



HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

## THIRD QUARTERLY REPORT FOR 2020 (01.07.2020 - 30.09.2020) 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 "founding law").



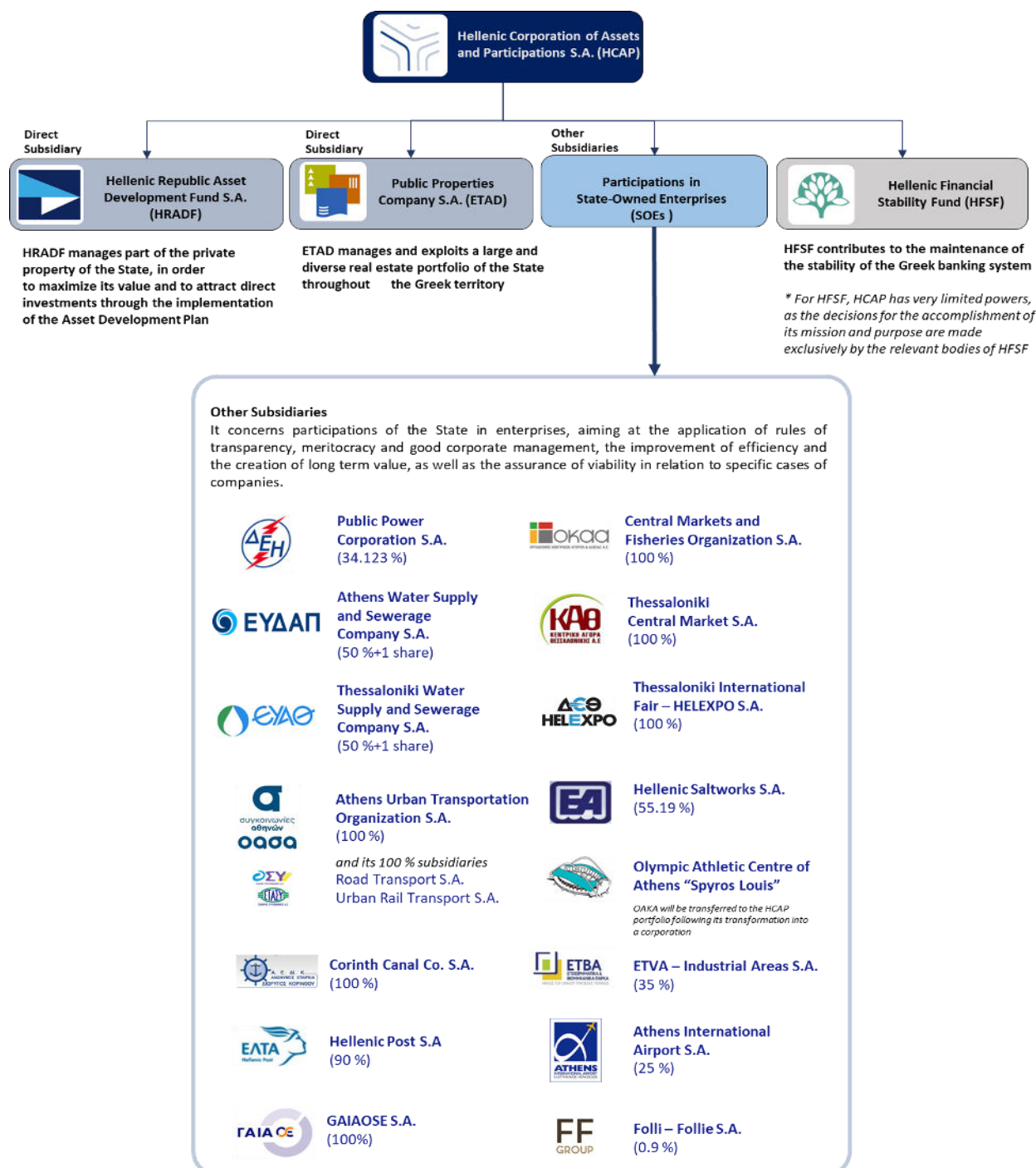
*The Hellenic Corporation of Assets and Participations **operates in the public interest**, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. For the fulfilment of its purpose, **the Corporation acts in an independent and professional manner, with a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

## 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

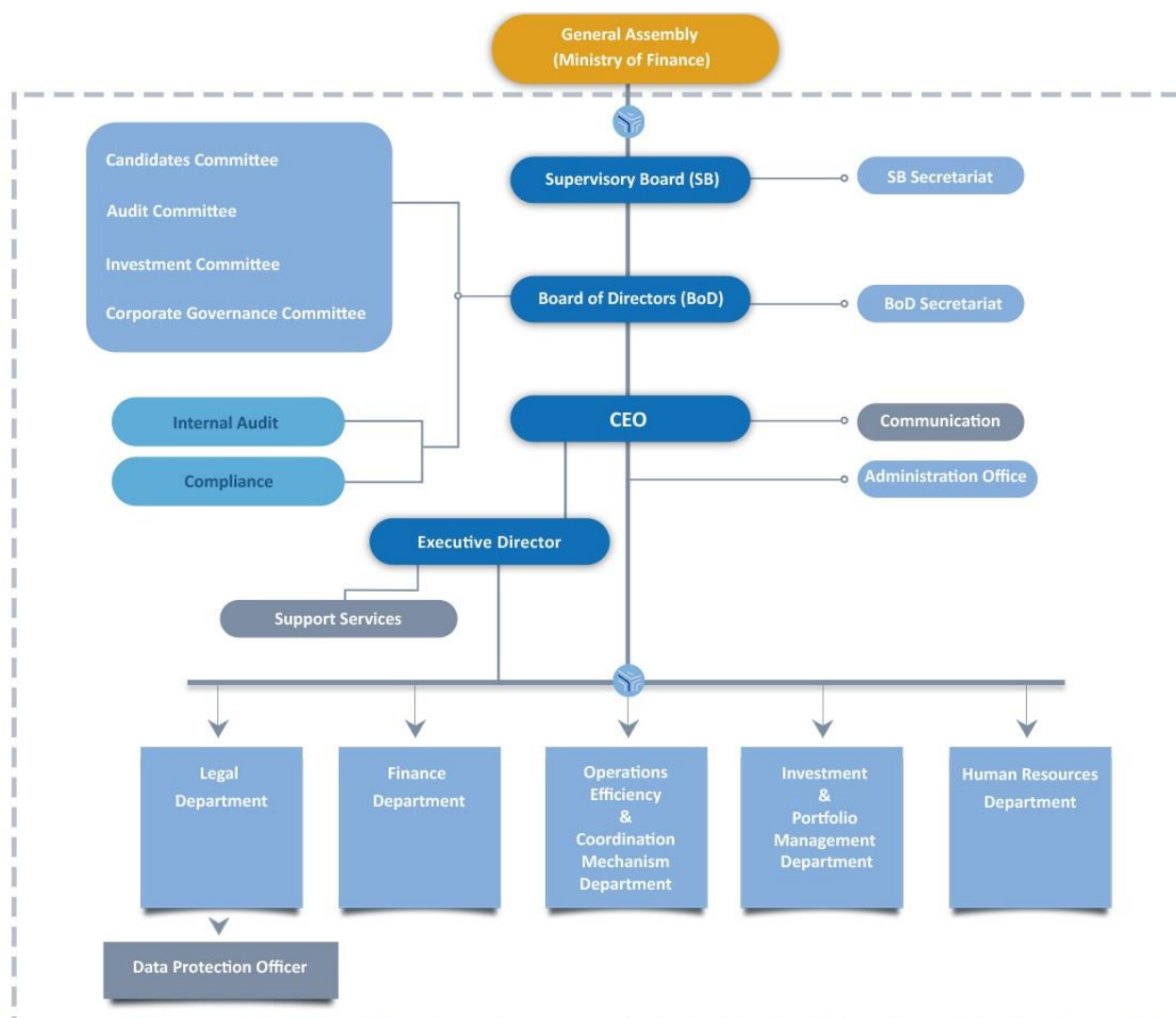
For the support of the operations of the Board of Directors, four Committees are established, namely:

- 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 third 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 22.09.2020.

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
- ✓ Diversity and Equality
- ✓ Corporate and Social Responsibility Policy

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.

In addition, HCAP's Compliance function has designed comprehensive compliance training programs for HCAP and its portfolio companies on corporate culture, business ethics and compliance and is delivering interactive tailored workshops and seminars to its subsidiaries (making use of modern training tools) in order to promote compliance and raise awareness on compliance/business ethics issues. Specifically, over 10 training and information seminars have been delivered in 2020 on the

importance of corporate and business culture addressed to the management and senior executives of HCAP and its portfolio companies.

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 30.09.2020 amounted to €100,158,373.

#### 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:

- |   |   |   |
|---|---|---|
| <b>a)</b> Procurement Regulation  | <b>f)</b> 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)" | <b>h)</b> Corporate Governance Code   |
| <b>b)</b> The Framework for the preparation of the Strategic Plan of HCAP |   | <b>i)</b> Performance Monitoring and Reporting Framework                                  |
| <b>c)</b> Performance Auditing Framework                                  | <b>g)</b> Coordination Mechanism  | <b>j)</b> Travel & expenses Policy  |
| <b>d)</b> Conflict of Interest Policy and Confidentiality Obligations     |   | <b>k)</b> Financial Reporting Standards and Framework for Financial Reporting             |
| <b>e)</b> Internal Rules of the Supervisory Board                         |   | <b>l)</b> Board Evaluation and Removal Criteria concerning the Board of Directors of HCAP |
|   |   | <b>m)</b> Dividend Policy   |
|   |   | <b>n)</b> Investment Policy   |

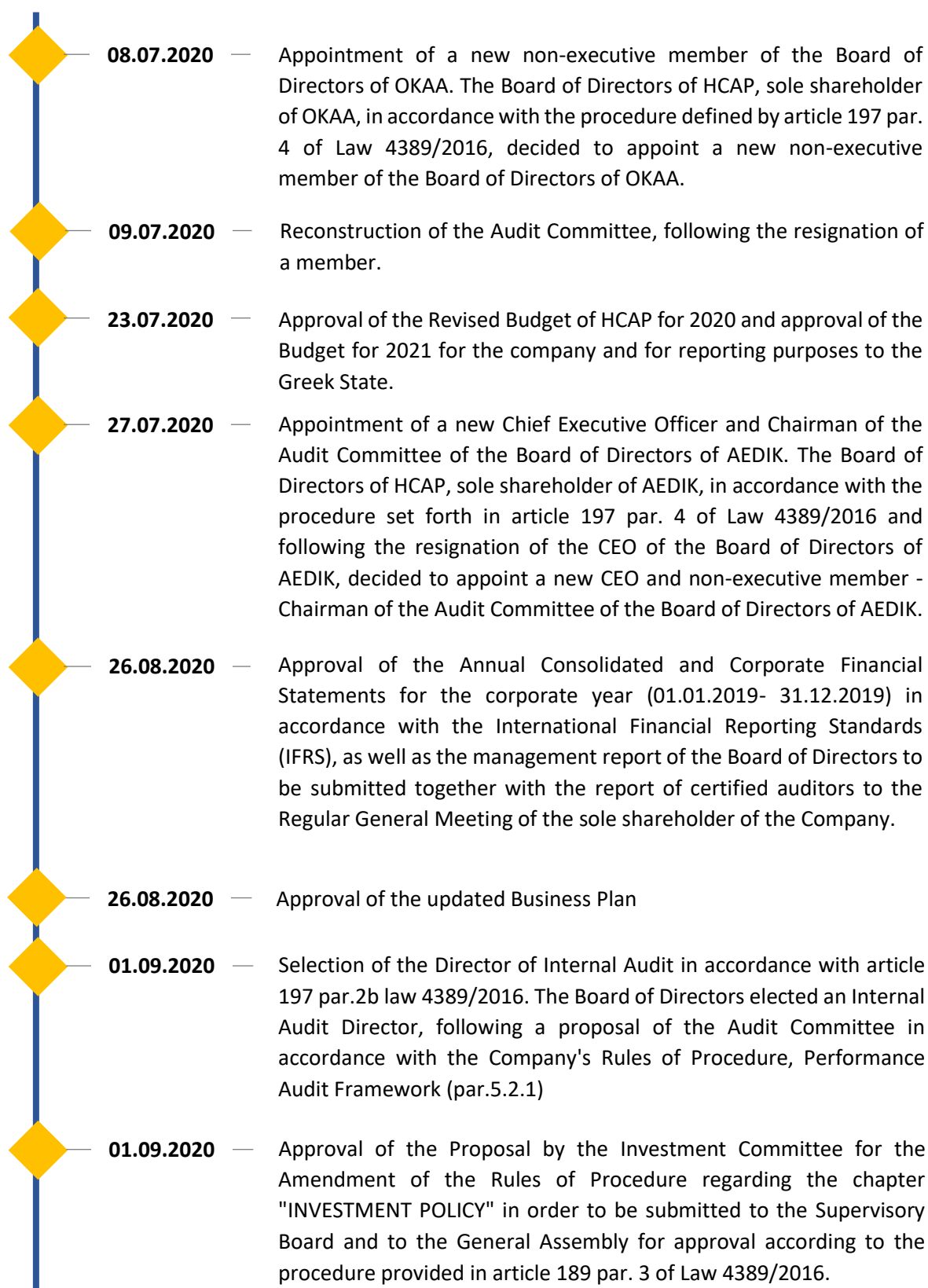
It should also be mentioned that the Corporate Governance Code is based on the Hellenic Corporate Governance Code for Listed Companies, which in its turn adopts the OECD Corporate Governance Guidelines, an international benchmark for corporate governance.

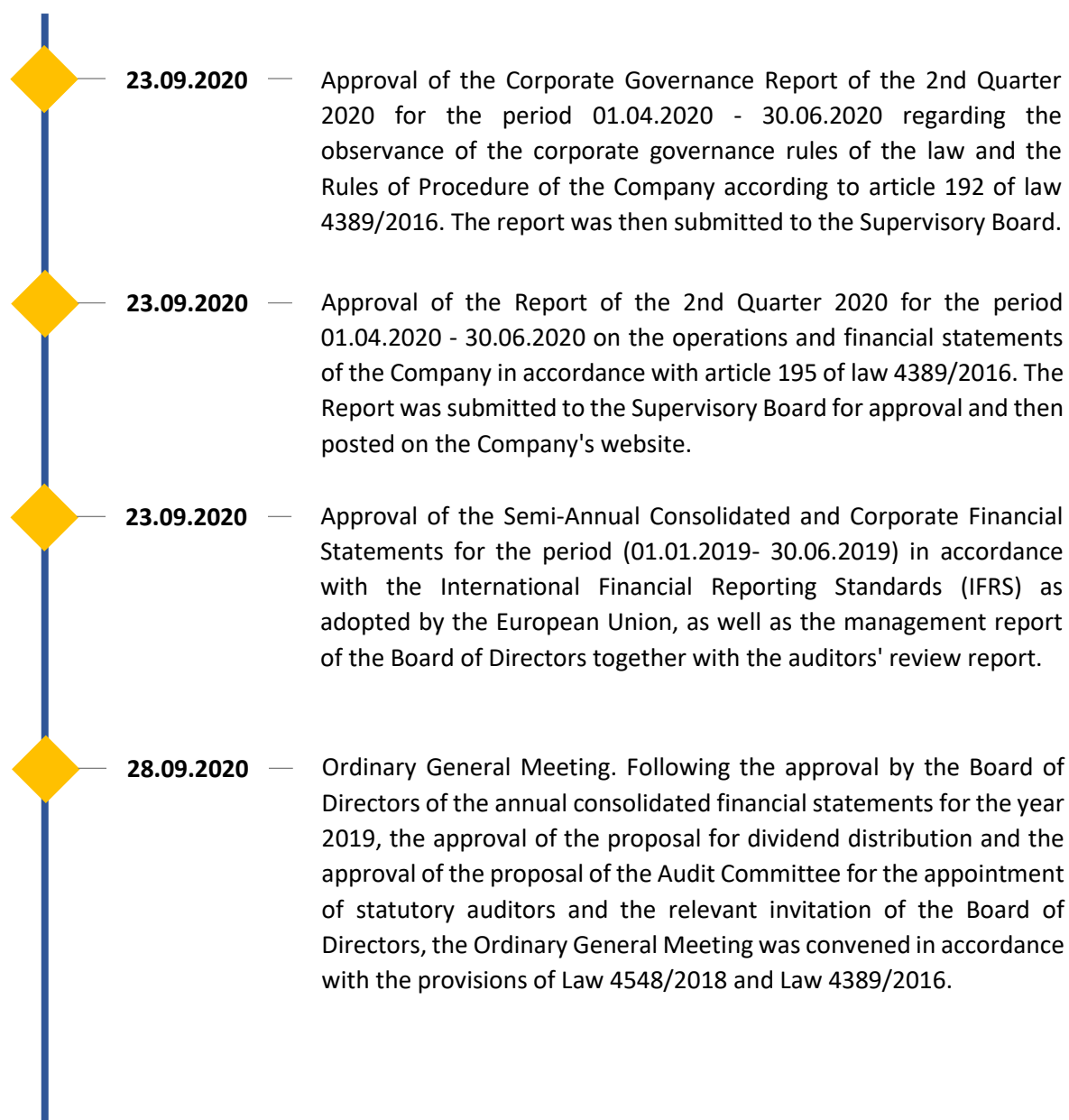
Finally, regarding the reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports regarding compliance with the rules of corporate governance, as provided for by the regulatory framework of the Corporation. In the framework of the financial reports, HCAP submits:

- ✓ 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 01.07.2020 to 30.09.2020 and main subsequent events

The Corporation's most important activities during Q3 2020, i.e. from 01.07.2020 to 30.09.2020, are presented below:





**Ordinary General Meetings of Subsidiaries** (as defined by law 4389/2016) - Within July-September 2020 and as a shareholder, HCAP participated in the Ordinary General Meetings of subsidiaries GAIAOSE, TIF, AEDIK, ELTA, ETAD, OKAA, KATH, ETVA BIPE, HRADF exercising the right to vote on the issues contained in the agenda of the Ordinary General Meeting, based on the new data.

**June - July 2020** - Update of KPIs of subsidiaries taking into account the impact of the Covid-19 pandemic especially for 2020, and update of the Business Plan of HCAP.

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

During Q3 2020, executives were appointed in two **(2) 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 September 2020, **nineteen (19) 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 member of the Board of Directors of OKAA

The Board of Directors of HCAP, sole shareholder of OKAA, in accordance with the procedure defined by article 197 par. 4 of Law 4389/2016, decided to appoint a new non-executive member of the Board of Directors of OKAA on **8 July 2020**.

#### The short CV of the new member of the Board of Directors for OKAA:

**Athanassios  
Giannakopoulos,**  
*Non-Executive Member  
of the Board of Directors  
and Member of the Audit  
Committee*

Born in 1964. He holds a Diploma in Mechanical/Production Engineering from Aristotle University of Thessaloniki and a Master's degree in Business Administration from the Athens University of Business and Economics. He is a business executive with thirty (30) years of experience with expertise in restructuring, operations management, situation analysis (P&L, market, products, organization), new business development and P&L management. During his career among the others, he has held the position of Group General Manager in a large Greek company listed in the Athens Stock Exchange, as well as of the General Manager Infrastructure in one of the largest retail company in Greece.



## Appointment of new CEO and non - executive member of the Board of Directors of AEDIK

The Board of Directors of HCAP, sole shareholder of AEDIK, in accordance with the procedure set forth in article 197 par. 4 of Law 4389/2016 and following the resignation of the CEO of the Board of Directors of AEDIK, decided to appoint a new CEO and non-executive member - Chairman of the Audit Committee of the Board of Directors of AEDIK on **27 July 2020**.

### The short CV of the new CEO and member of the Board of Directors for AEDIK:

#### ***Vassilis Andrikopoulos,***

***CEO***

Mr Vasilis Andrikopoulos holds a degree in Business Administration from the Athens University of Economics and Business with specialization in Accounting, Economics and Insurance Mathematics. He started his career in shipping industry where he worked for about 3 years. He continued his career at Arthur Andersen, where he held the position of Senior Audit Manager responsible for companies in various sectors, such as shipping and industrial, commercial and manufacturing companies, while during this position he participated in relevant training programs of Arthur Andersen in America and in the United Kingdom. Then, he worked for Cartonpack S.A. & Cretan Paperpack SA (currently named: DS Smith Hellas Group SA), initially as a Financial Advisor and then as Commercial Director and Board Member. He then took over the position of CEO of the DS Smith Group, until 2019. From December 2019 he was initially appointed to the Board of Directors of AEDIK, as non-executive member and Chairman of the Audit Committee, while in July 2020, he assumed the duties of the CEO of AEDIK.

#### ***George Valettas,***

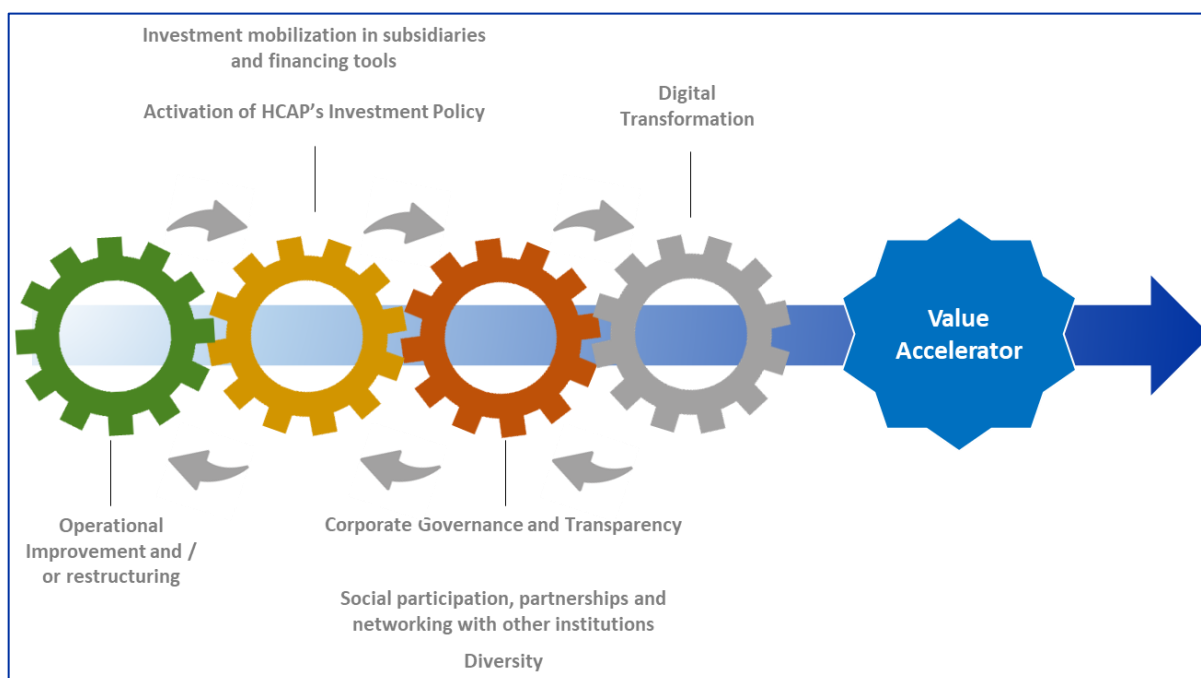
***Non-Executive Member,  
Chair of the Audit  
Committee***

Born in 1973. He studied Business Administration with specialization in Accounting/Auditing at the University of Piraeus. He got his MBA from the University of Kentucky (Gatton College of Business and Economics). He has worked in the past as Tax Manager, Accounting Director and Finance and Administration Manager, while currently he is the CFO of Steel Center SA. From 2017, he holds the position of the Non-Executive Member to the Alco's Hellas BoD, as well as the position of the Audit Committee Chairman. Since 2019, he is also a Member of the Audit Committee at Elastron SA. He holds Certifications in IFRS/ IAS, ICAEW, CIA (in progress), IFRS/ ICAEW and Accredited Civil & Commercial Mediator.



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

HCAP's role, as an organization that integrally manages an important part of the assets of the Greek State, accelerates the value creation (Value Accelerator) in SOEs which are included in its portfolio. Objectives such as operational improvement, digital transformation, investment mobilization, as well as good practices of corporate governance are main priorities for HCAP.



The aforementioned priorities are defined in HCAP Strategic Plan, which in turn is in line with the Ministerial Guidance of the Sole Shareholder. The implementation of the strategy is elaborated through the Business Plan, in the context of a regular and clearly defined process adopted by HCAP based on modern practices.

HCAP's Business Plan has a three-year horizon and is rolling, updated annually or more often in case of an emergency (such as the pandemic crisis). The Business Plan includes the main actions and business objectives of the SOEs, which are included in HCAP's portfolio.

The business objectives further determine and quantify the strategic objectives of each SOE and are expressed through Key Performance Indicators (KPIs), covering all four HCAP's strategic pillars; improvement of financial performance, modernization and upgrading of the services provided, enhancement of public value and strengthening of corporate governance practices.

Since the outbreak of the pandemic, key priority for the SOEs was to ensure business continuity so that they could continue to offer their services to the society and Greek citizens, while at the same time protecting the health and safety of their employees. Under these circumstances, it was deemed necessary to revise HCAP Business Plan, as well as the targets of the portfolio companies, in order to reflect the new reality and the consequences of the pandemic.

Thus, within the third quarter of the year (August 2020), the Board of Directors of HCAP approved the revised Business Plan, which includes the targets and key performance indicators (KPIs) agreed with the subsidiaries. It is worth mentioning that the targets were designed and agreed before the announcement of the 2<sup>nd</sup> lockdown and, therefore, any deviations from the set targets are likely to occur, as it is difficult to estimate the total financial impact.

The targets for the next three years (2021-2023) will take into account the latest developments on the pandemic front, as well as scenarios for the gradual return of companies to pre-Covid levels,

always in line with the overall economic development of the country and the return to normality based on the pandemic status.

Lastly, for TIF-HELEXPO the target for 2020 cannot be finalized as the company has ceased its activity based on a Governmental Decision.



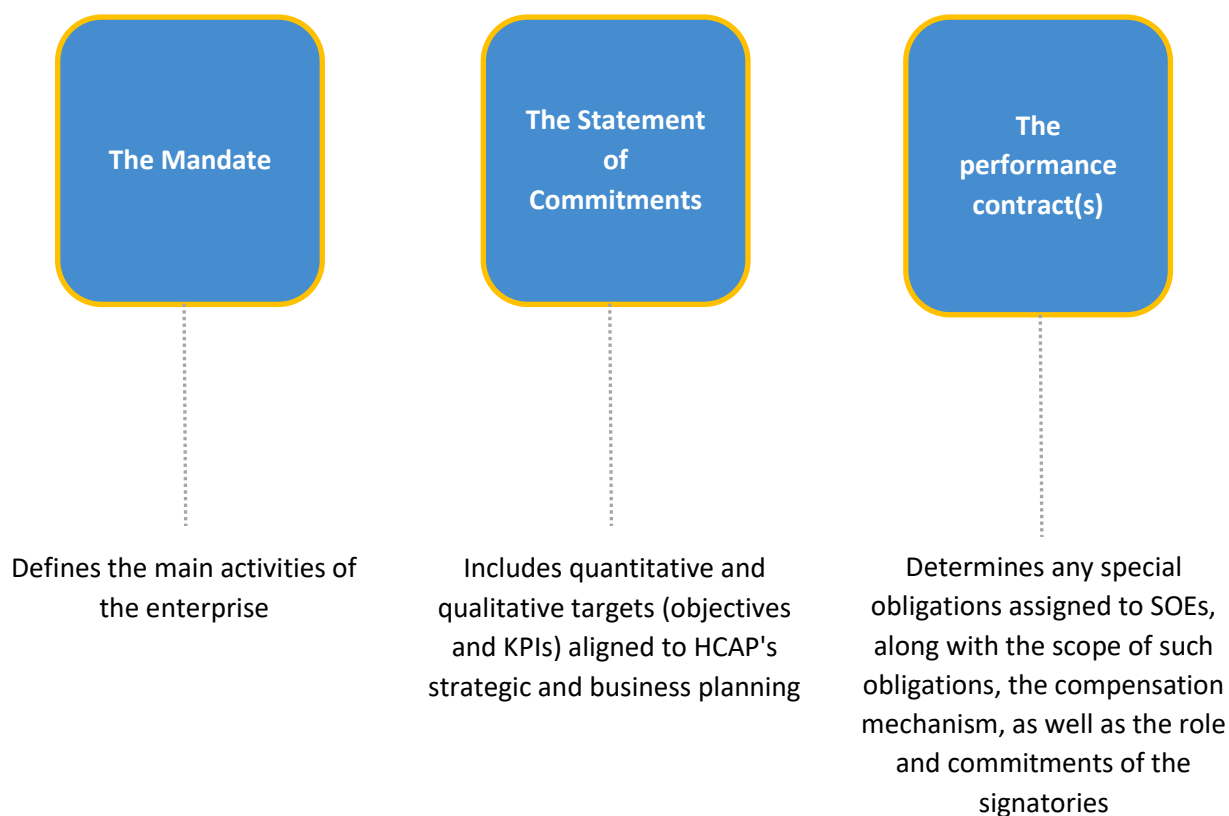
### Coordination Mechanism

Despite the significant impact of the pandemic for the Greek Government and HCAP, the Coordination Mechanism is seeing progress during 2020 and, especially, during the last months of the year.

The Coordination Mechanism sets out the procedures and deliverables regarding the model of cooperation among the State, HCAP and State-Owned Enterprises (SOEs), within the framework set out in the Rules of Procedure of HCAP. Excluded from the Coordination Mechanism scope are HCAP's direct subsidiaries, minority interests and listed companies.

The Greek Government is a key stakeholder and is represented by the Cabinet Committee by the Ministerial Council Act 38/31.10.2019. A Committee's Support Team was also established by the same act.

The Coordination Mechanism includes three core deliverables:



Following the approval of the Mandates by the Cabinet Committee in March 2020 for all entities in scope, the implementation process was paused during the first lockdown and was launched again in Q3 2020.

Upon the relaunch, HCAP undertook to prepare drafts of the Statements of Commitments, in accordance with the provisions of the Coordination Mechanism, for the following companies:

- Corinth Canal Co S.A. (AEDIK)
- GAIAOSE S.A.
- Hellenic Saltworks S.A.
- Central Market of Thessaloniki S.A. (CMT)
- Central Markets & Fisheries Organisation S.A. (CMFO)
- Athens Public Transport Organisation (OASA)

Excluded from 2020 implementation are two entities, namely: (i) Hellenic Post (ELTA Group) for which a major transformation plan is close to finalization; and (ii) TIF-HELEXPO S.A. since the company's operations are highly affected by the Covid-19 crisis.

The draft documents were submitted to the SOEs to gain consensus and, subsequently, the documents were approved by HCAP BoD.

It should be noted that the statements set-out financial, operational and other targets and KPIs for a 3-year horizon similar to business planning. As such, the targets were already agreed with the SOEs in the context of HCAP's Business Plan preparation (including revised planning that was concluded in the summer of 2020). Furthermore, due to the pandemic, the statements focus mainly on the targets for 2020. Targets for 2021-2022 will need to be updated during the new planning cycle once conditions stabilize and more accurate estimates can be made. As a final step, the statements are submitted to the Cabinet Committee accompanied by an explanation of how the Statements comply with HCAP's Strategic Plan; a summary of them will be published.

The articulation of **Statement of Commitments** is planned to be an ongoing process, repeated every year, following HCAP's business planning cycle. In terms of Performance Contracts, these are developed only for certain SOEs, as is the case of OASA which provides transportation services to special categories of passengers (like for instance free access to the unemployed, or the access of certain age groups with lower fare).

In order to address the implementation of this deliverable, a number of meetings have been conducted with OASA Management in order to further elaborate on the aspects of Special Obligations and complete the draft which describes the perimeter of such contracts.

In addition, a memo describing the context of Special Obligations and ways to improve the assignment of such services and of the related OASA compensation through the Coordination Mechanism has been prepared and submitted.



### 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 and social cohesion 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 includes 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 has been put up for public consultation until end of November. At the same time, preparatory works are underway for the Master Plan's implementation roadmap 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**

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.

In Europe, following the wave of postal market liberalization and rapid change, with shrinking mail volumes mainly due to technological changes and the substitution by e-mail, the majority of Universal Postal Service Providers have embarked on transformation programs in order to change their business and operating models and reduce their cost base, while developing complementary activities that serve e-commerce and parcels, as well as additional value-added services.

Taking into account the experience of similar transformations in Europe, with the appropriate adaptations to fit in the Hellenic market specificities, the strategic planning has been completed, for the implementation of a coherent transformation program of the company's business model,

including the digital transformation so as to enable the organization to effectively support the new business model.

ELTA's Board of Directors approved the company's transformation plan and then the plan, as presented by the Management of ELTA, was approved by HCAP's Board of Directors.

Key transformation pillars are the rationalization of costs, the implementation of a large scale voluntary exit scheme for employees, the change of the mail service model, the retail network restructuring, the formulation of a new marketing and commercial strategy, the digital transformation that includes systems and services upgrade and the operational automation in sorting centers, as well as the general optimization of processes and, naturally, the formation of a new corporate culture.

The Greek Government supports ELTA's transformation strategy and will provide the necessary funding, through the payment of compensation for the provision of the Universal Postal Service by ELTA for the years 2013-2019 (minus the amount already disbursed) and which has also been verified by EETT (independent regulatory authority), but also through a share capital increase (through HCAP as ELTA's shareholder) to finance the volunteer exit scheme.

In the following period, with the support of the Hellenic Government and the Hellenic Corporation of Assets and Participations (HCAP) as a shareholder, the implementation of the transformation plan will be initiated. The implementation unfolds in the medium term, in order to operate more efficiently and effectively for citizens and shareholders, maintaining its social role, as a provider of the Universal Postal Service throughout Greece.



#### **Hellenic Saltworks: evaluation of the vertical orientation of the production**

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Hellenic Saltworks SA exploits 92% of the Greek salt works that can cover 2/3 of the domestic demand for raw natural salt. 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 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 examines and evaluates the prospect of a business plan in relation to the size of domestic and European demand and competition. The consultant also reviews the 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, the necessary investments and the availability of financing, the economic benefit for the company (cost- benefit analysis), the implementation plan and critical success factors is being evaluated. At the same time, a benchmarking study of companies operating abroad is carried out taking into consideration successful examples from companies with a similar operating model.



## Technology, Digital Transformation and Synergies

HCAP has placed emphasis on extroversion and cooperation actions as catalysts of acceleration for digital transformation, promotion of the culture of innovation and adoption of advanced technologies to meet the real challenges of its portfolio companies.

The relevant developments during the reporting period are as follows:

- **Innovation Network:** Under the active support of members of the Boards of Directors and executives of HCAP and its subsidiaries, a number of activities for the exchange of know-how, best practices, aggregation of demand and synergies between the Network companies have been planned, starting with a workshop on e-mobility developments. The workshop will address e-mobility aspects in the context of HCAP subsidiaries' business namely both the charging and support infrastructures under development, as well as the requirements for electric transport vehicles and electric fleets. Other common topics under investigation are those of smart meters in utilities as well as (open or not) digital data. At the same time, the summary document of discussions and key messages from the Webcasts series "Unlocking digital potential" organized by the Network from June 19 to July 9 was delivered, while the impact in terms of participation and feedback provided by the audience during the webcasts was analyzed. The material is available through the Innovation Network website: <http://innovation.hcap.gr/>, which has been revamped towards a central information point for the innovation activities of the Network companies.
- **Incentivized competition series:** HCAP has developed, in collaboration with the MIT Enterprise Forum, the framework and hosting environment for the portfolio companies to conduct innovation competitions addressing the interested academic or research groups, start-ups or technological SMEs. The foreseen series of competitions is planned as a novel initiative for Greece, through which the technological and academic ecosystem of the country will be invited for the first time to address operational challenges of state owned enterprises by obtaining access to properly anonymized operational data, such as data from consumption meters of the water companies. It is foreseen that the awarded solutions of the HCAP Innovation Network competition series will be evaluated and verified in the companies' operational environments. The methodology for the identification and selection of appropriate data sets, the incentives provided by the competitions, the conditions of participation, the evaluation of the proposals, the communication and hosting platform of the competition series have been prepared in order to host the first competition of the series before the end year.

- **Digital Innovation Hub:** In order to support the digital transformation and encourage innovation in the ecosystem of HCAP subsidiaries and related sectors of the economy, HCAP joined a promising consortium that will establish a Digital Innovation Hub in the Attica Region. The consortium comprises of NSCR "Demokritos", as a leading partner, and renowned organizations and institutions from the research & academic community (AUEB, NTUA, RC Athena, ICCS), the private sector (Foundation, ACEin, Uni.Fund , NBG, the Hellenic Federation of Enterprises - SEV, the Hellenic Chamber of Hotels), the technology transfer community (Archimedes) but also the local government authorities (the Athens' Development and Destination Management Agency and the Regional Development Fund of Attica). The consortium submitted a proposal for funding of the actions of the Hub entitled 'Smart-Attica Digital Innovation Hub (AtHeNAI)' in the call for expressions of interest for the selection of the "European Digital Innovation Hubs – EDIHs" of the European Program 2021–2027 » (Digital Europe Program). The proposal will be evaluated first at national and then at European level, in order to join the EU-approved European Digital Innovation Hubs network. This participation presents unique opportunities for the companies of HCAP. The Hub will implement the idea of a smart region in Attica by extending the Smart City concept and in this context, HCAP has undertaken the representation of its subsidiaries and their networking with the innovation ecosystem in a regional, national and European level, the facilitation of participation in test before invest activities as well as the implementation of training and digital upskilling actions.
- **Competence Center in the Energy sector:** With the support of HCAP, EYDAP and OASA joined an initiative to establish a national-level Competence Center for providing specialized services of innovation and technology transfer in the field of Energy. The Competence Center will be implemented by a consortium comprising of the main academic community and private sector stakeholders in the energy sector and will address the full range of innovations in the field of energy technologies, from energy production and storage, environmental footprint, transmission and distribution networks to energy applications and e-mobility. The relevant proposal for the establishment and operation of the Center was submitted to the "Capacity Centers" call of the Operational Program "Competitiveness, Entrepreneurship and Innovation (EPANEK) of NSRF 2014-2020.
- **Synergies through the creation of a portal to present geospatial data (GIS):** HCAP is moving forward with the implementation of a portal that is fed with geospatial data of its subsidiaries but also open geospatial data. This undertaking falls into HCAP's strategy to create value added tools for the exploitation of the real estate assets of its subsidiaries and is part of an overall strategy. HCAP is actively collaborating with its subsidiaries to collect the required data. It is worth mentioning that this data in some cases, is not already depicted on such systems, so HCAP is responsible for its cleansing and digitization for the first time. The process includes also records correction, an action that will lead to the better record keeping of the real estate property information.
- **HCAP's Digital transformation:** During the reporting period, the IT strategy plan of HCAP was established, with the aim of adopting systems and solutions that facilitate and modernize the daily operations of HCAP and support the activities of HCAP regarding its subsidiaries. The plan specifies the roadmap for the adoption of digital means of cooperation and execution of operational activities within HCAP as well as solutions for the digitalization of performance monitoring and consolidated reporting regarding the subsidiaries. The plan takes into account current technological developments and options in order to adopt an integrated digital toolkit for hosting business operations. In parallel with the formulation of the plan, the use of remote-access electronic signatures based on international standards (European Directive eIDAS

1999/93 / EC) has been launched, for the members of the Board of Directors of HCAP, the selection of the Board Management solution concluded and rollout started, while the pilot implementation of an integrated enterprise collaboration solution (given the teleworking measures imposed by the pandemic) was initiated.



### 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 19<sup>th</sup> June to 9<sup>th</sup> 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 Q3 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 State-owned enterprises (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 Q3 2020 results (and nine-month period of 2020):

The Company after the year 2017, which was essentially the year of the commencement of its operations, achieved:

- in 2018 for the first time dividend income (€ 17 mln) and profit (€ 13.1 mln),
- in 2019 the dividend income more than tripled (€ 61.9 mln) and profit more than quadrupled (€ 57.2 mln),
- in 2020:
  - i for the first time, HCAP presents dividend income and profits in all quarters of the year (as historically the 1st, 3rd and 4th quarters presented usual expenses and zero or minimal revenue),
  - ii its cash and cash equivalents exceeded for the first time the level of € 100 mln, which combined with the increased profits of the year 2019, allowed HCAP to increase more than five times the amount paid to the Greek State as a dividend (from €7.2 mln to €42.1 mln),
  - iii due to the enhanced profitability and liquidity of the companies included in HCAP’s portfolio in 2019, the majority of them significantly increased the dividends distributed to HCAP in 2020, despite the adverse conditions created by the pandemic. The only exceptions were certain companies that, despite the improvement of their profitability in 2019, chose, due to the pandemic, not to distribute a dividend in 2020 in order to retain liquidity for their operations.

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 September 30, 2020 and for the periods 01.07.2020-30.09.2020 and 01.01.2020 - 30.09.2020 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 01.07.2020 - 30.09.2020 and for the nine-month period 01.01.2020 – 30.09.2020

Statement of Comprehensive Income (in Euro)	01.07.2020 - 30.09.2020	01.07.2019 - 30.09.2019	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
Dividend income ( <b>note 1</b> )	2,700,000	996,101	32,463,595	41,317,439
Payroll and management cost	(898,706)	(851,251)	(2,707,290)	(2,627,528)
Third party fees ( <b>note 2</b> )	(386,032)	(474,769)	(1,432,425)	(1,009,284)
Other operating expense	(117,409)	(161,357)	(380,591)	(385,187)
<b>Results before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>1,297,853</b>	<b>(491,276)</b>	<b>27,943,289</b>	<b>37,295,440</b>
Depreciation and amortisation	(55,815)	(52,890)	(164,588)	(154,369)
<b>Results before interest and tax</b>	<b>1,242,038</b>	<b>(544,166)</b>	<b>27,778,701</b>	<b>37,141,071</b>
Finance income ( <b>note 3</b> )	421,806	378,103	1,186,217	625,807
Finance cost ( <b>note 3</b> )	(12,630)	(14,610)	(37,546)	(42,837)
<b>Profit / (loss) before tax</b>	<b>1,651,214</b>	<b>(180,673)</b>	<b>28,927,372</b>	<b>37,724,041</b>
Income tax	-	-	-	-
<b>Net profits/ (losses)</b>	<b>1,651,214</b>	<b>(180,673)</b>	<b>28,927,372</b>	<b>37,724,041</b>
Actuarial gains/ (losses)	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income</b>	<b>1,651,214</b>	<b>(180,673)</b>	<b>28,927,372</b>	<b>37,724,041</b>

#### 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 61% thanks to higher profitability and/ or liquidity achieved in 2019), except of companies that either were significantly affected by the pandemic and did not distribute in order to retain liquidity or had distributed exceptionally high dividends in 2019. Dividend income in the third quarter and the first nine-month period of 2020 was as follows:

Company	01.07.2020- 30.09.2020	01.07.2019 - 30.09.2019	Variance (%)	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019	Variance (%)
EYDAP	-	-	-	20,235,000	14,377,500	41%
OTE	-	-	-	2,664,394	2,468,470	8%
EYATH	-	-	-	4,864,200	2,286,900	113%
GAIAOSE*	-	-	-	2,000,000	-	-
CMFO	1,700,000	688,409	147%	1,700,000	688,409	147%
CMT	1,000,000	267,738	273%	1,000,000	267,738	273%
HELLENIC SALTWORKS*	-	39,954	-100%	-	39,954	-100%
ETAD	-	-	-	-	21,188,468	-100%
	<b>2,700,000</b>	<b>996,101</b>	<b>171%</b>	<b>32,463,595</b>	<b>41,317,439</b>	<b>-21%</b>

\* Subsequently to 30.09.2020, GAIAOSE distributed an additional dividend of € 2.5 mln, while Hellenic Saltworks distributed a dividend of which the amount corresponding to HCAP is € 100 thousand. Also, within the next (4<sup>th</sup>) quarter of 2020, Corinth Canal (AEDIK) distributed a dividend of € 150 thousand (it had not distributed a dividend in 2019).

For 2021, the profitability of HCAP is expected to slow down due to the pandemic that negatively affected and still affects the results and liquidity of certain subsidiaries and associates, and the time lag which it affects the results of HCAP (the reduced results of companies in 2020 will affect the dividend of 2021), having as a consequence, lower dividends expected, but also increased needs for cash to cover working capital needs.

**Note 2- Third party fees:**

- Q3 2020: Third party fees appear reduced compared to the corresponding quarter of 2019, as a result of the effort, where there was room, to cut costs, but also the fact that significant projects were completed within the first half of the year.
- Nine-month period 2020: Third party fees appear increased compared to the corresponding nine-month period of 2019, mainly:
  - A) 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 the strategic and business planning of the transformation of ELTA and the strategy and the roadmap for its digital transformation.
  - B) Due to the fact that 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 nine-month period 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 30.09.2020

Statement of Financial Position (in Euro)	30.09.2020	31.12.2019
<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)	1,024,125	1,154,466
Other non-current assets	34,065	33,045
<b>Total non-current assets</b>	<b>1,058,206</b>	<b>1,187,527</b>
Receivables (note 3)	2,000,646	1,409
Cash and cash equivalents (note 4)	100,158,373	72,627,752
Other current assets (note 5)	474,897	897,988
<b>Total current assets</b>	<b>102,633,916</b>	<b>73,527,149</b>
<b>TOTAL ASSETS</b>	<b>103,692,122</b>	<b>74,714,676</b>
<b>LIABILITIES</b>		
Provision for staff leaving indemnities	85,631	67,885
Long-term lease liabilities (IFRS 16)* (note 2)	658,516	766,534
<b>Total non-current liabilities and provisions</b>	<b>744,147</b>	<b>834,419</b>
Trade and other payables (note 6)	1,593,977	1,460,414
Dividends payable (note 7)	44,629,661	2,537,395
Short-term portion of long-term lease liabilities (IFRS 16)* (note 2)	156,380	149,598
<b>Total current liabilities</b>	<b>46,380,018</b>	<b>4,147,407</b>
<b>TOTAL LIABILITIES</b>	<b>47,124,165</b>	<b>4,981,826</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	17,632,806	2,553,913
Retained earnings	28,935,151	57,178,937
<b>Total equity</b>	<b>56,567,957</b>	<b>69,732,850</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>103,692,122</b>	<b>74,714,676</b>

## Notes:

- Investments 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 the dividends receivable from the subsidiary GAIAOSE amounting to € 2,000,000, which were collected within the 4th quarter of 2020.
- Company's cash and cash equivalents on 30.09.2020 amounted to € 100.2 mln and their increase is due to the collection, within the third quarter of 2020, of a significant part of dividends totaling € 30,463,595.

- 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 2019 held on September 28, 2020 decided the distribution of dividend to the Greek State of € 42,092,265, which was paid in November 2020. Moreover, the amount of € 2,537,395, which concerned the remaining part of the dividend distribution for the year 2018 and for which payment was pending on 30.09.2020, was paid in November 2020 with the completion of the relevant procedures by the competent bodies.

### B.1.3 Statement of Changes in Equity for the period 01.01.2020 - 30.09.2020

Statement of Changes in Equity (in Euro)	Share Capital	Reserves	Retained earnings	Total
<b>Balance on 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 first half of 2019	-	-	37,904,714	37,904,714
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>37,904,714</b>	<b>37,904,714</b>
<b>Balance as at 30.06.2019</b>	<b>10,000,000</b>	<b>(2,854)</b>	<b>47,617,233</b>	<b>57,614,379</b>
Net results of Q3 2019	-	-	(180,673)	(180,673)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(180,673)</b>	<b>(180,673)</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>
<b>Balance on 01.01.2020</b>	<b>10,000,000</b>	<b>2,553,913</b>	<b>57,178,937</b>	<b>69,732,850</b>
Net results of the first half of 2020	-	-	27,276,158	27,276,158
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>27,276,158</b>	<b>27,276,158</b>
<b>Balance as at 30.06.2020</b>	<b>10,000,000</b>	<b>2,553,913</b>	<b>84,455,095</b>	<b>97,009,008</b>
Net results of Q3 2020	-	-	1,651,214	1,651,214
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,651,214</b>	<b>1,651,214</b>
Dividends distribution	-	-	(42,092,265)	(42,092,265)
Transfer to reserves	-	15,078,893	(15,078,893)	-
<b>Balance as at 30.09.2020</b>	<b>10,000,000</b>	<b>17,632,806</b>	<b>28,935,151</b>	<b>56,567,957</b>

Reserves relate to "Regular Reserve" amounting to €3,344,184, "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 €14,296,386, "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 01.07.2020-30.09.2020 and 01.01.2020-30.09.2020

Cash flow statement (in Euro)	01.07.2020- 30.09.2020	01.07.2019- 30.09.2019	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
Profit/(loss) before tax	1,651,214	(180,673)	28,927,372	37,724,041
<u>Adjustments for:</u>				
Depreciation and amortization	55,815	52,890	164,588	154,369
Provisions	5,915	41,400	17,746	196,754
Losses from destruction/ write-off assets	-	-	-	437
Finance income	(421,806)	(378,103)	(1,186,217)	(625,807)
Finance cost	12,630	14,610	37,546	42,837
<u>Changes in Working Capital:</u>	-			
(Increase)/ Decrease in Receivables ( <b>note 1</b> )	27,763,595	39,573,836	(1,999,237)	(909,904)
(Increase)/ Decrease in Other Current Assets	49,815	49,430	155,627	147,717
Increase/ (Decrease) in payables	45,170	229,872	133,563	37,217
<b>Net cash flows from operating activities (note 1)</b>	<b>29,162,348</b>	<b>39,403,262</b>	<b>26,250,988</b>	<b>36,767,661</b>
Purchase of fixed assets	(1,734)	(19,680)	(34,247)	(151,915)
Collections from disposal of assets	-	-	-	17,383
Interest received	764,411	247,704	1,452,662	572,828
<b>Net cash flows from investing activities</b>	<b>762,677</b>	<b>228,024</b>	<b>1,418,415</b>	<b>438,296</b>
Interest and related expenses paid	(12,630)	(14,610)	(37,546)	(42,837)
Payments of lease liabilities	(38,535)	(35,822)	(101,236)	(106,190)
<b>Net cash flows from financing activities</b>	<b>(51,165)</b>	<b>(50,432)</b>	<b>(138,782)</b>	<b>(149,027)</b>
Total net cash inflow/ (outflow) for the period	29,873,860	39,580,854	27,530,621	37,056,930
<b>Cash and cash equivalents at the beginning of the period</b>	<b>70,284,513</b>	<b>17,116,917</b>	<b>72,627,752</b>	<b>19,640,841</b>
<b>Cash and cash equivalents at period end</b>	<b>100,158,373</b>	<b>56,697,771</b>	<b>100,158,373</b>	<b>56,697,771</b>

**Note 1:** The significant cash inflow from the reduction of receivables in Q3 is due to the collection of dividends from "direct" and "other" subsidiaries, the distribution of which was approved mainly in the second quarter. As a consequence, this item appears to be significantly reduced by the amount of dividends received as at 30.9.

**Note 2:** The net variation in cash and cash equivalents during Q3 and the first nine months of 2020 is due to the timing of dividend collections that occur mainly in Q3, which has low dividend income but very high receipts as companies proceed to pay the dividends approved in Q2.