

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

SECOND QUARTERLY REPORT FOR 2020 (01.04.2020 - 30.06.2020) 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").



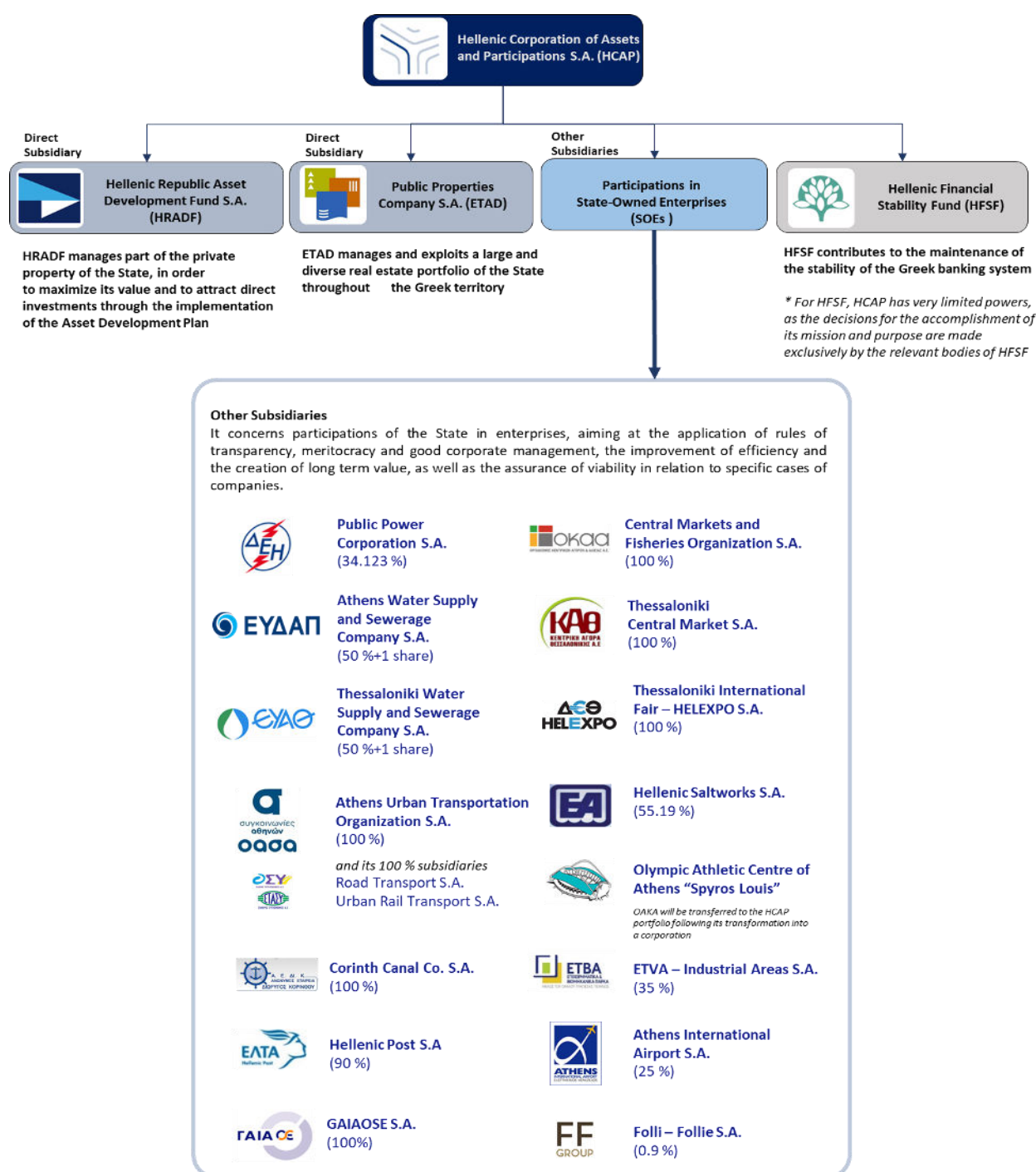
*The Hellenic Corporation of Assets and Participations **operates in the public interest**, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. For the fulfilment of its purpose, **the Corporation acts in an independent and professional manner, with a long-term perspective in relation to the achievement of its targets**, 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, central 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 and were issued the decision with number 1223 & 1224/2020 4th Department (7member composition) which send the case to be judged by the Plenary Session of the Council of State due to significance. The hearing of the case was set for 6.11.2020.

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 and has 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 Supervisory Board of HCAP consists of the following members:

- 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.

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:

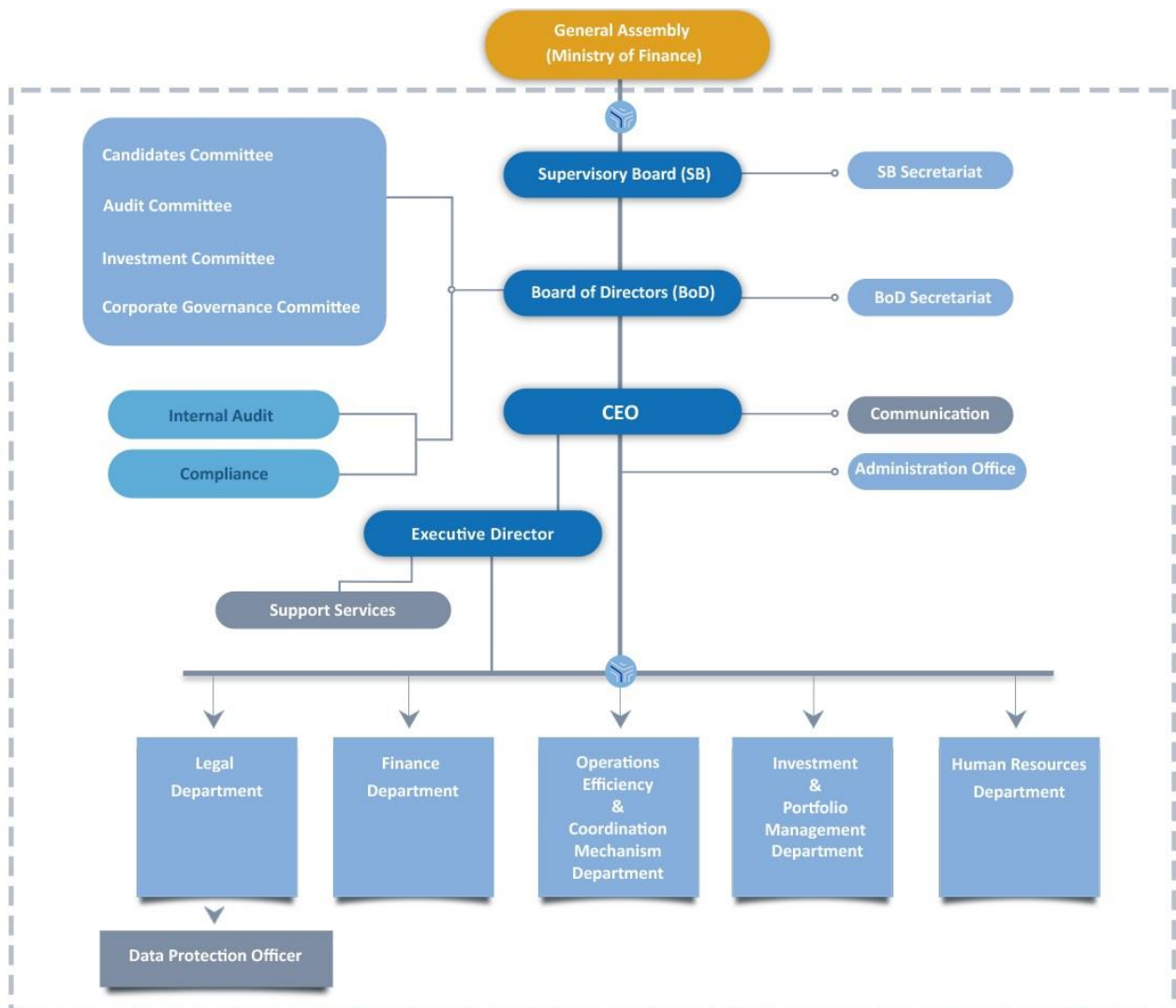
Full Name	Position
Diamantopoulos George	Chairman of the Board of Directors, Non-executive Member
Ekaterinari Ourania	CEO, Executive Member
Giourelis Stefanos	Executive Director, Executive Member
Athanassiou Hiro	Non-executive Member
Derdemezis Konstantinos	Non-executive Member
Gregoriadi Alice	Non-executive 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, four Committees are established, namely:

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

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 second quarter of 2020, the IAD carried out the actions set out in the 2020 Audit Plan, which was approved on 18.12.2019. A relevant activity report was submitted and presented to the Audit Committee on 20.07.2020.

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

In February 2020, HCAP's Compliance Function presented to the BoD and the Supervisory Board the Annual Compliance Report for 2019 as well as its Compliance Plan for 2020.

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

HCAP's Compliance function has also developed policies and procedures to enhance the prevention of conflict of interest issues. In particular, a screening process is in place for all HCAP's BoD and Supervisory Board members as well as subsidiaries' BoD members who are assessed and/or appointed by HCAP to ensure that their personal interests and relationships do not raise potential conflicts 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.

HCAP also supports actions that aim to highlight the importance of compliance and business ethics for Greek companies. In particular, 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 it is also a member of the Business Integrity Forum established by 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, Grant Thornton was elected as external auditor for the statutory audit of the Corporation's separate and consolidated financial statements for the year 01.01.2020 – 31.12.2020.

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 30.06.2020 amounted to €70,284,513.

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	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)"	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	g) Coordination Mechanism	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
		m) Dividend Policy
		n) Investment Policy

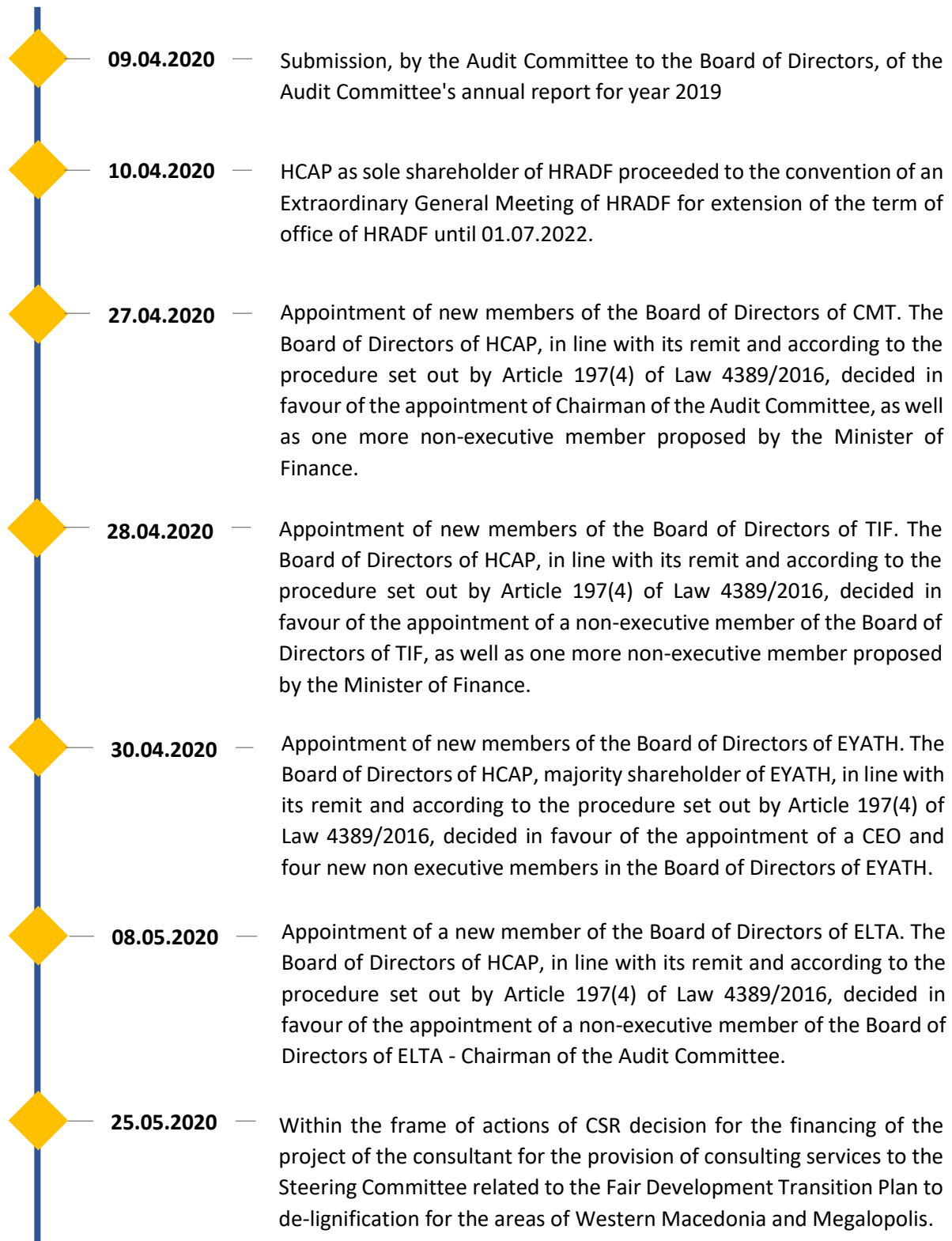
It should also be mentioned that the Corporate Governance Code is based on the Hellenic Corporate Governance Code for Listed Companies, which in its turn adopts the OECD Corporate Governance Guidelines, an international benchmark for corporate governance.

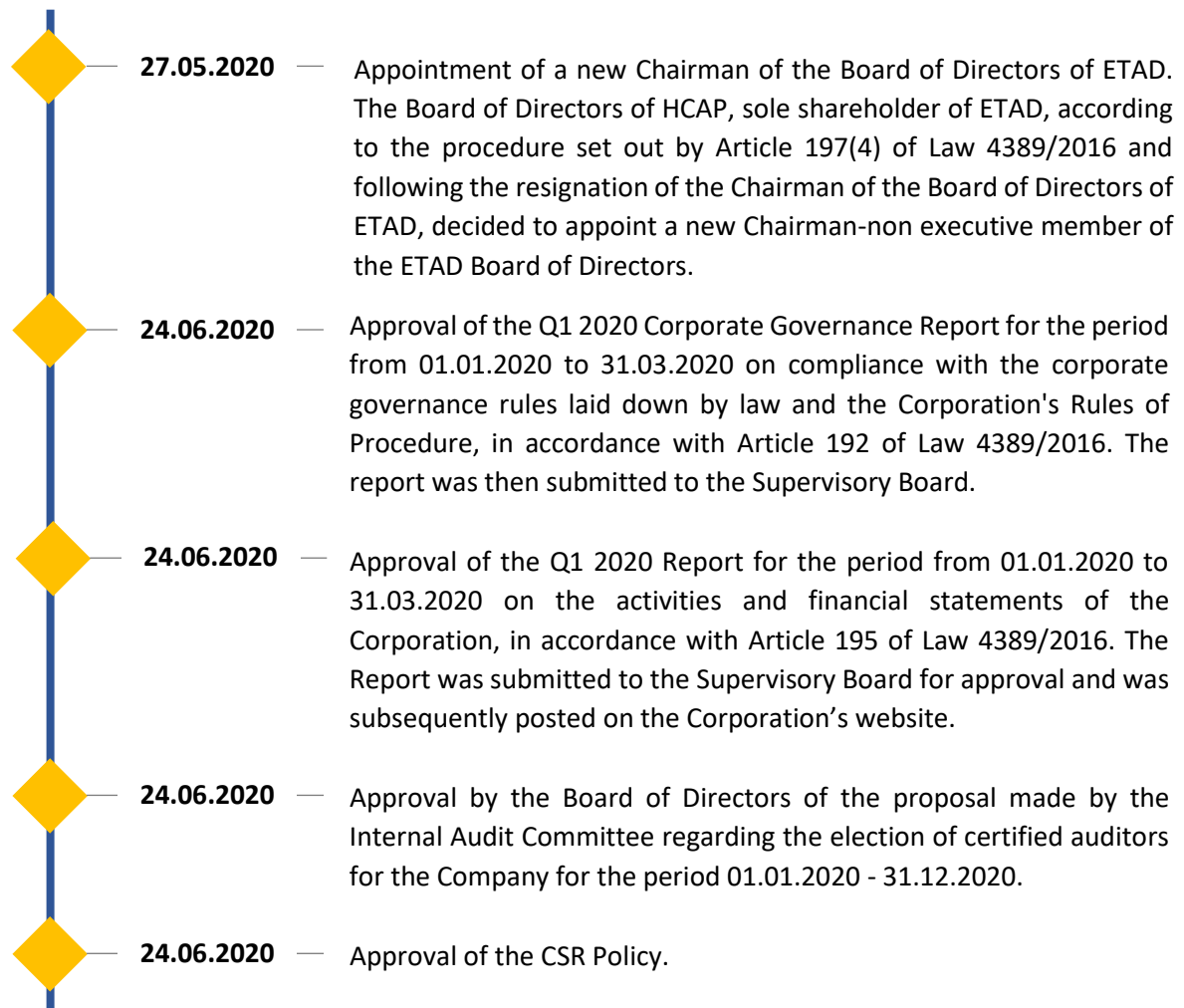
Finally, regarding the reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports regarding compliance with the rules of corporate governance, as provided for by the regulatory framework of the Corporation. In the framework of the financial reports, HCAP submits:

- ✓ 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 01.04.2020 to 30.06.2020 and main subsequent events

The Corporation's most important activities during Q2 2020, i.e. from 01.04.2020 to 30.06.2020, are presented below:





Ordinary General Meetings of Subsidiaries (as determined under Law 4389/2016) – Within June 2020 and under its shareholding status, HCAP participated in the Ordinary General Meetings of subsidiaries PPC, EYDAP, EYATH, AIA, exercising its right to vote on subjects appearing on the agenda of the Ordinary General Meeting.

June - July 2020 - Update of KPIs for subsidiaries taking into consideration the impact of Covid-19 pandemic, and respective update of HCAP's Business Plan

August 2020 – Approval of the corporate and consolidated Annual Statements of 2019.



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 June 2020, **more than 90 members in 16 Boards** in HCAP portfolio companies, through open, professional and transparent procedures.

During Q2 2020, executives were appointed in five **(5) Boards of Directors** following market research, evaluation, and meetings with potential candidates with qualifications for executive and nonexecutive 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 June 2020, **eighteen (18) Audit Committees Chairs** at the Boards of Directors of HRADF, ETAD, PPC, EYDAP, EYATH, ELTA, OASA, OSY, STASY, GAIAOSE, Corinth Canal, CMT, CMFO, 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.

Appointment of new members of the Board of Directors of CMT

The Board of Directors of HCAP, in line with its remit and according to the procedure set out by Article 197 of Law 4389/2016, decided in favor of the appointment of a new Chairman of the Audit Committee, as well as a member proposed by the Minister of Finance on **27 April 2020**.

The short CV of the new Chairman of the Audit Committee of the Board of Directors for KATH:

Rona Margiolaki,
*Chairman of the Audit
Committee, Non-
Executive Member*

Born in 1974. She holds a BSc in Computer Science from South Bank University (UK), an MSc in Business Information Systems from University of East (UK) and an MPhil in Information Systems from Brunel University of London (UK). She is an experienced Finance and IT Audit executive with overall 22 years of professional experience in Banking and Consulting sectors. Throughout her career she has been involved in major Audit, Compliance and Corporate Governance projects as well as in the development of complex Information Systems. She has served in Senior Management positions at Piraeus Bank, Alpha Bank and KPMG London. Currently, she acts as an External Executive Advisor to the BoD of the Cooperative Bank of Central Macedonia.

Appointment of new members of the Board of Directors of TIF

The Board of Directors of HCAP, in line with its remit and according to the procedure set out by Article 197 of Law 4389/2016, decided in favour of the appointment of a new non-executive member of the Board of Directors of TIF, as well as a member proposed by the Minister of Finance on 28 April 2020.

The short CV of the new member of the Board of Directors for TIF:

Asterios Tsoukalas,
*Non – Executive
member*

Born in 1969. He holds a BSc in Economic Science from Aristotle University of Thessaloniki and a Master of Arts in Finance and Investment from University of Exeter (UK). Since 2015, he is PhD Candidate from Economic Science Department, Democritus University of Thrace. He has professional certifications from the Hellenic Capital Market Commission and diploma in International Financial Reporting Standards from the Association of International Accountants (UK). He has long experience in the financial sector as investment consultant and in the capital markets. Since 2006 he is supervisor at the regional office of the Hellenic Capital Market Commission in Thessaloniki.

Appointment of new members of the Board of Directors of EYATH

The Board of Directors of HCAP, majority shareholder of EYATH, in line with its remit and according to the procedure set out by Article 197 of Law 4389/2016, decided in favour of the appointment of five new members in the Board of Directors of EYATH, among which the CEO, on 30 April 2020.

The short CVs of the new members of the Board of Directors for EYATH:

Anthimos Amanatidis,
CEO

Anthimos Amanatidis is a mechanical engineer, graduate of the Aristotle University of Thessaloniki. He holds an MSc in Environmental Protection and Sustainable Development, as well as an MSc in Energy Production and Management. Since 2010 he is an executive of ERGOSE S.A., overseeing the preparation of tenders and managing the construction of major infrastructure projects and electromechanical facilities. In 2008 he was a consultant for one of the Greek State's real estate company, ETAD (www.etad.gr), responsible for the preparation of project tenders and tenders regarding the concession and operation of ETAD branches in Northern Greece. In the past he held a position as a consultant for the Prefecture of Central Macedonia in environmental rehabilitation issues. He was Vice President of the Thessaloniki-Thessaly Gas Distribution Company (EDA THESS), representing DEPA, participating in the preparation of the company's development program for 2019-2024.

Maria Petala,
*Non - Executive
Member*

Maria Petala is a Chemical Engineer at the Aristotle University of Thessaloniki (AUTH) and she obtained her doctoral degree in Environmental Engineering at the Faculty of Engineering of AUTH. As of 2000 she has been involved in environmental engineering research, while since 2013 she has been a permanent teaching staff in the Laboratory of Environmental Engineering and Planning, Department of Civil Engineering, AUTH participating in numerous national and European funded research projects. Her research interests include water, wastewater and solid waste quality assessment, water/ wastewater treatment technologies for the reclamation and reuse of water for the enrichment of underground aquifers and the assessment of environmental impacts caused by the discharge of wastewaters. Her research work has been

published in acknowledged peer reviewed international scientific journals and has been presented in many international scientific conferences. She is a reviewer of research proposals in calls announced by EU, ESA and GSRT and she is an evaluator of NSRF projects. In addition, she serves as a technical consultant in national and local public bodies in water resource management and upgrading of water distribution systems and water quality. She has been an associate scientific responsible in research projects regarding the quality monitoring of seawater in Thermaikos Gulf.

Sofia Ammanatidou,
*Non-Executive
Member*

Sofia Ammanatidou is a graduate of the Business Administration Department and a holder of a postgraduate title in Management Information Systems of the University of Macedonia. She works as a Class A economist/accountant, and she is a manager/an administrator of an accounting firm. She is a member of the Economic Chamber of Greece and the American-Hellenic Chamber of Commerce. Since 2017 she is an Accredited Mediator and a Certified Insolvency Practitioner (Special Administrator) by the Ministry of Justice, and she has undertaken the special administration of large enterprises entered into such regime, such as "Axon Holdings S.A.". Furthermore, she is a member of the Extrajudicial Debt Settlement Coordinators' Registry of the Special Secretariat for the Management of Private Debt and the registry of evaluators of development programs of EFEPAE. Since 2019, she participates in the special liquidation procedure of ELBO, whereby she has assumed increased managerial/administrative duties. She has received a certificate in Financial Accounting from "Harvard Business School", a certificate in International Financial Reporting Standards from the "Association of International Accountants", England, whereas she has attended an Annual Program of Insurance Studies of the University of Macedonia. She has also participated in numerous seminars on accounting, economics and corporate governance.

Aikaterini Tsikaloudaki,
Non-executive Member

Dr. Aikaterini Tsikaloudaki, civil engineer, has been working for the Civil Engineering Department of the Aristotle University of Thessaloniki, first as a lecturer (2006), then as an assistant professor (2013) and now as an associate professor (2017). She teaches courses related to building construction, building energy performance and sustainability at the undergraduate and postgraduate level. Her research interests are on the performance of the building envelope and building elements, building physics and sustainability in the built environment. She has participated as a researcher and principal investigator in many projects funded by national and international sources. The results of her research have been published in peer review journals and conference proceedings. She has an active participation in the development of the Greek Regulation of Building Energy Performance, as well as in the preparation of the relevant technical guidelines and the manuals for the energy auditors. She has participated in the national committee for the recast of the energy performance legislation, as well as in the relevant committees of the Technical Chamber of Greece and the panel working for the definition of nZEB framework in Greece. She has also served as a member of the scientific committees of national and international conferences, reviewer of international scientific journals and expert evaluator for research proposals at national and international level

George Satlas,
Non-Executive Member

George Satlas is a graduate of the Department of Mechanical Engineering of the National Technical University of Athens and holds an MBA with a specialization

in finance from the University of Strathclyde. He possesses several years of experience in the financial sector, having dealt with an extremely wide range of principals in the fields of investment and real estate management. He has been a high-ranking executive in subsidiaries of all four systemic Greek banks, managing investment funds for a number of years, where he has distinguished himself by constantly being at the top tier rankings based on their returns. Among other things, he held the position of Chief Investment Officer at the Greek Postal Savings Bank and consequently Eurobank, succeeding in a tenfold increase of the funds under management in the midst of a crisis. In recent years, he served as the Chief Investment, Strategy and Technology Officer at Piraeus Real Estate, while since 2019 he has been the Chief Investment Officer of the Hellenic Corporation of Assets and Participations.

Appointment of a new member of the Board of Directors of ELTA

The Board of Directors of HCAP, in line with its remit and according to the procedure set out by Article 197 of Law 4389/2016, decided in favour of the appointment of a new non-executive member of the Board of Directors of ELTA - Chairman of the Audit Committee on **8 May 2020**.

The short CV of the new Chairman of the Audit Committee of the Board of Directors for ELTA:

Vassilis Monogios,
*Chairman of the Audit
Committee, Non-
Executive Member of
the Board of Directors*

Born in 1974. He holds a BSc in Business Administration from University of Piraeus while he has acquired the professional titles of CPA/2005, Certified Auditor CIA/2006 and CRMA/2012. With over 21 years of professional experience he has a proven track record of achievements across different industries in the areas of Internal Audit, Corporate Governance, Risk Management, Operational Improvement and Corporate Reporting. From 1998 until 2016 he held various C-level positions at Grant Thornton. He has also served as Head of Quality Assurance and Methodology Function at Eurobank. At the present time, he is the Managing Partner of AMiD Corporate Governance, Internal Controls and Internal Audit Services. In addition, he is an Independent Management Consulting Professional and Corporate Governance Advisor.

Appointment of the Chairman of the Board of ETAD

The Board of Directors of HCAP, sole shareholder of ETAD, according to the procedure set out by Article 197 of Law 4389/2016, decided in favour of the appointment of a new Chairman-non executive member of the Board of Directors of ETAD, in force as of **27 May 2020**.

The short CV of the new Chairman of the Board of Directors for ETAD:

Antonios Bezas,
*Chairman of the
Board of
Directors of
ETAD, Non-*

He was born in 1963. He studied at the School of Civil Engineering (Structural Engineering) of the National Technical University of Athens (NTU-1986). He worked as engineer designer specializing in the anti-seismic behavior of constructions and as a special consultant in the Local Government with objects of urban and spatial planning, the implementation of co-financed programs and regional development. He has served as municipal (1994-1998) and prefectural councilor (1998-2001), Member of Parliament for Thesprotia (2000-2009 and

Executive Member 2012-2015), Chairman of the Parliamentary Committee on Economic Affairs (2012-2013), Deputy Minister of Economy and Finance (2005-2009).) responsible for taxation, public property and bequests, Deputy Minister of Health (2012-2013) responsible for the National Organization for the Provision of Health Services (EOPYY) and the Primary Health Care (PHC) and Deputy Minister of Labor and Social Security (2013-2014) responsible for social security. His areas of experience include, inter alia, organizational restructuring, reform promotion and financial consolidation.



Business Continuity in HCAP Group and Covid -19 crisis management

The first quarter of 2020 started with good prospects for the Greek economy, however in March, the Greek and the global economy, as well as the citizens came across an unprecedented public health crisis, due to the outbreak of Covid-19.

During March, the virus that had already showed up in China by December, was also tracked in the Greek territory. In order to protect public health, the Greek Government promptly proceeded in the implementation of protective measures that gradually led to a lock down.

As a result of these measures, relocations and thus economic activity decreased to its minimum, however and in order for a set of indispensable services to continue to be provided, many businesses were forced to alter the way with which they operated, promoting home- office or other technological applications and tools.

HCAP portfolio companies couldn't have been unscathed by this extreme change in their external environment.

State Owned Enterprises were called to preserve their purely operational functions and to continue providing services to the society and the Greek citizens, safeguarding at the same time, their employees' health and safety.

This said, urban transportation had to be fully operational, to transfer citizens that continued working, at their jobs. Post offices had to showcase consistency and high responsibility standards, as they were called to deliver medicine, pensions and products to those that remained secluded at their homes. Central Markets had to continue supporting the catering of the food market with fruit, meat and vegetables respectively.

This crucial business continuity target for HCAP and its subsidiaries is also depicted in the latest Enhanced Surveillance Report of May 2020, where it is stated that the corporation's main priority is the uninterrupted operation of the SOEs in crucial sectors of the economy, abiding to all health and safety rules, which was eventually succeeded.

HCAP portfolio companies responded successfully to the above mentioned challenges, supporting substantially the Greek society and important sectors of the economy as they came off with the unceasing offering of their services that is proven by the below mentioned factual data.

Thus, for the period from mid – March to the end of April:

- **369.000 retired** citizens received their pensions at home, for two consecutive months
- More than **11 million vehicle kilometers** were realized by the public transportation means , while there we more than **8,5 million boardings**
- For the provision of the above transportation services, more than **2.500 drivers and technicians** worked out on the streets.
- **Transactions** in the post office branches network were more than **2 millions**, while **77% of the staff** worked in customers servicing positions, in situ
- **Digital and phone Services** by the water companies **were increased by more than 20%**, while special shifts were implemented to deal with any physical damages during the lock down.
- More than **6.500 trucks** entered the Central Markets for catering, while more than **8.500 retail customers** were directly serviced. In total, more than **3.000 tones of fishery** were traded
- More than **2,2 million objects** were delivered by the courier network, supporting this way e-commerce.

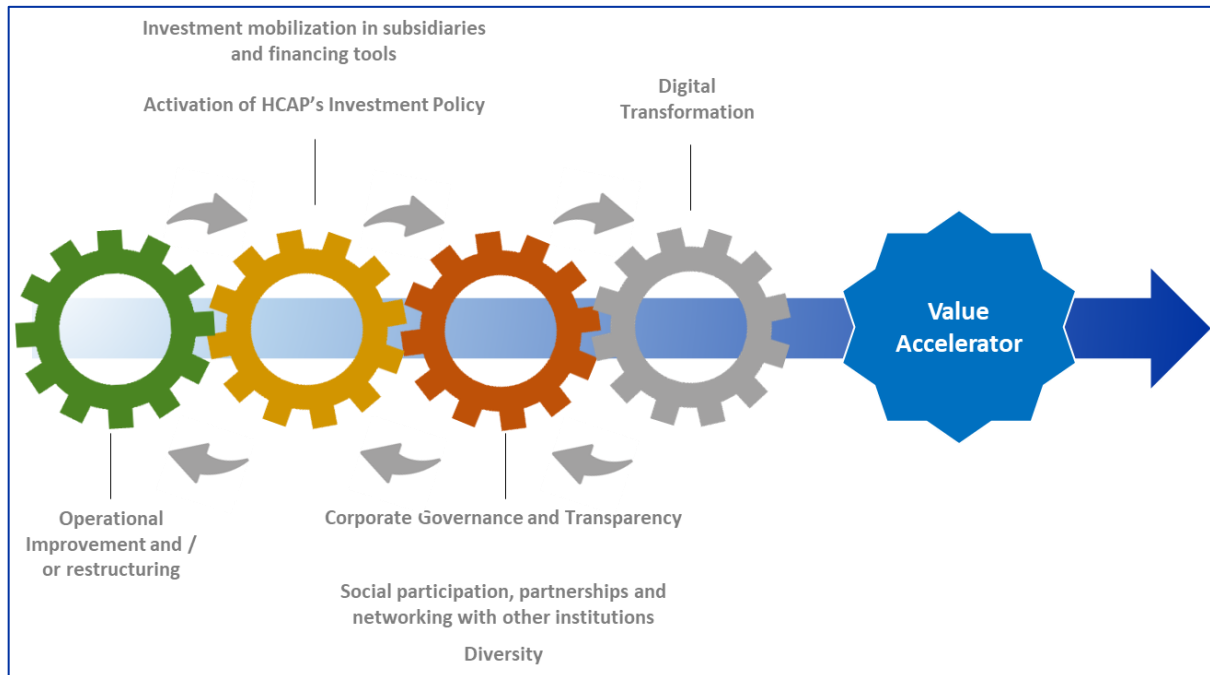
Amidst the ongoing COVID-19 crisis and taking into account its impact on business, HCAP and its portfolio companies will continue to be pro-active in preparing for future challenges and the demanding circumstances that all companies will undoubtedly face. HCAP has designed and developed an e-learning program with several online course including on “Business Continuity Management”, “Business ethics and compliance” and “Working from home” which will be available to all HCAP’s subsidiaries. For that purpose, HCAP has created and an e-learning platform that will be used by HCAP’s portfolio companies. This platform is described in greater detail onwards.

Furthermore, and in order to inform and raise awareness to HCAP’s employees and to the society in general, communication material (videos, posters, etc) has been created; this material stresses the contribution of HCAP in promoting and supporting work from home, business continuity, and preserving business integrity and ethics in these extraordinary circumstances.



HCAP Strategic & Business Planning – Implementation of Key Performance Indicators (KPIs) in State-Owned Enterprises

HCAP role, as an organization that integrally manages an important part of the assets of the Greek State, accelerates the value creation in SOEs (Value Accelerator) and is developed through specific objectives such as operational improvement, digital transformation, investment mobilization, as well as good corporate governance practices.



HCAP Strategic Plan was approved by its General Assembly in January 2018; it is a key tool for the preparation of the Business Plans by each subsidiary (direct and other non-listed subsidiaries), as well as for the formulation of HCAP's Business Plan.

HCAP's Business Plan is updated on an annual basis. Hence, according to the revised Business Plan 2020-2022, actions and priorities are set at the level of HCAP, as well as of its subsidiaries, and are elaborated through distinct objectives, in terms of Key Performance Indicators (KPIs)¹. The KPIs cover all four HCAP's strategic directions, namely those of revenue and financial performance, improvement of services provided, corporate governance and public value.

The outbreak of the pandemic made some of the initially agreed targets unrealistic, as it affected both HCAP and its portfolio companies.

During the second quarter in which there was a general lock down, key priority for the SOEs was to ensure business continuity so that they can continue to offer their services to the society and Greek citizens, while at the same time protecting the health and safety of their employees. Thus, the

¹ The target-setting model relates to direct subsidiaries (HRADF, ETAD) and to non-listed SOEs in which HCAP is either the sole or majority shareholder.

finalization of the KPIs was temporarily suspended, until more information is available on the duration and the impact of the crisis on economic activity.

The assessment of the consequences of the pandemic for each company was a critical parameter for the revision of the relevant targets and KPIs; it began in the second quarter of the year after the abolishment of the restrictive measures and was completed within the third quarter.

In August 2020, HCAP's revised tri-annual Business Plan was approved by its Board of Directors, which also incorporates the targets and the agreed KPIs with the subsidiaries.

In relation to the target setting process (KPIs), it is worth noting that, for ELTA only the basic priorities have been set since the company is in the process of finalizing its transformation plan. In addition, for TIF-HELEXPO the target for 2020 cannot be finalized as the cancellations of exhibition and conference events continue, with the most recent cancellation of the 85th TIF.



HCAP's online training platform

HCAP has developed an e-learning training platform, available to all HCAP employees (and those of its portfolio companies), with a variety of courses on key business topics. With the successful completion of each course, HCAP awards participants a certificate, while the course material remains available on the platform so that every employee can access its content when needed.

Indicative training programs:

Compliance and Business Ethics: The course offers a solid understanding of core Compliance and Business Ethics issues and enables employees to effectively address the challenges faced in the course of business. Areas covered include: Code of Conduct, compliance with laws and regulations, avoiding conflict of interest, anti-bribery and corruption, gifts and hospitality, fraud prevention, information management, equality and diversity, making the right decision.

HCAP can become a
center of excellence for
the wider public sector
in Greece

Business Continuity Management: This course prepares employees to appreciate the objectives of a Business Continuity Plan, to recognize how risks are identified and analysed and also to understand what to include in a risk registry. Moreover, the training outlines key elements of both Disaster Recovery Plan and Succession Planning, and stresses out the importance of effective communication and good PR when dealing with urgent incidents of force majeure and crises.

Work from Home: This course prepares participants to set up their homeworking environment while also adhering to best practices and confidentiality of information, including the protection of equipment provided by the company while working from home. Guidance is also provided on how to maintain good communication amongst team members and how to meet expectations and deadlines, while stressing out the importance of well-being and health safeguarding (i.e. time limit spent on display screen equipment, appropriate chair height, etc.).



Transition to a lignite – free era

The challenge of climate change affects the economic, social and political aspects of all countries, despite the level of their dependence to minerals, dictating the re-design of the production, consumption and living models. Within this framework, the Greek State is targeting the radical transformation of the country's carbon – rich areas through the shaping of strategic capabilities in order to maintain and enhance these areas' social fabric.

The European Commission has articulated a long – term strategy to transit to a climate - neutral Union ("Green Deal") that uses as a main means a Just Transition Mechanism (FTM) for the 2021 - 2027 period for the counties and areas that are dependent to minerals. This mechanism will operate complimentary with other funding options by the Union's budget, for the new period of the Multiannual Fiscal Framework (2021-2027). As a consequence, the Greek State has constituted a Cabinet Committee that aims to the just transition of the areas of Western Macedonia and Megalopolis municipality in the Peloponnese.

HCAP supports the effort for the Just Transition to a carbon –free era, as this is a key priority to the European Commission.

Thus, HCAP, recognizing the challenge of de-carbonisation for the economic, social and political life of the areas that depend on carbon activities, supports and assists the Greek State during the study process for the socio-economic transition of these areas.

In particular, HCAP undertook the initiative to finance and offer resources to ensure know-how that would be utilized by the Cabinet and the Coordinating Committee of the Just Development Transition Plan (SDP) for the design of a coherent program for structural productive reorientation and development of carbon areas (region of Western Macedonia and Municipality of Megalopolis).

This project will include measures, initiatives and policies for the short, medium and long term, in order to (among others) compensate for job losses and for the creation of new businesses and employment opportunities, thus contributing to the primary goal, which is to maintain and develop a sustainable socio-economic environment and cohesion in the areas that are expected to be adversely affected by the closure of the lignite units and the related mines (areas of Western Macedonia and Megalopolis)

In September 2020, the Minister of Environment and Energy presented the main directions of the masterplan for the Just Development Transition of carbon areas. Earlier, the plan had been approved by the Cabinet Committee for de-lignification. The complete master plan is expected to be put up for public consultation in the immediate future. At the same time, preparatory works are underway and at the end of the consultation, the drafting of the Territorial Just Transition Plans is expected to be initiated.

More information is available on the website: <https://www.sdam.gr>.



Greek Postal Company (ELTA) – Transformation Plan & Covid – 19 crisis management

The overall financial status of the company is known, as it faces liquidity issues and it operates through the model of the Universal Postal Service Provider, in a market that shrinks globally, due to the substitution of the traditional postal services with digital ones. For this reason, the design of the implementation of a coherent transformation program is underway, taking into consideration international experience from relevant transformations in Europe, with the appropriate adaptations to fit in the Greek market specificities. HCAP has provided support to ELTA's management by undertaking two bidding processes for the assignment to advisors of the design of the corporate transformation strategy (Business Advisor), the digital strategy & the preparation of the implementation roadmap (Digital Transformation Advisor).

ELTA's management has undertaken actions in cooperation with stakeholders and HCAP, so as to finalize the financing scheme and prepare for the necessary approvals in order to enable the implementation of the transformation plan. At the same time, cost reduction actions are being taken by the management of ELTA, in order to fill the liquidity gap until the approval and the initiation of the Transformation.

It is also worth mentioning that ELTA have dealt with the Covid-19 outbreak remaining almost fully operational and concluding the delivery of pensions throughout the whole Greek territory for March and April, even in quarantined areas, taking all safety measures for their staff and for the citizens they served. By doing so, 360 thousands of retired citizens remained safely at home, as they were either serviced at home, or at open public spaces, in cooperation with local authorities. The free delivery of protective material for use at the country's courthouses was also secured. Furthermore, ELTA have already initiated cooperation with the citizens' bureaus services (KEPs) so as to distribute any required official papers, as well as cooperation for the distribution of medicine.

Finally, ELTA has completed the assessment of the business impact due to the pandemic and cooperate with the stakeholders so as to select the appropriate framework and finalize the request for funding for its submission, along with any approvals by the competent authorities, in order to address this impact.



Hellenic Saltworks: evaluation of the vertical orientation of the production

Hellenic Saltworks SA exploits 92% of the Greek salt works that can cover 2/3 of the domestic demand for raw natural salt, exporting also part of its production. The main product produced is raw natural salt (washed, unwashed and special specifications NaCl > 99.5%) which is mainly (a) edible salt for wholesale to companies engaged in the processing and sale, in the retail or wholesale market (b) salt for industrial use, (c) salt for water softening and (d) Salt for the snow removal from the road networks. Also, in Messolonghi saltwork a special type of high quality salt is produced, called Afrina, which is collected by hand, known as the flower of salt (fleur de Sel). The salt produced by the company is mainly sold as a primary product with a minimal degree of processing or packaging.

HCAP, as part of its mission to increase the value of its assets, is in close cooperation with a renowned consultant to prepare a feasibility study for the vertical orientation of the production, i.e. to assess whether the Hellenic Saltworks could expand their activities to the processing of the raw material, for example through the sale of packaged products. The objective of the project is to review and evaluate whether this is an opportunity for the company and to what extent HCAP's subsidiary should enter into new operation.

In this context, the consultant will examine and evaluate the prospect of a business plan in relation to the size of domestic and European demand and competition. The consultant will also review strengths and weaknesses, the value proposition in terms of product, potential customers and markets at the wholesale / retail level, market penetration conditions and necessary changes in relation to the existing model of organization and operation. Furthermore, necessary investments and the availability of financing, the economic benefit that will result for the company (cost- benefit analysis), the implementation plan and critical success factors are to be evaluated as well. At the same time, a benchmarking study of companies operating abroad will be carried out taking into consideration successful examples from companies with a similar operating model.



Technology, Digital Transformation and Synergies

HCAP, under the impact of the pandemic, is intensifying its efforts towards the digital transformation of its portfolio companies, with the ultimate aim its contribution into the country's convergence with EU performance.

The most important activities that are in process of implementation, include:

- **Innovation Network activities.** Following the establishment of the Network, with active support from Board of Directors members from the subsidiaries, the collaboration and experience transfer between the Network members commenced in the post COVID-10 era, focusing on the pillars of organizational processes, people, customer and data security. The core thematic areas for the Network work groups were identified, including technologies and solutions around blockchain, cybersecurity, big data, IoT, smart buildings & infrastructures, e-mobility and machine learning. On the thematic area of cybersecurity, following the Network efforts, an "Optimization of Physical and Digital Security Plan" was produced and shared with the HCAP subsidiaries. The Plan documents the minimum actions that are required so that the HCAP companies can raise the level of infrastructure security regarding Information Technologies and Operational Technologies, with regards to both physical and digital security.
- **Networking activities.** In order to speed up the digital transformation and further encourage innovation in the HCAP subsidiaries' ecosystem and the relevant economy sectors, HCAP is investigating the participation of a selected group of companies in activities of Digital Innovation Hubs, following international best practices. Such a participation entails collaborations with academic and research institutes, municipal authorities, private sector companies (SMEs and Midcaps) and funding entities. Such a hub will support HCAP and its companies with specialized know-how in the edge technologies (such as AI, blockchain, IoT

etc.), the participation in ‘test before invest’ activities for digital solutions of interest, in the organization of trainings and educational programs for the companies’ staff as well as in networking and ecosystem creation activities in close collaboration with the industry, the research community and the technology/innovation-generating private sector (e.g. startups).

- **Incentivized competition for the use of subsidiaries’ data.** HCAP and its companies recognize the importance of data, as emerging from the operation of service providers, for the development of innovative products and services as well as for improvement of operational efficiency. In the context of boosting the collection and exploitation of data, following best practices, but also in order to attract researchers, data scientists, startups and the data industry in general, in utilizing exploiting Big Data, HCAP, in collaboration with its’ subsidiaries and in the context of the Innovation Network, is preparing a series of competitions. The subject of competitions will be the innovative use and applications based for instance on metering data in water or electricity companies.
- **Digital strategy of the HCAP companies.** The collaboration of HCAP with its subsidiaries is in progress, in designing and implementing a mid to long-term digital transformation plan based on the business needs and priorities of each company. The documentation of active and under design projects with digital focus, as well as the adoption best practices for digital transformation, comprise an important milestone, leading to specific actions and a roadmap for implementation.
- **Synergies through the creation of a single geographic information system (GIS).** HCAP is actively contributing to the pilot implementation of a single geographic information system (GIS) relying on the geospatial data of the companies in its portfolio and including other openly available geospatial data. 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 that will add value. HCAP is working closely with GAIAOSE and ETAD, which already hold relevant expertise, in order to implement this project.
- **ELTA digital transformation.** Following the financing and the assignment of consulting services by HCAP on behalf of ELTA regarding the company’s digital transformation, the strategic prioritization of the digital upgrade and modernization of the company and the implementation roadmap are under finalization.
- **AEDIK e-business platform.** In the framework of actively supporting digital transformation activities among its subsidiaries, HCAP contributes with best practice recommendations to the design and implementation of a digital transactions’ and management of business operations’ platform in AEDIK. The platform is expected to provide the functionality of automated transactions via mobile devices for corporate and non-corporate customers, thus significantly improving their experience and servicing times.
- **Investment projects for the digital transition - Recovery Fund.** HCAP has coordinated, processed and submitted along with its portfolio companies, the proposals for urgent investments on digital transition, taking into account best practices but also the complementarity of the proposed interventions with the individual digital activities and projects of its companies.



Webcast series: «Unlocking Digital Potential»

HCAP's Innovation Network, in collaboration with MIT Enterprise Forum Greece, organized a series of seven Webcasts on the exploitation of digital potential of businesses and how technological solutions can address tangible problems for public and private enterprises. The Webcasts under the title "Unlocking Digital Potential" took place from 19th June to 9th July 2020 and are available through the web address <https://hcap.labonline.gr/>. World-renowned members of the international scientific and technological community presented their proposals on a series of subject matters, such as Big Data, cybersecurity, smart mobility etc., while and C-level members of HCAP's portfolio companies presented innovative activities and digital transformation projects under planning or in progress. In each Webcast, the presentations were followed by a discussion around the topic of each webcast, with participation from the audience.

More specifically, the thematic areas and key points of the individual Webcasts were as follows:

A. Building an Innovation Culture in large State Owned Enterprises: Opportunities and challenges for the adoption of digital technologies.

During the Webcast, best practices of the digital transformation initiatives as implemented by the Greek government were presented, including the establishment of a unitary view of the Greek state for the citizens, as well as the legislation reform in progress, with several provisions for digitalization of the state such as innovation competitions. The challenge of large corporations to follow the rapid technological evolution and the role of startups, the significance of the risk culture and how data enables measurement and understanding of processes and the creation of insights on what can be automated and what needs to be changed were among the main points brought forward. Additionally, leveraging the diaspora's knowledge and experience was underlined as a means to have sustainable innovation

B. Predicting and Preparing for Disruptive Events: Prediction of events such as the COVID10 pandemic and the design decisions required for the establishment of resilient infrastructures.

The importance of predicting and containing catastrophic events for the utility networks was stressed out. The DELPHI model that forecasts the evolution of the COVID19 pandemic utilizing advanced data analytics was presented, showcasing the potential of combining data analytics with machine learning models. Designing 'smart' cities and infrastructures resilient to cyber-attacks and physical disasters can greatly benefit from the deployment of sensors, control solutions and analysis for the mitigation of risk and losses.

C. Physical and Digital Security: The challenges of large enterprises in digitalizing their processes and services, as well as ensuring security and data privacy.

The speakers analyzed the importance of addressing physical and digital security holistically, with tangible examples of cyberattacks with significant impact in physical infrastructure and operations. It was pointed out that an appropriate mixture of human resources, technologies and processes can ultimately comprise the appropriate balance of measures that can increase the overall security of the organizations and their infrastructures, while often ignorance and human error are the main causes of breaches. The increasing use of cloud and remote file accessing generates new security risks, while the cost of deploying an attack is constantly decreasing, becoming inversely proportional

to the costs for its mitigation. Addressing security in a holistic way, starting from the processes of an enterprise and the preparedness for a timely restoration of an attack are highly recommended measures for the enterprises of today.

D. Future of Mobility: Experiences from international activities and pilots in Athens.

The advent of the 'Mobility as a Service' model and the management of transport data, so that the costs of acquiring and delivering them is compensated, were brought forward during the Webcast as main challenges of the future of mobility. Significant projects and innovation activities of OASA utilizing Big Data during the COVID19 pandemic were presented, together with the potential created by the use of transport data for operational decisions within the organization. Evidence and conclusions from transport data related to autonomous mobility were discussed, taking into account privacy issues imposed by relevant regulation (e.g. GDPR), that can slow down the evolution of innovative mobility and transport services

E. Data-driven forecasting: How can Big Data improve the operations of public enterprises.

Investments in data are self-sustained business opportunities. However, the challenges in modelling data and forecasting are many, while the data collection dimensions increase (multi-dimensional data). Examples of Big Data use in the sectors of energy, transport and water services were provided, including examples of demand prediction methodologies through the modelling of personas and the classification of customers based on geospatial data. Strategic priorities and important digital projects were presented, like the projects of EYDAP, regarding monitoring of water quality and the water network conditions, the measurement of consumption in real time, the use of Artificial Intelligence to detect consumption patterns as well as delivering added value services (e.g. consumption visualization via an app) towards the customers.

F. Blockchain: The opportunities and challenges for public enterprises, based on international best practices. Relevant activities in HCAP companies.

A brief retrospect in the emergence and constant evolution of blockchain technologies was presented, for a series of applications including 'smart' contracts, peer to peer transactions, transport, property management, renewable energy sources management, etc. The blockchain technology is applied in PPC for the management of the employees' data records, but also in GAIAOSE with the development of a solution that embeds blockchain in the property management platform (for transactions such as automated concessions using 'smart' contracts and the pilot valuation of properties). It was emphasized that digital transformation is applied following the operational model of each enterprise, while the blockchain technology itself can demonstrate diversity in supporting new business models.

G. Discovering and funding innovation: Reinforcing the optimization of operations and the quality of services for public enterprises.

It was noted that the networking of innovation stakeholders, the use of public enterprises' infrastructures as trial fields for innovative solutions and the contribution of the research and scientific community in facing the public enterprises' challenges are determining factors for reinforcing innovation in the HCAP companies. The innovation culture around research and entrepreneurship as well as the exploitation of emerging opportunities to start research and development (R&D) in the Greek market and then scale internationally, can bring significant evolution. The cooperation of research centers with large public enterprises and technology transfer offices of academic institutions, technology parks etc. and the exploitation of real-life data from the operations of public enterprises can enable innovation and synergies to a large extent.

The Webcasts and the emerging discussions, provided evidence on the significant potential for digital progress and synergies in a variety of sectors in which the HCAP companies operate as well as in the wider public and private sector in Greece. Technological achievements, best practices, innovative solutions, transformation culture and strategic synergies were acknowledged as determining factors for the “unlocking” of the companies’ digital potential.

Throughout these Webcasts:

- ✓ Several developing technologies, disruptive operational practices, innovative delivery models and added value services were recognized as ‘game-changers’ for public service companies.
- ✓ Awareness of the power of digitalization has significantly increased among HCAP companies’ management and personnel who attended the Webcasts series, thus enabling the alignment of digital transformation mindsets and the identification of multiple opportunities.

Following the Webcasts, the Innovation Network working groups and HCAP in particular, will intensify exploitation of their know-how and networking opportunities for their next activities on adopting technologies, upgrading the digital skills, attracting digital investments. Particular emphasis will be placed upon the exploitation of valuable operational data and infrastructure of the HCAP subsidiaries as ‘Living Labs’ for research and development of digital products and the companies’ integration in the digital future.

The series of webcasts was sponsored by the following HCAP companies: EYATH, EYDAP, GAIAOSE, OASA, PPC.

B. Company Financial Information (for Q2 2020)

B. Separate Financial Statements

The Hellenic Corporation of Assets and Participations S.A. (hereunder “HCAP” or “Company” or “Corporation”) 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 that 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.

Regarding Q2 2020 results (and H1 2020):

The Company, after the first year 2017 which was essentially the year of the beginning of its operations, in 2018 realized for the first time revenues from dividends (€ 17 mln) and profit (€ 13.1 mln), while in 2019 the revenues from dividends more than tripled (€ 61.9 mln) and profit more than quadrupled (€ 57.2 mln). In 2020, for the first time, HCAP shows dividend income and profits from the first quarter of the year (as historically the 1st, 3rd and 4th quarters usually presented usual expenses and zero or minimal revenue). During the second quarter of 2020, the Company recorded increased dividend income from all its subsidiaries, except of ETAD, which distributed extraordinary dividend in 2019 and is not expected to be recurring.

As a holding company, HCAP’s revenue 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 dividend income (and consequently variance in results) between the quarters within the same 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 Company, as the subsidiaries’ profits of each financial year can be distributed during the next financial year.
- Existing restrictions on the distribution of subsidiaries’ and associates’ annual profits, as certain subsidiaries or associates may achieve profits which, however, may not be distributable for various reasons, such as the existence of cumulative losses from previous years or restrictions due to other obligations (due to investment plans, retention of liquidity for emergency conditions as in the current period 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 of this financial report, the main policies 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 mln, of which €10 mln has been paid up and the balance is owed; as a result, the €30 mln is presented as "Unpaid Share Capital" within Equity in the Statement of Financial Position. Under Article 21(3a) of Law 4548/2018, 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 with 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 with 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 with 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 analysed as follows:

A. “Direct Subsidiaries” –participation interest %

 Hellenic Republic Asset Development Fund S.A. (HRADF)	 Public Properties Company (ETAD)	 Hellenic Financial Stability Fund (HFSF) *
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 the dividend arising from 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; and

b) 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 June 30, 2020 and for the periods 01.04.2020-30.06.2020 and 01.01.2020 - 30.06.2020 are presented in paragraphs B.1.1, B.1.2, B.1.3 and B.1.4 below.

B.1.1 Statement of Total Comprehensive Income for the period 01.01.2020 - 30.06.2020

Statement of Total Comprehensive Income (in €)	01.04.2020- 30.06.2020	01.04.2019 - 30.06.2019	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Dividend income (note 1)	27,763,595	40,321,338	29,763,595	40,321,338
Payroll and management cost	(909,605)	(977,030)	(1,808,584)	(1,776,277)
Third party fees (note 2)	(650,082)	(321,668)	(1,046,393)	(534,515)
Other operating expense	(130,402)	(85,287)	(263,182)	(223,830)
Results before interest, tax, depreciation and amortisation (EBITDA)	26,073,506	38,937,353	26,645,436	37,786,716
Depreciation and amortization	(54,654)	(58,294)	(108,773)	(101,479)
Results before interest and tax	26,018,852	38,879,059	26,536,663	37,685,237
Finance income (note 3)	339,054	95,293	764,411	247,704
Finance cost (note 3)	(12,302)	(13,834)	(24,916)	(28,227)
Profit / (loss) before tax	26,345,604	38,960,518	27,276,158	37,904,714
Income tax	-	-	-	-
Net profits/ (losses)	26,345,604	38,960,518	27,276,158	37,904,714
Actuarial losses	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	26,345,604	38,960,518	27,276,158	37,904,714

Notes on the results of the period:**Note 1- Dividend income:**

The Company, aiming at the continuous improvement of the performance of the companies included in its portfolio and as a result of actively managing this performance, managed to significantly increase dividend income from almost all companies in the period (increase of about 45%), while the only exception was ETAD S.A., which in 2019 had distributed an extraordinary dividend of € 21.2 mln, which was not repeated in the period. Total dividend income is analysed as follows:

Company	01.04.2020- 30.06.2020	01.04.2019 - 30.06.2019	Variance (%)	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019	Variance (€)
EYDAP	20,235,000	14,377,500	41%	20,235,000	14,377,500	41%
OTE	2,664,395	2,468,470	8%	2,664,395	2,468,470	8%
EYATH	4,864,200	2,286,900	113%	4,864,200	2,286,900	113%
GAIAOSE	-	-	-	2,000,000	-	100%
ETAD	-	21,188,468	-100%	-	21,188,468	-100%
	27,763,595	40,321,338	-31%	29,763,595	40,321,338	-26%

The upward trend in dividend income per subsidiary (excluding ETAD) is expected to continue in the third quarter of 2020, reflecting the improvement of profitability at the subsidiaries level. On the other hand, an associated company which had distributed a dividend of high value in 2019, is not expected to distribute dividend in 2020, in order to maintain the necessary liquidity for its operation, as it belongs to a sector that has been significantly affected by Covid-19 crisis. HCAP's profitability is expected to slow down in 2021 due to the pandemic, which had negative impact on the results of some subsidiaries and associates within 2020, resulting in lower dividend expectations, but also higher needs for cash available to cover working capital requirements.

Note 2- Third party fees: Third party fees of Q2 2020 are higher compared to Q2 2019 mainly due to two major consulting projects funded by HCAP, as a result of the assessment of the necessity for proper planning of the transformation of the subsidiary ELTA S.A. In particular, these projects regard to a) the strategic and business planning of the transformation of ELTA and b) the strategy and the roadmap for its digital transformation. Moreover, HCAP funded a project to support Greek State in relation to the Carbon Regions Transition Master Plan (“Just Transition Development Plan” (SDAM) for the design of the program for the productive de-carbonization and development of the region of Western Macedonia and the municipality of Megalopoli).

The remaining third party fees for the first half of 2020 relate, as in the previous period, to legal and consulting services for projects such as reviewing and strengthening the framework of Corporate Governance for public enterprises, evaluating the Boards of Directors for companies in HCAP’s portfolio in which HCAP is the majority shareholder and correspondingly recruiting competent executives for these companies, as well as projects undertaken by the Company on behalf of its subsidiaries.

Note 3- Financial results:

- Finance income: the increase is due to the increase in the Company's cash, which is mainly deposited in the Bank of Greece.
- Finance cost: the most significant part of the finance cost derives from lease contracts that the Company, as a lessee, has recognized as right-of-use assets and lease liabilities and from which depreciation and finance costs derive (instead of rental costs).

B.1.2 Statement of Financial Position as at 30.06.2020

Statement of Financial Position (in €)	30.06.2020	31.12.2019
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)	1,078,207	1,154,466
Other non-current assets	34,065	33,045
Total non-current assets	1,112,288	1,187,527
Receivables (note 3)	29,764,241	1,409
Cash and cash equivalents (note 4)	70,284,513	72,627,752
Other current assets (note 5)	867,315	897,988
Total current assets	100,916,069	73,527,149
TOTAL ASSETS	102,028,357	74,714,676
LIABILITIES		
Provision for staff leaving indemnities	79,716	67,885
Long-term lease liabilities (IFRS 16)* (note 2)	697,196	766,534
Total non-current liabilities and provisions	776,912	834,419
Trade and other payables (note 6)	1,548,807	1,460,414
Dividends payable (note 7)	2,537,395	2,537,395
Short-term portion of long-term lease liabilities (IFRS 16)* (note 2)	156,235	149,598
Total current liabilities	4,242,437	4,147,407
TOTAL LIABILITIES	5,019,349	4,981,826
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	2,553,913	2,553,913
Retained earnings	84,455,095	57,178,937
Total equity	97,009,008	69,732,850
TOTAL EQUITY AND LIABILITIES	102,028,357	74,714,676

Notes:

- Investment in the "Direct" and "Other" Subsidiaries were transferred to HCAP with 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 Company recognized the rights-of-use assets and lease liabilities, which relate mainly to a professional lease agreement in the context of the Company's relocation to new offices.
- Receivables mainly concern dividends of € 29.8 mln receivable from companies in HCAP's portfolio, General Meetings of which were held until 30.06.2020 (as analysed above in chapter B.1.1., note 1 on the results in the period), and had not been collected till the reporting date; thus, they are presented as receivable at the reporting date. The majority of these dividends, amounting to € 27.8 mln, were collected within the next month (July 2020).

- 4 As at 30.06.2010, the Company's cash and cash equivalents amounted to € 70.3 mln. Although significant dividend income was recognised in the first half of 2020, as the collection of the majority of them took place after the reporting date (in more detail refer to note 3), cash and cash equivalents show a significant increase the following month of the reporting period (end of July 2020), reaching € 101 mln.
- 5 This amount mainly relates to accrued interest income as at period end as well as prepaid expenses.
- 6 This mainly includes trade payables, accrued expenses, withheld personnel tax payables, deductions and social security contributions.
- 7 The General Assembly Meeting of the sole shareholder of the Company for the fiscal year of 2018, which took place on November 15, 2019, 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 and the remaining amount of €2,537,395, which is payable as of 30.06.2020 and will be paid upon completion of the procedures by the competent bodies, is presented in the caption "Dividends payable".

B.1.3 Statement of Changes in Equity for the period 01.01.2020 - 30.06.2020

Statement of Changes in Equity (in €)	Share Capital	Reserves	Retained earnings	Total
Balance as at 01.01.2019	10,000,000	(2,854)	9,712,519	19,709,665
Net results of the first quarter of 2019	-	-	(1,055,804)	(1,055,804)
Total comprehensive income for the period	-	-	(1,055,804)	(1,055,804)
Balance as at 31.03.2019	10,000,000	(2,854)	8,656,715	18,653,861
Net results of the second quarter of 2019	-	-	38,960,518	38,960,518
Total comprehensive income for the period	-	-	38,960,518	38,960,518
Balance as at 30.06.2019	10,000,000	(2,854)	47,617,233	57,614,379
Balance as at 01.01.2020	10,000,000	2,553,913	57,178,937	69,732,850
Net results of the first quarter of 2020	-	-	930,554	930,554
Total comprehensive income for the period	-	-	930,554	930,554
Balance as at 31.03.2020	10,000,000	2,553,913	58,109,491	70,663,404
Net results of the second quarter of 2020	-	-	26,345,604	26,345,604
Total comprehensive income for the period	-	-	26,345,604	26,345,604
Balance as at 30.06.2020	10,000,000	2,553,913	84,455,095	97,009,008

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 periods 01.04.2020 - 30.06.2020 and 01.01.2020 - 30.06.2020

Cash flow statement (in €)	01.04.2020- 30.06.2020	01.04.2019- 30.06.2019	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Profit/(loss) before tax	26,345,604	38,960,518	27,276,158	37,904,714
<u>Adjustments for:</u>				
Depreciation and amortization	54,654	94,574	108,773	101,479
Provisions	5,915	76,864	11,831	155,354
Losses from destruction/ write-off assets	-	-	-	438
Finance income	(339,054)	(95,293)	(764,411)	(247,704)
Finance cost	12,302	26,551	24,916	28,227
<u>Changes in Working Capital:</u>	-	-	-	-
(Increase)/ Decrease in Receivables (note 1)	(27,763,595)	(40,383,563)	(29,762,832)	(40,483,740)
(Increase)/ Decrease in Other Current Assets	47,710	49,288	105,812	98,286
Increase/ (Decrease) in payables	267,744	25,497	88,393	(192,655)
Net cash flows from operating activities (note 1)	(1,368,720)	(1,245,564)	(2,911,360)	(2,635,601)
Purchase of fixed assets	(25,352)	(4,408)	(32,513)	(132,235)
Collections from disposal of assets	-	-	-	17,383
Interest received	-	-	688,252	325,124
Net cash flows from investing activities	(25,352)	(4,408)	655,738	210,272
Interest and related expenses paid	(12,302)	(26,551)	(24,916)	(28,227)
Payments of lease liabilities	(25,989)	(35,390)	(62,701)	(70,368)
Net cash flows from financing activities	(38,291)	(61,941)	(87,617)	(98,595)
Total net cash inflow/ (outflow) for the period	(1,432,363)	(1,311,913)	(2,343,239)	(2,523,924)
Cash and cash equivalents at the beginning of the period	71,716,876	18,428,830	72,627,752	19,640,841
Cash and cash equivalents at period end	70,284,513	17,116,917	70,284,513	17,116,917

Note 1: The net variation in cash and cash equivalents during the 2nd quarter of 2020 and the 1st half of 2020 is mainly due to cash outflows from operating activities. The Company on a quarterly and semi-annual basis presented significant profits arising from dividend income, which, however, due to time lag between the General Meetings and the payment to shareholders, were collected by HCAP subsequent to 30.06.2020. Therefore, the profitability was transformed into an increase in cash in July 2020, when dividends amounting to € 27.8 mln were collected, raising cash at an amount above € 100 mln.