and agile business ventures, staffed with young people. These ventures, could eventually provide smart solutions in long – lasting issues or even propose the provision of new and / or complimentary services.

#### **Other indicative examples and plans for digital transformation**

**Technology projects at OASA** - The modernization 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, utilizing 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'. For Smart Parcel Lockers particularly and during Q4 of 2019, the funding request from the program "Research – Creation – Innovate" was pre- approved and the next steps are already being designed by the company.

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

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



### 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 is valid as of 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 funds that will boost the performance of the shares and, therefore, increase capitalization.



### Central Market of Thessaloniki - Crowdfunding

During the third and fourth quarter of 2019, the strategic plan for the implementation of a Crowdfunding campaign concerning the operation of the 'Kinoniki Epistitiki Voithia' CNPC was carried out. This campaign is planned to launch during Q1 of 2020, 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 program to aid vulnerable 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.



### Actions on communication, extroversion and building of a corporate identity

During the fourth quarter of 2019, HCAP took part in actions aiming to strengthen its corporate identity, as a means to communicate to the wider public its scope and targets. Within this framework, HCAP's CEO, took part in an event organized by the research and analysis organization "diaNEOsis" on the importance of public property for the economic recovery and best practices on its management.

During this event, the importance of proper documentation of public property was stressed, and that this is more easily done when a centralized entity like HCAP is present. Furthermore, the benefits of Corporate Governance were also noted. The aim of the discussion was to showcase how an entity like HCAP can eventually become a useful tool for the government, in the exercising of its economic policy, due to the agility that such an organization can provide through its financial and overall performance.



## **B. Company Financial Information (for Q4 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 is almost completed during 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:

	2019	2018	2017
Turnover	61,944,726	16,997,936	0
Profit / (Loss) After Tax	57,178,937	13,060,356	(3,143,395)
Total assets	74,714,676	20,909,873	7,719,932
Total equity	69,732,850	19,709,665	6,652,166

As regards the results 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 tripled and profit almost quadrupled in comparison with 2018.

Regarding Q4 2019 results, these reflect a significant increase in profits as well as revenue, following the actions of HCAP resulting in the receipt of dividends of € 16,250,000 by Athens International Airport and € 4,377,287 by GAIAOSE, despite the fact that historically the 1st, 3rd and 4th quarters usually represent ordinary expenses and zero or minimal revenue.

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 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. (CMFO)	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 31 December 2019 and for the periods 01.10.2019 – 31.12.2019 and 01.01.2019 – 31.12.2019 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 01.10.2019 – 31.12.2019 and twelve-month period 01.01.2019 – 31.12.2019

Statement of Comprehensive Income (in Euro)	01.01.2019- 31.12.2019	01.01.2018*- 31.12.2018	01.10.2019 - 31.12.2019	01.10.2018* - 31.12.2018
Dividend income (note 1)	61,944,726	16,997,936	20,627,287	-
Payroll and management cost (note 3)	(3,499,672)	(2,785,252)	(872,144)	(841,328)
Third party fees (note 2)	(1,441,502)	(1,069,233)	(432,218)	(253,885)
Other operating expense	(496,362)	(490,324)	(111,175)	(181,223)
<b>Results before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>56,507,190</b>	<b>12,653,127</b>	<b>19,211,750</b>	<b>(1,276,436)</b>
Depreciation and amortisation	(208,120)	(14,065)	(53,751)	(4,318)
<b>Results before interest and tax</b>	<b>56,299,070</b>	<b>12,639,062</b>	<b>19,157,999</b>	<b>(1,280,754)</b>
Finance income (note 4)	935,958	427,147	310,151	157,333
Finance cost (note 4)	(56,091)	(5,853)	(13,254)	(1,313)
<b>Profit / (loss) before tax</b>	<b>57,178,937</b>	<b>13,060,356</b>	<b>19,454,896</b>	<b>(1,124,734)</b>
Income tax	-	-	-	-
<b>Net profits/ (losses)</b>	<b>57,178,937</b>	<b>13,060,356</b>	<b>19,454,896</b>	<b>(1,124,734)</b>
Actuarial losses	(4,910)	(2,870)	(4,910)	(2,870)
<b>Other comprehensive income</b>	<b>(4,910)</b>	<b>(2,870)</b>	<b>(4,910)</b>	<b>(2,870)</b>
<b>Total comprehensive income</b>	<b>57,174,027</b>	<b>13,057,486</b>	<b>19,449,986</b>	<b>(1,127,604)</b>

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

#### Notes on the results of Q4 2019:

##### Note 1- dividend income:

As a result of actively managing dividend expectations throughout 2019, significant additional dividend income was recognized throughout Q4, significantly increasing the company's earnings for 2019 compared to 2018. Total dividend income for the year and the quarterly period is analysed as follows:

Company	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018	01.10.2019 - 31.12.2019	01.10.2018 - 31.12.2018
ETAD	21,188,468	-	-	-
AIA	16,250,000	-	16,250,000	-
EYDAP	14,377,500	10,650,000	-	-
GAIAOSE	4,377,287	-	4,377,287	-
EYATH	2,286,900	4,011,150	-	-
OTE	2,468,470	1,594,844	-	-
CMT	267,739	158,783	-	-
OKAA	688,408	394,228	-	-
HELLENIC SALTWORKS	39,954	27,838	-	-
CORINTH CANAL	-	161,093	-	-
	<b>61,944,726</b>	<b>16,997,936</b>	<b>20,627,287</b>	<b>-</b>

Among HCAP's actions, it is important to note the receipt of a dividend from the Direct Subsidiary ETAD after at least 10 years during which ETAD has not proceeded to any distribution.

The main revenue stream of the Company 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. The fourth quarter of 2019 was an exception to that due to dividends of Athens International Airport and GAIAOSE.

**Note 2- third party fees:** Third party fees of Q4 2019 are slightly higher compared to Q4 2018 (as well as 2019 compared to 2018) mainly due to the costs of consulting services for the restructuring of ELTA, Board of Directors evaluation projects for companies in HCAP's portfolio in which HCAP is the majority shareholder portfolio and correspondingly recruiting executives for these companies, as well as for the review and strengthening of the Corporate Governance Framework for Public Enterprises.

**Note 3- payroll and management cost:** Payroll and management cost includes costs for the employees, the Supervisory Board, the Board of Directors and the Board of Directors' Committees, as well as other related expenses. Following the formation of the Board of Directors of the Company on 16.02.2017, the organization and staffing of HCAP began, which was initially based on the planned structure of the group as of that date (ie two direct subsidiaries). Following the transfer of the "Other Subsidiaries", which has more than tripled the size of the group, the transformation of HCAP's organization was deemed necessary to meet the additional needs, and thus the organization and staffing were adjusted accordingly and was almost completed by the end of 2019. As a consequence of this process, payroll and management costs were increased in 2019 compared to 2018, demonstrating also a slight increase in Q4 2019 compared to Q4 2018.

**Note 4- financial results:**

- Finance income: the increase is due to the increase in the Company's cash.
- Finance cost: the increase is due to the application of IFRS 16, according to which for leases that meet specific criteria, substantially no rental expense is recognized in the income statement, but instead depreciation expense and financial expense are recognized.

## B.1.2 Statement of Financial Position as at 31.12.2019

Statement of Financial Position (in Euro)	31.12.2019	31.12.2018*
<b>ASSETS</b>		
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)	1,154,466	163,779
Other non-current assets	33,045	33,045
<b>Total non-current assets</b>	<b>1,187,527</b>	<b>196,840</b>
Receivables (note 3)	1,409	555,834
Cash and cash equivalents (note 3)	72,627,752	19,640,841
Other current assets (note 4)	897,988	516,358
<b>Total current assets</b>	<b>73,527,149</b>	<b>20,713,033</b>
<b>TOTAL ASSETS</b>	<b>74,714,676</b>	<b>20,909,873</b>
<b>LIABILITIES</b>		
Provision for staff leaving indemnities	67,885	40,448
Long-term lease liabilities (IFRS 16)* (note 2)	766,534	-
<b>Total non-current liabilities and provisions</b>	<b>834,419</b>	<b>40,448</b>
Trade and other payables (note 5)	1,460,414	1,159,760
Dividends payable (note 6)	2,537,395	-
Short-term portion of long-term lease liabilities (IFRS 16)* (note 2)	149,598	-
<b>Total current liabilities</b>	<b>4,147,407</b>	<b>1,159,760</b>
<b>TOTAL LIABILITIES</b>	<b>4,981,826</b>	<b>1,200,208</b>
<b>EQUITY</b>		
Authorised Share Capital	40,000,000	40,000,000
Less: Unpaid Share Capital	(30,000,000)	(30,000,000)
<b>Paid-up Share Capital</b>	<b>10,000,000</b>	<b>10,000,000</b>
Other reserves	2,553,913	(2,854)
Retained earnings (note 6)	57,178,937	9,712,519
<b>Total equity</b>	<b>69,732,850</b>	<b>19,709,665</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,714,676</b>	<b>20,909,873</b>

\* 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 recognise 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 Company's cash and cash equivalents amounted to € 72.6 million as at 31.12.2019 and their increase is due to the collection in the second half of 2019 of a significant portion of dividend income totalling €62,500,047.
- 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, of which an amount of €4,613,447 was paid within 2019, while the remaining amount of €2,537,395 not paid as of 31.12.2019 appears in the caption "Dividends payable".

### B.1.3 Statement of Changes in Equity for the period 01.01.2019 - 31.12.2019

Statement of Changes in Equity (in Euro)	Share Capital	Reserves	Retained earnings	Total
<b>Balance as at 01.01.2018</b>	<b>10,000,000</b>	<b>3</b>	<b>(3,347,837)</b>	<b>6,652,166</b>
Net results of the nine-month period of 2018	-	-	14,185,090	14,185,090
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>14,185,090</b>	<b>14,185,090</b>
Transfer of subsidiaries to HCAP for no consideration	-	13	-	13
<b>Balance as at 30.09.2018</b>	<b>10,000,000</b>	<b>16</b>	<b>10,837,253</b>	<b>20,837,269</b>
Net results of Q4 2018	-	-	(1,124,734)	(1,124,734)
Other comprehensive income of Q4 2018	-	(2,870)	-	(2,870)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(2,870)</b>	<b>(1,124,734)</b>	<b>(1,127,604)</b>
<b>Balance as at 31.12.2018</b>	<b>10,000,000</b>	<b>(2,854)</b>	<b>9,712,519</b>	<b>19,709,665</b>
<b>Balance as at 01.01.2019</b>	<b>10,000,000</b>	<b>(2,854)</b>	<b>9,712,519</b>	<b>19,709,665</b>
Net results of the nine-month period of 2019	-	-	37,724,041	37,724,041
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>37,724,041</b>	<b>37,724,041</b>
<b>Balance as at 30.09.2019</b>	<b>10,000,000</b>	<b>(2,854)</b>	<b>47,436,560</b>	<b>57,433,706</b>
Net results of Q4 2019	-	-	19,454,896	19,454,896
Other comprehensive income of Q4 2019	-	(4,910)	-	(4,910)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(4,910)</b>	<b>19,454,896</b>	<b>19,449,986</b>
Dividends distribution			(7,150,843)	(7,150,843)
Transfer to reserves		2,561,677	(2,561,677)	-
<b>Balance as at 31.12.2019</b>	<b>10,000,000</b>	<b>2,553,913</b>	<b>57,178,937</b>	<b>69,732,850</b>

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

Reserves relate to "Regular Reserve" amounting to €485,626, "Reserve from HCAP's retained earnings to be utilised for investments in accordance with paragraph 2 of article 200 of Law 4389/2016 (which may be retained to cover possible future losses)" of €2,076,051, "Actuarial Profit / (Loss) Reserve" of €7,780 and "Reserve from the transfer of participations" of €16.

## B.1.4 Cash Flow Statement for the 01.10.2019 - 31.12.2019 period and the year 01.01.2019-31.12.2019

Cash flow statement (in Euro)	01.01.2019- 31.12.2019	01.01.2018*- 31.12.2018	01.10.2019 - 31.12.2019	01.10.2018*- 31.12.2018
Profit/(loss) before tax	57,178,937	13,060,356	19,454,896	(1,124,734)
<u>Adjustments for:</u>				
Depreciation and amortization	208,120	14,065	53,751	4,318
Provisions	212,406	274,319	15,652	81,566
Losses from destruction/ write-off assets	438	-	-	-
Finance income	(935,958)	(427,147)	(310,151)	(157,333)
Finance cost	56,091	5,853	13,254	1,313
<u>Changes in Working Capital:</u>				
(Increase)/ Decrease in Receivables ( <b>note 1</b> )	364,547	(804,831)	1,274,452	121,682
(Increase)/ Decrease in Other Current Assets	(18,500)	(53,107)	(166,217)	(188,825)
Increase/ (Decrease) in payables	300,653	104,250	263,436	383,944
<b>Net cash inflows/ (outflows) from operating activities</b>	<b>57,366,734</b>	<b>12,173,758</b>	<b>20,599,073</b>	<b>(878,069)</b>
Purchase of Property, plant and equipment	(158,586)	(99,247)	(6,671)	(61,144)
Collections from disposal of assets	17,928	-	545	-
Interest received	572,828	236,249	-	-
<b>Net cash inflows/ (outflows) from investing activities</b>	<b>432,170</b>	<b>137,002</b>	<b>(6,126)</b>	<b>(61,144)</b>
Dividends paid	(4,613,447)	-	(4,613,447)	-
Interest and related expenses paid	(56,091)	(5,853)	(13,254)	(1,313)
Payments of lease liabilities	(142,455)	-	(36,265)	-
<b>Net cash inflows/ (outflows) from financing activities</b>	<b>(4,811,993)</b>	<b>(5,853)</b>	<b>(4,662,965)</b>	<b>(1,313)</b>
Total net cash inflow/ (outflow) for the period ( <b>note 2</b> )	52,986,911	12,304,907	15,929,981	(940,526)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19,640,841</b>	<b>7,335,934</b>	<b>56,697,771</b>	<b>20,581,367</b>
<b>Cash and cash equivalents at period end</b>	<b>72,627,752</b>	<b>19,640,841</b>	<b>72,627,752</b>	<b>19,640,841</b>

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

**Note 1:** The significant cash inflow from the decrease of receivables in Q4 is due to the collection of dividends by the companies in HCAP's portfolio, whose distribution was approved in previous quarters.

**Note 2:** The net change in cash in Q4 2019 is due to the collection of dividend income, with AIA's dividend been the highest amounting to €16.25 mln. The corresponding receipts for Q4 2018 were well below €186 thousand.